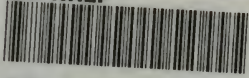


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ACCOUNTING AND BUSINESS PRACTICE

CORPORATION ACCOUNTING
AND BANKING

MOORE



MINER

GINN AND COMPANY



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ACCOUNTING AND BUSINESS PRACTICE

*CORPORATION ACCOUNTING
AND BANKING*

BY

JOHN H. MOORE

COMMERCIAL DEPARTMENT, BOSTON HIGH SCHOOLS

AND

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†

ALGEBRA AND TRIGONOMETRY

PART I

BY JOHN H. MOORE AND GEORGE W. MINER

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PREFATORY NOTE

OWING to the demand for a text on corporation accounting and banking, that part of Accounting and Business Practice presenting these subjects has been arranged as a separate book.

The plan of this part of the Complete Course is shown in the table of contents. With the belief that the practical character of the contents of this new volume will promptly appeal to progressive schools and teachers the work is respectfully submitted.

CONTENTS

	PAGE
CORPORATIONS AND KINDRED ORGANIZATIONS	253
Combinations of Capital	253
Organization of Corporations	254
Books Peculiar to Corporations	256
Opening Entries in Corporation Accounting	258
The Voucher System of Accounting	266
SET IX. MANUFACTURING	271
BANKS AND BANKING	293
Utility of Banks	293
National Banks	294
Powers of and Restrictions on National Banks	298
National Bank Officers and Clerks	299
Opening Entries of a National Bank	300
Trust Companies	302
State Banks	303
Private Banks	304
SET X. BANK ACCOUNTING	306
Work of the Discount Clerk	307
Work of the Collection Clerk	313
Work of the Receiving Teller	319
Work of the Paying Teller	323
Work of the Note Teller	329
Work of the Correspondence Clerk	332
Work of the Individual Bookkeeper	338
Work of the General Bookkeeper	342
The Clearing House	374
Letters of Credit	383
APPENDIX	387
Forms of Legal Documents	387
Commercial Terms defined	394
Abbreviations	396
INDEX	399

CORPORATIONS AND KINDRED ORGANIZATIONS

COMBINATIONS OF CAPITAL

Commercial interests of the present day require such large investments as to make combinations of capital a necessity. Neither the individual nor the ordinary partnership can command sufficient funds to carry on the manufacturing or transportation enterprises of to-day. The result is that corporations and kindred organizations have been formed generally throughout the country.

The Partnership.—A partnership ordinarily represents but a limited amount of capital, is formed by agreement, and may be dissolved by the action of any one partner. Each partner, except in the case of a limited partnership, is also liable for all of the debts of the business.

The Joint-Stock Company.—A joint-stock company is in reality a partnership, the affairs of the business being conducted by officers chosen by the stockholders. A larger number of investors may associate themselves under a joint-stock company agreement than can work together effectually as partners, and the action of one stockholder cannot dissolve a joint-stock company. In general the liability of the stockholders is the same as that of partners in a copartnership.

NOTE.—The statutes of most of the states provide for limited joint-stock companies, thereby limiting each stockholder's liability to the amount of stock owned. A limited joint-stock company may be known by the manner in which its name is written or printed; for instance, Walter Baker Company, Limited.

The Corporation.—A corporation is said to be an artificial person. It is composed of a number of persons but is endowed with the power to act as one individual. It is ordinarily organized under a general statute of any given state, but it may be organized under a special charter granted by the legislature. The liability of each stockholder is generally limited to the amount of stock owned. A corporation affords an opportunity for many persons of small means to unite in carrying on large enterprises under efficient management.

The Trust.—Joint-stock companies and corporations are often merged into larger combinations of capital known as *trusts*, the object being to secure greater increase of capital, to lessen competition, expenses, cost of production, and to control more effectually market prices.

ORGANIZATION OF CORPORATIONS

Some details of the organization of corporations will be of interest to the student. The laws of the various states are very different regarding the organization of corporations. Persons who desire to form a corporation should employ an attorney to conduct every step in organizing, thus insuring a compliance with the requirements of the statute of the state under whose laws the corporation is organized.

How formed. — The following statements apply to the formation of corporations in the Commonwealth of Massachusetts:

1. The Commissioner of Corporations is the state official who considers applications for incorporation.

2. For the purpose of manufacturing (with a few exceptions made by the statute), three or more persons may form a corporation, with a capital of not less than five thousand (5000) dollars.

3. An *Agreement of Association* must be submitted by the incorporators, in writing, to the Commissioner of Corporations, setting forth the following:

a. Their intention of forming a corporation.

b. The corporate name assumed.

c. The purpose for which the corporation is formed.

d. The city or town in the Commonwealth where it is to be established or located.

e. The amount of the capital stock.

f. The par value and the number of shares of capital stock.

4. The certificate of incorporation issued by the secretary of the Commonwealth states the facts set forth in the *Agreement of Association* and empowers the corporation to do business.

Fees. — Certain fees are required by the Commonwealth for filing and recording certificates.

Powers. — The powers of corporations may be stated as follows:

1. To have succession.

2. To sue or to be sued under its corporate name.

3. To use a common seal.

4. To purchase, hold, and convey lands and chattels.

5. To elect officers and appoint agents.

6. To make by-laws.

Board of Directors. — After incorporation a meeting of the subscribers is held to determine the number of directors and to elect the same. In

the election of the board of directors each stockholder is entitled to as many votes as he owns shares of stock.

Officers and Management. — After the directors are chosen they elect from their number the necessary officers, except clerk and treasurer, who are elected by the stockholders. The by-laws must be adopted by the board of directors and submitted to the Commissioner of Corporations. The general management of a corporation is entirely in the hands of the board of directors.

Capital Stock. — The capital stock of a corporation is the amount authorized by the charter, and represents the combined invested interests of all the stockholders.

Classes of Stock. — The varying conditions and limitations under which stock is issued to the stockholders of a corporation give rise in many states to several distinct classes of stock, among the more important of which are common stock, preferred stock, and treasury stock.

Common Stock is that stock which is ordinarily issued to the incorporators upon the payment of their subscriptions.

Preferred Stock is that stock upon which dividends are paid out of the accrued profits before any allowance is made for dividends on common stock.

Treasury Stock is that stock not disposed of at the time of commencing business. This stock may be unsubscribed stock, or stock purchased from, or forfeited or donated by, the stockholders.

NOTE. — Sometimes the number of shares of stock of a corporation is increased without a corresponding increase of the property owned. This act is known as *watering stock*. Stock is sometimes *watered* in the reorganization of a railroad or the consolidation of different railway lines by fictitiously increasing the value of the franchise or property. To *water stock* is always deceptive if not dishonest and is never, therefore, justifiable. If the capital stock of a concern is not commensurate with the demands of the enterprise, it can be increased in a legitimate manner.

The term *watered stock* is said to be derived from the action of some farmers in giving their live stock a plentiful supply of water just before weighing them for market, as a means of increasing their weight.

Payment of Capital Stock. — In Massachusetts the law requires that all the capital stock must be paid in in cash before the corporation can commence business. Real estate and other property may be used in payment for shares of stock, but only under the most exacting conditions.

Certificates of Stock. — As soon as a subscription is paid a certificate is issued to the subscriber. Certificates of stock may be transferred

by a stockholder, by an instrument in writing signed by him, which shall be recorded by the clerk in a book to be kept for that purpose.

Liabilities of Stockholders. — The liability of stockholders for the debts of a corporation differs widely under varying conditions. Ordinarily a stockholder is liable for a sum equal to the par value of the stock that stands in his name.

Reports. — Every corporation is required to file an annual report with the secretary of the Commonwealth setting forth the following:

1. The date of the meeting when the report was adopted.
2. The amount of the capital stock.
3. The amount paid in.
4. The name of each stockholder and the number of shares standing in his name.
5. The assets and liabilities of the corporation.

The above certificate must be signed by the president and treasurer, and at least a majority of the directors. This report is required to be made under oath.

Dividends. — A dividend is a pro rata division of the profits, or some portion thereof, among the stockholders of a corporation.

Franchise is a particular privilege granted by a government to a corporation. The right to use the streets of a city for car lines, lighting appliances, water mains, etc., is an illustration of a franchise commonly granted.

AUXILIARY BOOKS PECULIAR TO CORPORATIONS

The principal books of record in a corporation do not differ materially from those used in any other business. Several special books, however, are necessary to facilitate the issue and transfer of stock. Among these are the following.

Minute Book. — This book contains a record of all the meetings of the stockholders or the board of directors, and is usually kept by the secretary of the corporation.

Installment Scrip Book. — This is a book of blank receipts to be filled out and signed by the secretary and treasurer as the installments are paid. Upon payment of the last installment the scrip is exchanged for certificates of stock.

Stock Transfer Book. — This book is used to record the transfer of stock and contains the permanent records, which are finally posted to the stock ledger.

Form of Stock Transfer Book

No. of Certificates canceled	Shares canceled	Ledger Folio	TRANSFERRED BY	For Value Received, I do hereby assign and transfer to <i>A. C. Webb</i> <i>Ten</i> Shares of the Capital Stock of The Union Whip Co., Springfield, Mass. Witness my hand and seal, this <i>4th</i> day of <i>June, 1906</i> Sealed and delivered in the presence of <i>E. M. Williams</i> [L. S.] <i>J. W. Turner.</i>
<i>2</i>	<i>10</i>	<i>2</i>	<i>E. M. Williams</i>	
No. of New Certificates issued	New Shares issued		TO	
<i>12</i>	<i>10</i>	<i>3</i>	<i>A. C. Webb</i>	

Subscription Book. — This book contains the date of record, the names and addresses of subscribers, the number of shares, and the amount subscribed for by each stockholder.

Form of Subscription Book

DATE		NAME OF STOCKHOLDER	ADDRESS	NO. OF SHARES	AMOUNT
Feb.	1	J. W. Melton	Springfield, Mass.	50	5000
	1	E. M. Williams	“ “	50	5000
	1	Geo. Inman	“ “	50	5000
	1	A. P. Zaner	“ “	50	5000
	1	L. H. Messler	“ “	50	5000
					25000

NOTE.— If subscriptions are paid in installments, the subscription and installment records are usually combined in one book, an extra column being provided for the installment records.

Dividend Book. — This book contains information furnished by the financial statements of the business and shows the names of the stockholders, the number of shares of stock with par value of each, the amount of dividend due each stockholder, and the date on which such dividend was paid. The stockholder is required to receipt for all dividends received, usually in the dividend book.

Form of Dividend Book

1st Semiannual Dividend, Aug. 1, 1906, 3%

STOCKHOLDER	CERTIFICATE NO.	NUMBER OF SHARES	AMOUNT OF DIVIDEND	WHEN PAID		SIGNATURE FOR PAYMENT
J. W. Melton	1	50	150	Aug.	5	J. W. Melton
E. M. Williams	2	50	150		5	E. M. Williams
Geo. Inman	3	50	150		5	Geo. Inman
A. P. Zaner	4	50	150		5	A. P. Zaner
L. H. Messler	5	50	150		5	L. H. Messler

Stock Certificate Book.— This book contains blank certificates, with stubs, to be filled out and signed, usually by the president and secretary of the corporation. For convenience these certificates are numbered consecutively. The stockholder signs the stub as a receipt when the certificates are issued to him.

A bill of sale in blank is always printed on the back of the certificate to facilitate the sale and transfer of stock.

Stock Ledger.— This book contains an account with capital stock, debited at par value, and with each stockholder, credited for the amount of his stock at par value. When stock is sold the seller is debited and the buyer credited, thus preserving the equality of the ledger. The stock ledger is in form similar to the ordinary ledger, is purely a private book, and is referred to in making business statements.

EXERCISES ILLUSTRATING THE OPENING ENTRIES IN CORPORATION ACCOUNTING

Exercise 1.— A corporation has been formed with a capital stock of \$75,000. This sum has been fully paid in in cash. Required the necessary entry.

The following entry should be made on the left side of the cash book :

Jan. 1	Capital Stock	Paid in Capital	75000		
--------	---------------	-----------------	-------	--	--

NOTE.— If it is desired to show the subscription account in the ledger, two entries should be made for the above transaction, as follows :

1. *Subscription, To Capital Stock*, in the journal, for the investment decided upon.
2. *Cash, To Subscription*, in the cash book, for the capital stock paid in.

Certificate

No. 5

For Sixty Shares

Issued to

L. H. Meadler

Dated Feb. 1, 19

From whom transferred

Dated 19

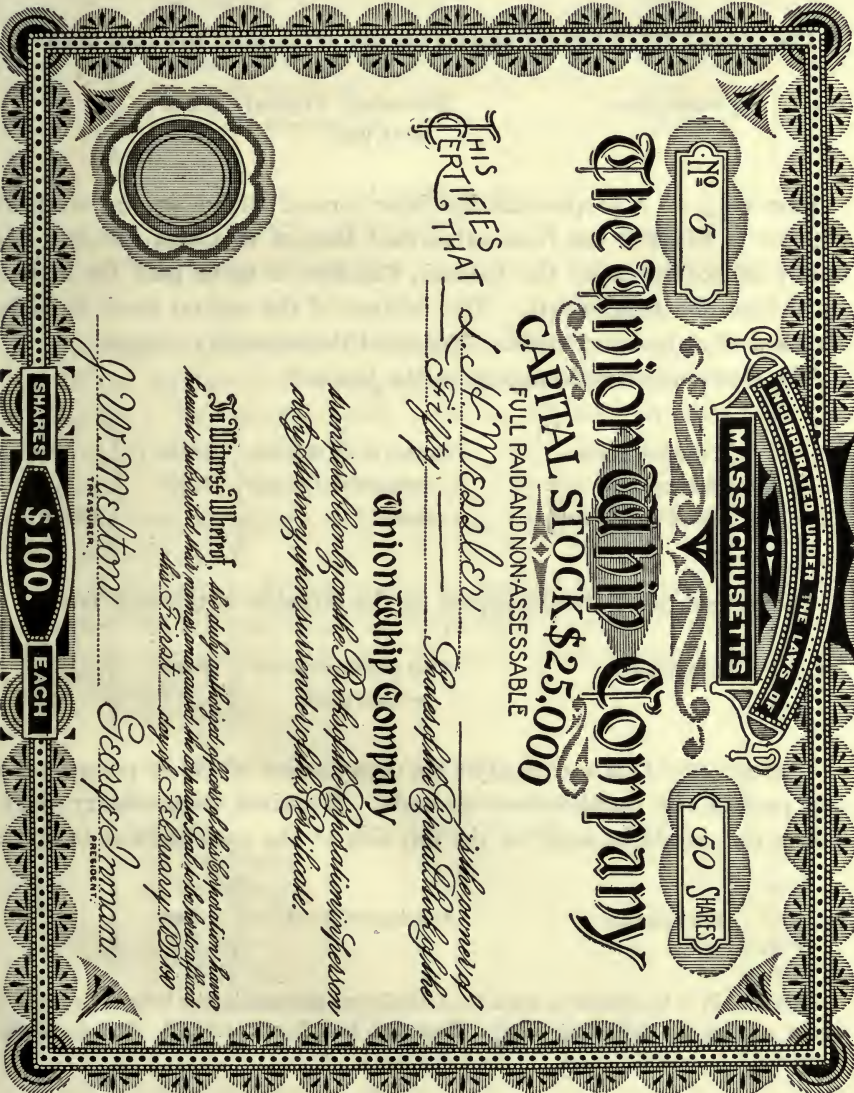
No. Original Certificate	No. Original Shares	No. of Shares transferred

Received Certificate No. 5

for Sixty Shares

this Sixt day of Feb., 19

L. H. Meadler



№ 5



50 SHARES

The Union Whip Company

FULL PAID AND NON-ASSESSABLE
CAPITAL STOCK \$25,000

THIS FILED
FERTILE THAT L. H. Meadler
Sixty

Witness my hand
Share of the Capital Stock of the

Union Whip Company

*Amendations by the Book of the Incorporation in person
of the following persons were made by the Board:*

*In Witness Whereof, the duly authorized agents of this Corporation have
hereunto subscribed their names and caused the corporate Seal to be hereunto affixed
this 5th day of February, A.D. 1911*

J. W. Melton

George L. Mann

SHARES

\$100.

EACH

Exercise 2. — A corporation has been formed with a capital stock of \$150,000. Of this sum \$125,000 has been subscribed for and fully paid in; the balance is to be disposed of as treasury stock. Required the necessary entries.

The first entry should appear in the journal.

Treasury Stock	Capital stock this day	25000	
Subscription	subscribed for and	125000	
To Capital Stock	unsold		150000

The second entry should appear on the left side of the cash book.

Jan. 1	Subscription	Subscribed capital stock paid	125000	
--------	--------------	----------------------------------	--------	--

Exercise 3. — A corporation has been formed with a capital stock of \$100,000: \$75,000 has been subscribed for; of this sum \$50,000 has been paid for in cash; the balance, \$25,000, is to be paid for in five equal monthly installments. The balance of the capital stock is to be disposed of as treasury stock. Required the necessary entries.

The first entry should appear in the journal.

Treasury Stock	Capital stock this day	25000	
Subscription	subscribed for and	75000	
To Capital Stock	unsold		100000

The second entry should appear on the left side of the cash book.

Jan. 2	Subscription	First payment on sub- scribed stock	50000	
--------	--------------	--	-------	--

Exercise 4. — One month after the organization of the corporation the first payment on installments was made. Required the necessary entry. The entry should be made on the left side of the cash book as follows:

Feb. 1	Subscription	Installment No. 1	5000	
--------	--------------	-------------------	------	--

NOTE. — If it is desired to show the installment account in the ledger, Exercise 3 would require the following entry: *Cash and Installments* debited, *To Subscription*

credited. Should Exercise 3 be entered in this manner the necessary entry for Exercise 4 would be *Installments* debited, *To Cash* credited.

The first method is preferred by accountants.

Exercise 5. — J. W. Ball is the owner of a wagon manufactory located at 492 Causeway St. A statement just made exhibits resources and liabilities as follows :

Resources

Real Estate	\$5000
Machinery	6000
Raw Material	5000
Patents	2000
Finished Products	2000
Accounts Receivable	3000

Liabilities

Accounts Payable	\$4000
Mortgage Payable	5000

He decides to join with C. W. Henry, B. H. Robbins, and W. E. Law in the formation of a corporation, under the name of The Ball Wagon Co. The capital stock is to be \$68,000, divided into 680 shares of \$100 each, of which each of the incorporators is to have 160 shares. J. W. Ball is to receive 160 shares of paid up stock for his interest as above. The balance, 40 shares, is to be disposed of as treasury stock.

The business is to be continued at the old location of J. W. Ball, and a new set of books opened. Required the necessary entries.

1. To close the old books of J. W. Ball, the following journal entry should be made :

J. W. Ball	For closing the ac-	14000	
Mortgage Pay.	counts on the books	5000	
Accts. Pay.	of J. W. Ball	4000	
To Real Estate			5000
Machinery			6000
Raw Material			5000
Patents			2000
Accts. Rec.			3000
Finished Products			2000

2. The good will of J. W. Ball is estimated at \$2000. The journal entry to open the new books should be as follows:

Real Estate	Mill property	5000	
Machinery	Plant, tools, etc.	6000	
Raw material	On hand	5000	
Patents	Held by corporation	2000	
Accts. Rec.	Due the corporation	3000	
Finished Products	On hand	2000	
Good Will	Estimated value	2000	
Subscription	Stock subscribed for	48000	
Treasury Stock	Held by the treasurer	4000	
To Mortgage Pay.	Mortgage on real estate		5000
Accts. Pay.	Owed by the corporation		4000
Capital Stock	Invested capital		68000

Exercise 6.— Sell 10 shares of the treasury stock referred to in Exercise 5 at \$100 a share to A. B. Miller on his note at 30 days. Required the necessary entry.

The following entry should be made in the journal.

Bills Rec.	10 shares sold A. B.	1000	
To Treasury Stock	Miller on his note at 30 days		1000

Exercise 7.— C. W. Henry, B. H. Robbins, and W. E. Law pay for their subscriptions in cash. Required the necessary entry. The following entry should appear on the left side of the cash book.

Jan.	6	Subscription	C. W. Henry, 160 shares, 16000	48000	
			B. H. Robbins, 160 shares, 16000		
			W. E. Law, 160 shares, <u>16000</u>		

Exercise 8.— I. N. Salsbury, F. O. Gray, and E. W. Masten are associated as partners in a knitting mill under the firm name of Salsbury, Gray & Co. Their investments are as follows:

I. N. Salsbury	\$7400
F. O. Gray	7200
E. W. Masten	4900

They decide to reorganize and incorporate their business. A capital stock of \$30,000, consisting of 300 shares at \$100 per share, is decided upon. The partners are to receive paid up stock for their respective interests as follows :

I. N. Salsbury	80 shares
F. O. Gray	80 shares
E. W. Masten	65 shares

Of the remaining capital D. E. Mosher subscribes for 25 shares ; M. P. Keeler, 15 shares ; R. Cronk, 10 shares. The balance of the capital stock, 25 shares, is to be disposed of as treasury stock. A statement of the present resources and liabilities has been submitted by the old partners and is accepted by the corporation. This statement is as follows :

Resources

Accounts Receivable	\$4000
Raw Material	3000
Plant	3000
Real Estate	6000
Cash	2700
Finished Product	2900

Liabilities

Accounts Payable	\$1600
Bills Payable	500

It is thought best not to go to the expense of purchasing a new set of books. Required the necessary entry to change the partnership accounts so that they will serve the purposes of a corporation.

The following entry should be made in the journal.

I. N. Salsbury	To close account	7400	
F. O. Gray	To close account	7200	
E. W. Masten	To close account	4900	
Subscription	Subscribed for	5000	
Treasury Stock	Held by the treasurer	2500	
Good Will	Estimated value	3000	
To Capital Stock	Invested capital		30000

It should be noticed that the amount charged to the Good Will account is the difference between the net resources of the private partnership and the total stock to be received by Salsbury, Gray, and Masten.

After the foregoing entry is posted, the books are in condition to proceed with the records of the corporation.

MEMORANDA OF TRANSACTIONS FOR PRACTICE

Directions.— After having studied the foregoing illustrations, the student should take a sheet of ordinary journal paper and make the proper records for the following transactions. Supply dates.

1. A corporation has been formed with a capital stock of \$35,000. This sum has been subscribed for and fully paid in in cash. Make the necessary entry.

2. A corporation has been formed with a capital stock of \$75,000; \$50,000 has been subscribed for and fully paid in; the balance, \$25,000, is to be held in reserve as treasury stock. Make the necessary entries.

3. A corporation has been formed for the manufacture of paper-box machinery with a capital stock of \$150,000. The owner of the patents is to receive 400 shares of stock, at \$100 per share, for his inventions. The promoter is to receive 150 shares, at \$100 per share, for interesting moneyed men in the company. 650 shares of the stock remaining have been subscribed and paid for in full. The remainder of the stock, 300 shares, is to be held in reserve as treasury stock. Make the necessary entries to open the books of the corporation.

4. A joint-stock company has been formed for the purpose of manufacturing paper boxes. The capital stock is to be \$50,000, divided into 1000 shares of \$50 each. 200 shares of the stock is preferred stock, and the remaining 800 shares common stock. The preferred stock has been subscribed for and fully paid in. 60% of the common stock has been subscribed for at par. Of this latter sum 40% has been paid in in cash, and the balance is to be settled for in five equal monthly installments. The balance of the capital stock is to be held in reserve as treasury stock. Make the entries necessary to open the books of the joint-stock company.

5. A corporation has been formed with a capital stock of \$40,000, divided into 400 shares at \$100 per share. 75% of the capital stock has been subscribed for at par, and full payment therefor made in cash; the remainder is to be held in reserve as treasury stock by the company. Make the necessary opening entries.

6. C. W. Williams is the sole owner of a manufacturing plant. He has resources and liabilities as follows:

<i>Resources</i>	
Cash	\$5000
Plant	6000
Real Estate	5000
Raw Material	5000
Accounts Receivable	2000

<i>Liabilities</i>	
Accounts Payable	\$2000
Mortgage Payable	5000

He decides to join with E. B. Monroe, H. L. Hinnan, and W. E. Rollins in the formation of a corporation. The capital stock is to be \$70,000, divided into 700 shares at \$100 each, of which each of the incorporators is to have 170 shares. The balance, 20 shares, is to be disposed of as treasury stock. The business is to be continued at the old location of C. W. Williams and a new set of books opened. Make the necessary entries to close the books of C. W. Williams and to open the books of the corporation.

NOTE. — The difference between the resources and liabilities of C. W. Williams and the total stock credited to him is charged to Good Will account.

7. Sell to A. B. Miller, on his note at 30 days, 5 shares of the treasury stock referred to in Exercise 6, at par value. Make the necessary entry.

8. W. E. Frye, C. W. Gray, and E. O. Burrill are associated as partners in the manufacture of shoes, under the firm name of Frye & Gray. Their investments are as follows:

W. E. Frye	\$14800
C. W. Gray	14400
E. O. Burrill	9800

They decide to reorganize and incorporate their business. A capital stock of \$60,000, consisting of 600 shares at \$100 per share, is decided upon. The partners are to receive paid up stock for their respective interests as follows:

W. E. Frye	160 shares
C. W. Gray	160 shares
E. O. Burrill	130 shares

Of the remaining capital C. H. Dean subscribes for 50 shares; Fred Everitt, 30 shares; Charles Baker, 10 shares. The balance of the capital

stock, 60 shares, is to be held in reserve as treasury stock. A statement of the present resources and liabilities has been submitted by the old partners and is accepted by the corporation. This statement is as follows:

Resources

Bills Receivable	\$8000
Operating Products	6000
Plant	3000
Real Estate	15000
Cash	5400
Finished Products	5800

Liabilities

Mortgage Payable	\$4200
------------------	--------

It is thought best not to go to the expense of purchasing a new set of books. Make the necessary entry to change the partnership accounts so that they will serve the purposes of the corporation.

9. A corporation is organized with a capital stock of \$400,000 to work a gold mine in Alaska. C. L. Bender, who holds a deed to the mine, transfers it to the company in payment for 1000 shares of paid up stock at a par value of \$100 per share. George Aldrich, a promoter, is to receive \$25,000 in paid up stock for interesting capitalists in the company. Ninety per cent of the remainder of the stock has been subscribed for and fully paid in. The balance is to be held in reserve by the company as treasury stock. Make the necessary opening entries.

10. Ten shares of the above treasury stock has been sold for cash at \$100 per share. Make the necessary entry.

THE VOUCHER SYSTEM OF ACCOUNTING

Among the many modern devices for economically systematizing accounts and properly distributing the various items of expenditure is what is known as the *voucher* system. This system was primarily planned for, and is particularly adapted to, large industrial and manufacturing enterprises, such as railroad companies, street-car plants, etc.; but the general principles of the system are so susceptible of modifications that they have been found quite well adapted to all lines of business.

The system derives its name from a special form of combined abstract of invoice and receipt known as a *voucher*, which is issued for purchases

and other expenditures of the business. Where the system is found in its highest stage of development it is characterized by its approved methods for filing paid and unpaid bills and recording firm and corporate disbursements. The method of filing vouchers, the classification and distribution of amounts paid, etc., vary greatly in different lines of business.

In the accounting of large railroad concerns and kindred organizations, vouchers are usually issued for absolutely everything in the way of expenditures connected with the business, the fundamental idea being to have every recorded transaction, so far as possible and practicable, evidenced by a paper or voucher filed in the office. Some houses use vouchers only in making payments for certain classes of goods, usually such articles as are used in manufacturing processes, etc., the cost of which it is generally desirable to enter in separate accounts on the books of record.

Manner of issuing Vouchers. — Vouchers are issued for both paid and unpaid bills. As soon as any bill has been received and audited a voucher, conveniently numbered, is issued for the transaction. The voucher is simply an abstract of the bill or invoice with the necessary data for filing, etc. A record of every voucher is made on the stub of the voucher book. This record gives a condensed history of what is contained on the voucher. For convenience the stub is printed with the names of the various accounts to be charged in the issuing of vouchers.

When any bill is paid, the voucher representing it is detached from the stub and presented to some officer of the firm for approval and signature. The voucher is then sent, with a check, to the creditor. He signs the receipt printed at the bottom of the voucher and returns it. The voucher, when returned, is filed away for reference.

For time purchases a voucher is made out at the time the goods are received and the bill audited. It is not detached from the stub of the voucher book until the time of payment. When the bill becomes due the voucher is detached from the voucher stub in the regular way and presented to the proper officer for approval and signature. It is then sent away the same as the voucher used on a cash bill.

Model Voucher Book. — The model voucher book given on page 269 is self-explanatory. The form of voucher given shows that the United States Whip Company, of Boston, Mass., has purchased of Bradley, Morgan & Co., of New York, goods as per invoice No. 74, amounting to \$1269.40, for which a cash payment was made on Feb. 6, less 2%. The receipt at the bottom of the voucher shows that

Form of Combined Voucher and Check

Voucher No. 164

Boston, Mass., Feb. 10, 19—

Issued by

The Union Whip Company

To Messrs. Osgood, Taylor & Co.,
Columbus, O.

INV. NO.	DATE		DESCRIPTION OF PURCHASE	ITEMS		AMOUNT	
126	Feb.	7	Paints and Oils, as per invoice	196	50		
			Less 2%	3	93	192	57

Account verified by
W. D. Green,
Auditor

Approved for payment
L. L. Winans,
President

Columbus, O., Feb. 15, 19—

Received of The Union Whip Company \$192.⁵⁷

One Hundred Ninety-two $\frac{57}{100}$ Dollars

In full for the above account

Osgood, Taylor & Co.
per O.

Boston, Mass., Feb. 10, 19— No. 164

Traders National Bank

Pay to the order of Osgood, Taylor & Co. \$192.⁵⁷

One Hundred Ninety-two $\frac{57}{100}$ Dollars

In full for Voucher No. 164

The Union Whip Company,
per L. L. Winans, President

Bradley, Morgan & Co. received the remittance Feb. 7. The stub gives a complete history of everything connected with the voucher.

Voucher Check. — Payment for the voucher illustrated on page 269 was made by check. Many houses print the voucher and voucher check as one blank (see above form) to insure an early return of the voucher. When this is done it is necessary that the voucher be returned with the check, through the bank, before payment can be received. Banks, how-

No. 129

Date Feb. 1, 19__

To Bradley, Morgan & Co.

\$1269.⁰⁰

Paid Feb. 6, 19__

No. 129

Boston, Mass., Feb. 1, 19__

United States Whip Company

To Bradley, Morgan & Co., Dr.

New York City

ACCOUNT CHARGED	AMOUNT
Merchandise	
Manufacturing	
Whalebone	
Rawhide	
Reed and Rattan	
Thread	
Wood Butts	
Paints and Oils	
Leather and Cloth	1269 40
Expense	
Freight and Cartage	
Traveling Expenses	
Printing and Advertising	
Salaries	
Incidentals	
Fuel, Light, and Water	
Returns and Allowances	

INV. NO.	DATE	DESCRIPTION OF PURCHASE	ITEMS		AMOUNT
74	Mar. 28	Leather on per invoice	1269	40	
		Less 2%	25	39	1244 01

Extension and distribution, verified by *E. C. W.*,
 Bookkeeper
 Goods received " " *S. D. M.*,
 Receiving Clerk
 Prices " " *E. W. B.*,
 Purchasing Agent

Approved for payment
D. M. Sarason
 Manager

Received of the United States Whip Company

Twelve Hundred Seventy-four $\frac{1}{100}$ Dollars

In full for the above account

New York, Feb. 7, 19__

Bradley, Morgan & Co.

per *S. O. Saines*

ever, object to the handling of this form of check, and what is known as the *voucher check* is largely taking the place of the old form of attached voucher and check. The illustration following is suggestive of the usual form of a voucher check.

<i>Boston, Mass., Feb. 6, 19—</i>		<i>No. 129</i>
<i>United States Whip Company</i>		
<i>Pay to the order of Bradley, Morgan & Co.</i>		<i>\$1244.⁰¹</i>
<i>Twelve Hundred Forty-four $\frac{1}{100}$</i>		<i>Dollars</i>
<i>In full for Voucher No. 129</i>		
<i>To The Bank of Redemption</i>		
<i>of Boston, Mass.</i>		<i>United States Whip Company,</i> <i>per D. M. Larson,</i> <i>Manager</i>

REVIEW QUESTIONS

1. Define and differentiate: (a) ordinary partnership and joint-stock company; (b) joint-stock company and corporation. 2. Name some of the advantages of corporations. 3. Briefly give the necessary steps in the organization of a corporation. 4. What are the requirements in your state for incorporation? 5. Define: (a) articles of association; (b) certificate of incorporation. 6. With what officials must certificates of incorporation be filed? 7. How is the business of a corporation transacted? 8. By whom is the board of directors of a corporation elected? 9. Name the officers usually elected. 10. What is the minimum capital required to form a corporation in your state? 11. Name the principal classes of corporation stock. 12. Define each class named. 13. Why has the common stock of some corporations a greater value than the preferred stock? 14. State the voting rights of stockholders. 15. What is a charter? 16. Briefly outline the powers and responsibilities of corporations. 17. What is a trust? 18. What is an installment? 19. Name the principal auxiliary books used by corporations. 20. Briefly state the purpose of each auxiliary book named. 21. What accounts are opened in the stock ledger? 22. Describe the process of transferring a stock certificate. 23. What is the extent of a stockholder's liability under an ordinary corporation? 24. What does the subscription account show and when will it balance? 25. A private partnership is incorporated. The books of the old partnership are to be used. State in abstract form the entry necessary to change the partnership records so that they will meet the requirements of an ordinary corporation. 26. A private partnership is incorporated. New books are to be opened. State in abstract form: (a) the entry necessary to close the records on the partnership books; (b) the entry necessary to open new books.

SET IX — MANUFACTURING

Selling Price List

NO.	LENGTH	QUALITY	PRICE PER DOZ.
30	6 ft.	Java	\$1.10
37	6 ft.	Java	1.40
60	6 ft.	Extra Java	1.60
102	6 ft.	Extra Java	2.00
200	6 ft.	Extra Java	2.25
279	6 ft.	Rawhide	3.00
287	6½ ft.	Rawhide	7.50
312	8 ft.	Rawhide	9.00
428	6 ft.	Whalebone	4.75
455	6½ ft.	Whalebone	6.50
530	6½ ft.	Whalebone	30.00
617	7 ft.	Whalebone	35.00
688	7 ft.	Knotted Bone	160.00
		English Crops	18.00
874	3½ ft.	Rawhide Extra Team	5.75
1017	5 ft.	Horsehide Lash	1.50
1079	12 ft.	8-plat Buck Lash	18.00

The total amount of each invoice purchased will be given, and therefore no *buying* price list is required.

The **object** of this set is to illustrate corporation accounting, as applied to manufacturing interests, including the organization of a corporation, the opening, conducting, and closing of a set of corporation books.

The **special features** of this set are the classification of the Merchandise and Expense accounts, indicating the methods employed by manufacturers whereby they are able to analyze each element of cost in production.

As the student has been given extensive work in business practice in the preceding sets and is now familiar with the various forms used in business, this set presents only the theory of corporation accounting.

The *voucher system* is extensively used in corporation bookkeeping. As this set illustrates only theory, all business forms are omitted. The

Manufacturing

DATE	F	ACCOUNT TO BE CREDITED	EXPLANATION	SALES LEDGER			MDSE.	GENERAL	
				DISC. DR.	NET CASH	ACCTS. REC.			
Feb.	1	Capital Stock	Investment C. W. Allen, 30 sh. 3000 A. B. Curtis, 25 " 2500 B. E. Frey, 35 " 3500					9000	
	5	✓ Mdse.	Per petty cash book				9 50		
	8	E. W. Blaser	Inv. 3d, less 2%	5 60	274 40	280			
	12	✓ Mdse.	Per petty cash book				7 20		
	16	F. E. Simpson	Inv. 10th, less 2%	3 52	172 38	175 90			
	24	W. W. Merrill	Inv. 15th, less 2%	5 50	269 50	275			
	25	Bills Rec.	W. W. Snow's note					500	
	25	✓ Mdse.	Per petty cash book				8 50		
				<u>14</u>	<u>62</u>	<u>716</u>	<u>28</u>	<u>730</u>	<u>90</u>
	28	Accts. Rec.	Total for month					730 90	
	28	Mdse. Discounts	Contra, on purchases					39 97	
	28	Mdse.	Petty cash sales					25 20	
								<u>10296</u>	<u>07</u>

Invoice

INV. NO.	DATE	F	NAME AND ADDRESS	TERMS	AMOUNT
1	Feb.	1 17	Merrill & Co. New York	2/10, net 30 days	125 90
2		4 18	Fleming & Deming Boston, Mass.	2/10, net 60 days	420 40
3		4 14	Gray & Dunkle New York	1/30	325 60
4		2 13	Brown & Son Boston, Mass.	1/10	900 10
5		5 17	Merrill & Co. New York	2/10, net 30 days	725
6		9 12	C. W. Hall New York	1/10, net 30 days	182 50
7		12 14	Coates & Son Buffalo, N.Y.	1/10, net 30 days	72 50
8		18 15	Bender & Hill Philadelphia	2/30, net 60 days	100
9		17 16	C. H. Shaw Co. New York	Net 60 days	462 90
		10	Accts. Pay. (Cr.)		3314 90

The posting of the special columns is indicated by the small figures in parenthesis.

Cash Book

DATE	F	ACCOUNT TO BE DEBITED	EXPLANATION	PURCHASE LEDGER			GENERAL
				DISC. CR.	NET CASH	ACCTS. PAY.	
Feb.	1	Mdse.	Finished stock bought				1200
	1	Whalebone	Raw material bought				400
	1	Rawhide	Raw material bought				750
	1	Trimmings	Raw material bought				120
	1	Paints and Oils	Raw material bought				150 90
	3	Agents' Salaries	Traveling exp. adv.				120
	3	Insurance	2% prm. on pol. No. 791				75
	7	Mason & Co.	Inv. 2d, less 3%	7 20	232 80	240	
	12	Simpson & Smith	Inv. 5th, less 3%	21	679	700	
	13	Labor	Pay roll				430
	16	Lapham & Snow	Inv. 7th, less 3%	3	97	100	
	19	Bills Pay.	Note charged at bank				240
	19	Interest	On above				2 40
	21	C. B. Mayhew & Son	Inv. 14th, less 1%	1 27	124 63	126 90	
	24	Osgood & Bedell	Inv. 15th, less 2%	1 50	73 50	75	
	26	Expense	Per petty cash book				10 90
	27	Simpson & Smith	Inv. 20th, less 3%	6	194	200	
	27	Expense	Per petty cash book				12 40
				<u>39</u>	<u>97</u>	<u>1400</u>	<u>93</u>
						<u>1441</u>	<u>90</u>
	28	Aects. Pay.	Total for month				1441 90
	28	Mdse. Discounts	Contra, on sales				14 62
	28	Balance	In bank				5327 95
							<u>10296</u> <u>07</u>

Register

DISTRIBUTION										WHEN PAID		DIS-COUNT		CASH	
WHALE-BONE	RAW-HIDE	WOOD BUTTS	REEDS	THREAD	TRIM-MINGS	PAINTS AND OILS	HARD-WARE	LEATHER AND CLOTH							
420	40					125 90			Feb.	8	2	52	123	38	
		325 60								12	8	41	411	99	
	725							900 10		22	3	26	322	34	
			182 50							14	14	50	710	50	
				72 50						15		73	71	77	
					462 90		100								
(4)	(3)	(6)	(3)	(9)	(4)	(5)	(7)	(8)							
420	40	725	325 60	182 50	72 50	462 90	125 90	100					900	10	

voucher system, however, is explained and illustrated in the preceding pages. To this explanatory statement both the teacher and the pupil should give careful attention.

The books used in this set are the journal, cash book, petty cash book, invoice register, sales book, general ledger, sales ledger, and purchase ledger. With the exception of the cash book, the petty cash book, and the invoice register, the books are the same as used in the preceding sets of this book.

Cash Book. — The cash book is provided with special columns for accounts receivable, accounts payable, and merchandise. These columns are similar to those of the cash books used in Sets VI and VII. In addition to columns for *net cash* and *discount* a column is provided for *accounts receivable* and *accounts payable*. These columns record the amounts that are to be posted to the sales ledger and the purchase ledger respectively. The special column for merchandise on the left side is for recording cash sales. A reference to the model cash book, pages 272 and 273, will give the student a clear understanding of the plan of this book.

Petty Cash Book. — This book is used for recording small receipts and expenditures of cash. The ruling of an ordinary journal page affords one form of petty cash book. All receipts are to be placed in the first money column and all payments in the second money column. Special columns may be used if desired. The form of the petty cash book is illustrated on page 279.

Invoice Register. — The invoice register is not essentially different from the purchase book with which the student is already familiar. In a manufacturing business it is desirable that the cost of the various manufacturing products be kept in separate accounts in the ledger. This necessitates the addition of a number of special columns in the invoice register for the proper distribution of all raw material bought. When an invoice is received it is audited and entered in the invoice register. The first part of the record is the same as that of the ordinary purchase book. After this part of the record is completed, the amount of the purchase is carried to the proper distributing column. In this set the purchasers are credited weekly for the amount of the invoice, and at the end of the month Accounts Payable is credited for the total of the *Amount* column. Instead of debiting Merchandise, as is the case when the ordinary purchase book is used, each of the articles used in manufacturing should be debited separately under the names appearing at the heads of the several columns. Care should be taken to properly check all items posted. (See model on pages 272 and 273.)

MEMORANDA OF TRANSACTIONS

FEBRUARY 1

J. W. Melton, E. M. Williams, Geo. Inman, A. P. Zaner, and L. H. Messler, of Springfield, Mass., have decided to form a corporation under the title of the Union Whip Co., for the purpose of manufacturing whips. Certificates of incorporation have this day been filed with the proper state official. The capital stock is to be \$25,000, divided into 250 shares of the par value of \$100 each. Each one of the incorporators has subscribed for 50 shares of stock.

This corporation has been formed under the laws of the Commonwealth of Massachusetts. The stockholders above named are to constitute the board of directors for one year. The following officers have been elected: Geo. Inman, President; L. H. Messler, Secretary; J. W. Melton, Treasurer.

The student has been chosen to act as bookkeeper for the corporation, at a salary of \$60 per month.

TO THE STUDENT.—The above memoranda is to be copied verbatim in the journal.

As the laws of the Commonwealth of Massachusetts require that all capital stock must be paid in before commencing business, each stockholder has paid the following: J. W. Melton, for 50 shares, \$5000; E. M. Williams, for 50 shares, \$5000; Geo. Inman, for 50 shares, \$5000; A. P. Zaner, for 50 shares, \$5000; L. H. Messler, for 50 shares, \$5000.

Make a proper entry in the cash book for the investment.

The Springfield Whip Co. has decided to go out of business and the Union Whip Co. has taken a lease of their factory, all complete for manufacturing whips, for a term of three years, at a yearly rental of \$1800, the rent to be paid monthly.

Copy the above memorandum in your journal.

Deposit in the Union Bank all the cash on hand except \$50.

Use a sheet of journal paper for recording all deposits made and all checks drawn. Use the first money column for recording deposits and the second money column for recording checks drawn.

The \$50 kept on hand is to be entered as a balance in the petty cash book. (See the first entry in the model petty cash book, page 279.)

FEBRUARY 3

The Springfield Whip Co. has on hand raw material amounting to \$2000, and finished whips ready for the market amounting to \$1500. The Union Whip Co. purchases the above items for cash.

Give the Springfield Whip Co. a check for the sum of the two amounts named. Enter in the cash book as follows: debit Merchandise for the amount of the finished goods, and debit the following accounts for the raw material: Whalebone, \$200; Rawhide, \$200; Reeds, \$1000; Thread, \$250; Sundries, \$40; Trimmings, \$110; Paints and Oils, \$100; Hardware, \$50; Leather and Cloth, \$50.

S. B. Hardy and F. M. Kinney have been employed as traveling salesmen, each to receive a salary of \$100 per month and traveling expenses.

Place the above memorandum in the journal.

Give each of the traveling salesmen a check for \$150, and charge the amount to Agents' Salaries. Enter in the *General* column in the cash book.

Mr. A. C. Parker, attorney, was the legal adviser of the company at the time of incorporation; give him a check for \$50 for his services. Charge Expense.

The company has taken out an insurance policy with the Niagara Insurance Co. for \$5000. Owing to the location of the factory and the combustible material used, the rate of insurance is \$20 per thousand. Give the agent of the Niagara Insurance Co., Henry Lete, a check for the amount of the premium at the rate named. Charge to Insurance.

FEBRUARY 5

Give Connor & Co. a check for \$32.50 in payment of their bill for a set of office books. Charge Expense.

Pay Tuller & Co. \$7.85 in cash for office stationery. Enter this item in the petty cash book under Expense. Refer to the model on page 279.

NOTE.—Items that are entered in the petty cash book are not entered in the regular cash book until the petty cash book is closed. This will be explained at the end of the week.

Buy \$2 worth of postage stamps and pay cash for them. Enter in the petty cash book.

Pay Thos. Lottridge \$2.80 in cash for carpenter work in repairing the office. Enter in the petty cash book.

Sell Wm. Lane for cash 1 doz. whips, #287, \$7.50. Enter the amount in the petty cash book, crediting Merchandise.

FEBRUARY 6

The following goods have been received: Invoice of thread from Hasson & Son, Boston, Mass., dated Feb. 4. Terms: 1/10, net 30 days. Amount, \$100.

Invoice of trimmings from Fleming & Co., New York, dated Feb. 5. Terms: 2/10, net 30 days. Amount, \$60.

Invoice of reeds from Kellar & Co., New York, dated Feb. 3. Terms: 1/10, net 30 days. Amount, \$250.

The above invoices are to be entered in the invoice register. By referring to the model on pages 272 and 273 the student will readily understand the entry required. *Be sure that the amounts are extended into the proper columns.*

NOTE.—In recording invoices the *date* of the invoice should be used, and not the date under which the student is working.

The following orders have been received and filled. Terms: 2/10, net 30 days, F.O.B., Springfield, Mass.

F. R. Pickles, Reading:

6 doz. #30	12 doz. #37
5 doz. #60	8 doz. #102
10 doz. #200	

D. D. Miller, Moberly:

12 doz. #279	10 doz. #428
15 doz. #1017	1 doz. #312
2 doz. #455	2 doz. #287

H. S. Blower, Palmer:

$\frac{1}{2}$ doz. #530	1 doz. #455
$\frac{1}{2}$ doz. #617	$\frac{1}{4}$ doz. #688

S. D. Merrill, Canton:

10 doz. #200	10 doz. #37
10 doz. #279	20 doz. #102
20 doz. #60	2 doz. #287
15 doz. #30	2 doz. #428

A. C. Cotton, Albany:

$\frac{1}{2}$ doz. #1079	$\frac{1}{2}$ doz. #530
10 doz. #1017	1 doz. English Crops

D. M. Heath, Worcester:

10 doz. #279	10 doz. #200
2 doz. #874	

Enter the above orders in the sales book.

Close the petty cash book in the manner indicated in the outline given below.

Petty Cash Book

Feb. 1		Balance	Brought forward	50			
5	✓	Expense	Postage			2	
5	✓	Expense	Carpenter work			2	80
5	✓	Mdse.	Cash sale	7	50		
5	✓	Expense	Office stationery			7	85
6		Balance	In safe			44	85
				57	50	57	50
Feb. 8		Balance	Brought down	44	85		

After closing the petty cash book carry the sum of the three expense items to the main cash book. Record in the *General* column. Transfer the merchandise item to the left side of the main cash book. Check all items transferred. This finishes the work of closing and transferring the items in the petty cash book.

None of the other books are to be closed, but the amounts are to be posted to the different ledgers.

Space in the Different Ledgers. — The first account to be opened in the general ledger is Capital Stock. Give this account six lines; on the same page give Merchandise twenty lines, and Expense the remainder of the space. Give all other accounts in the main ledger one-fifth of a page each.

Give all accounts in the purchase ledger and sales ledger one-fifth of a page each.

Posting. — Post all the items in the *General* column of the main cash book to the general ledger; post all the items from the sales book to the sales ledger; post all the items in the *Amount* column of the invoice register to the purchase ledger, credit side. This concludes the work for one week.

FEBRUARY 8

The following have been received: Invoice of paints and oils from Leland & Son, Boston, Mass., dated Feb. 6. Terms: 1/10, net 30 days. Amount, \$54.20.

Invoice of leather and cloth from Palmer and Brown, New York, dated Feb. 6. Terms: 1/10, net 30 days. Amount, \$80.50.

Give the Springfield Whip Co. a check for one month's rent. For the amount consult the memoranda in the journal. Enter in the cash book under Fuel, Light, and Rent.

Sell Geo. Provo 1 doz. #312, for cash. Enter in the petty cash book.

FEBRUARY 10

Send each of the following persons a check in payment for invoice:

Hasson & Son, for the invoice dated Feb. 4, less discount.

Kellar & Co., for the invoice of Feb. 3, less discount.

Enter each payment in the main cash book. A reference to the model cash book on page 273 will give the student all needed suggestions.

Pay 50¢ in cash for a telegram sent to S. B. Hardy, one of the traveling salesmen. Enter in the petty cash book.

Checks have been received from the following parties:

F. R. Pickles, for the invoice of the 6th, less discount.

H. S. Blower, for the invoice of the 6th, less discount.

A. C. Cotton, for the invoice of the 6th, less discount.

Enter each amount in the main cash book. (See page 272.)

The following orders have been received and filled. Terms: 2/10, net 30 days.

E. T. Fuller, Leland:

12 doz. #30	24 doz. #37
10 doz. #60	16 doz. #102
20 doz. #200	10 doz. #428

C. C. Dewey, Bristol:

24 doz. #279	20 doz. #428
30 doz. #1017	2 doz. #312
4 doz. #455	4 doz. #287

Henry Lee, Norwich:

1 doz. #530	2 doz. #455
1 doz. #617	$\frac{1}{4}$ doz. #688

FEBRUARY 12

The following orders have been received and filled. Terms: 2/10, net 30 days.

A. B. Smith, Hartford:

20 doz. #200	20 doz. #37
15 doz. #279	35 doz. #102
25 doz. #60	4 doz. #287
30 doz. #30	10 doz. #428

Geo. H. Sanford, Lynn :

1 doz. #1079	1 doz. #530
20 doz. #1017	2 doz. English Crops

The terms on the following invoice are: subject to sight draft.

F. M. Caswell, City :

25 doz. #279	20 doz. #200
4 doz. #874	

FEBRUARY 13

Send Fleming & Co. a check in payment for the invoice dated Feb. 5, less discount.

D. D. Miller sends his check in payment for the invoice dated Feb. 6, less discount.

H. C. Wayne and T. B. Murray have been absent the past week on account of sickness. Deduct the amount of their salaries from the total pay roll of last week.

Draw a cash check for the amount of the weekly pay roll.

Deposit all the checks on hand; collection, 85¢.

Debit Expense for all collection charges in this set.

Close the petty cash book and carry the amounts to the main cash book.

Post the week's work. The items in the *Accounts Receivable* column of the main cash book are to be posted to the sales ledger and the items in the *Accounts Payable* column are to be posted to the purchase ledger. Open new accounts with all new names that appear in the invoice register and sales book.

FEBRUARY 15

Send each of the following a check in payment for invoice :

Leland & Son, for the invoice of Feb. 6, less discount.

Palmer & Brown, for the invoice of Feb. 6, less discount.

Checks have been received from the following parties :

S. D. Merrill, for the invoice of the 6th, less discount.

D. M. Heath, for the invoice of the 6th, less discount.

Pay cash for petty expense items, \$2.50.

The following orders have been received and filled. Terms: 2/10, net 30 days.

F. R. Pickles, Reading :

8 doz. #1017	10 doz. #287
6 doz. #428	10 doz. #455

D. D. Miller, Moberly :

20 doz. #30	18 doz. #102
15 doz. #37	14 doz. #200
20 doz. #60	2 doz. #312

H. S. Blower, Palmer :

18 doz. #1017	20 doz. #200
10 doz. #428	12 doz. #37
6 doz. #279	5 doz. #287

FEBRUARY 16

The following have been received: Invoice of whalebone from Randall & Co., New York, dated Feb. 13. Terms: net, 10 days. Amount, \$106.20.

Invoice of rawhides from Stockwell & Co., Boston, Mass., dated Feb. 12. Terms: 2/10, net 30 days. Amount, \$124.35.

Invoice of wood butts from Eaton & Son, New York, dated Feb. 13. Terms: 1/10, net 30 days. Amount, \$62.50.

Advance the bookkeeper \$20 in cash, to apply on his monthly salary. Enter in the petty cash book under Salaries.

FEBRUARY 17

The following orders have been received and filled. Terms: 2/10, net 30 days.

A. C. Cotton, Albany :

10 doz. #102	5 doz. #874
20 doz. #1017	3 doz. #287
4 doz. #455	20 doz. #60

D. M. Heath, Worcester :

22 doz. #30	5 doz. #287
18 doz. #60	4 doz. #874
12 doz. #1017	2 doz. #1079

Pay J. K. Hart \$8.75 in cash, for plumbing and other repairs. Enter in the petty cash book under Expense.

FEBRUARY 18

Give the Home Printing Co. a check for \$43.65, in payment for a printing bill. Enter in the main cash book under Printing and Advertising.

Checks have been received from the following parties :

From E. T. Fuller, for the invoice of the 10th, less discount.

From Henry Lee, for the invoice of the 10th, less discount.

From C. C. Dewey, for the invoice of the 10th, less discount.

From A. B. Smith, for the invoice of the 12th, less discount.

Give Scott & Co. a check for \$32.90, in payment of their bill for boxes, etc. Enter in the main cash book under Shipping.

FEBRUARY 19

The following orders have been received and filled on regular terms.

Horace M. Hatton, New York :

50 doz. #102	100 doz. #1017
20 doz. #312	100 doz. #30
40 doz. #200	50 doz. #37

D. K. Nelson, Boston :

20 doz. #428	15 doz. #312
10 doz. #455	40 doz. #102
12 doz. #287	50 doz. #60

A. C. Bruner, Providence :

$\frac{1}{2}$ doz. #688	4 doz. #874
2 doz. #1079	2 doz. #530
1 doz. #617	25 doz. #279

FEBRUARY 20

Buy of Eureka Coal Co. 15 tons of coal at \$4.50 per ton. Give in payment a sight draft on F. M. Caswell for the amount.

Enter in the main cash book as follows : on the right side Fuel, Light, and Rent, and extend into the *General* column ; on the left side F. M. Caswell and extend into the *Accounts Receivable* and *Net Cash* columns.

NOTE. — The above entry debits Expense and credits F. M. Caswell, which accomplishes the same end as a journal entry. As there is no special column in the journal for accounts receivable, to avoid double posting the above transaction is recorded in the cash book.

The company have at the present time a surplus of cash, and at a meeting of the board of directors it was decided to purchase 100 shares of city waterworks bonds at \$100 per share. As these bonds are selling at par it represents a good investment. Give the city treasurer a check for the amount. Enter on the right side of the cash book, under Waterworks Bonds.

FEBRUARY 20

The following order has been received and filled. Terms: note at 30 days, with interest.

W. G. Cooper, Westfield:

20 doz. #37	30 doz. #102
20 doz. #60	20 doz. #1017

Enter the above in the sales book in the regular way. Then record in the cash book as follows: on the right side Bills Receivable and extend into the *General* column; on the left side W. G. Cooper and extend into the *Accounts Receivable* and *Net Cash* columns. (See note under transaction with the Eureka Coal Co.)

Give a cash check for the weekly pay roll. All the help have been employed this week. Deposit all the checks on hand; collection, \$2.

Close and post the petty cash book. Post the week's work.

FEBRUARY 24

Checks have been received from the following parties:

F. R. Pickles, for the invoice of the 15th, less discount.

D. D. Miller, for the invoice of the 15th, less discount.

H. S. Blower, for the invoice of the 15th, less discount.

The following have been received: Invoice of thread from Hasson & Son, Boston, Mass., dated Feb. 23. Terms: 1/10, net 30 days. Amount, \$200.

Invoice of trimmings from Fleming & Co., New York, dated Feb. 23. Terms: 2/10, net 30 days. Amount, \$75.

Invoice of paints and oils, \$75; hardware, \$50, from Leland & Son, Boston, Mass., dated Feb. 23. Terms: 1/10, net 30 days.

The sum of the two invoices should be extended into the *Amount* column in the invoice register, and the separate amounts extended to the proper distributing columns.

Invoice of leather and cloth from Palmer & Brown, New York, dated Feb. 21. Terms: 1/10, net 30 days. Amount, \$64.35.

Invoice of reeds from Kellar & Co., New York, dated Feb. 20. Terms: 1/10, net 30 days. Amount, \$1160.

Invoice of wood butts from Eaton & Son, New York, dated Feb. 23. Terms: 1/10, net 30 days. Amount, \$43.25.

Invoice of whalebone from Randall & Co., New York, dated Feb. 20. Terms: 10 days. Amount, \$145.

Invoice of rawhides from Stockwell & Co., Boston, Mass., dated Feb. 21. Terms: 2/10, net 30 days. Amount, \$165.40.

FEBRUARY 25

The following orders have been received and filled. Terms: 2/10, net 30 days.

C. C. Dewey, Boston:

50 doz. #102	30 doz. #30
40 doz. #60	12 doz. #874

A. B. Smith, Hartford:

100 doz. #102	100 doz. #1017
50 doz. #200	10 doz. #874
25 doz. #279	20 doz. #428

Geo. H. Sanford, Lynn:

60 doz. #30	15 doz. #874
80 doz. #60	5 doz. #312
20 doz. #279	5 doz. #530

F. M. Caswell, City:

12 doz. #287	40 doz. #60
20 doz. #428	20 doz. #37
50 doz. #102	50 doz. #30

Henry Lee, Norwich:

70 doz. #30	100 doz. #1017
50 doz. #60	40 doz. #200
60 doz. #37	8 doz. #428

FEBRUARY 27

Received from C. C. Dewey a check in payment of the invoice of the 25th, less discount

FEBRUARY 28

Checks have been issued in payment of the following:

Student, balance on salary	\$40
Chas. M. Bradburn, Superintendent	100

Enter the sum of the above items in the main cash book under Salaries.

Checks have been sent to the following:

S. B. Hardy, traveling salesman	\$100
F. M. Kinney, traveling salesman	100

Enter the sum of the foregoing items in the main cash book under Agents' Salaries.

Issue a cash check for the full amount of the pay roll.

Give the Metropolitan Carting Co. a check for \$135, in payment for freight and cartage for the month. Enter in the main cash book under Freight and Cartage.

Give the City Gas Co. \$22.10 in cash, for bill to date. Enter in the petty cash book under Fuel, Light, and Rent.

Deposit all checks on hand; collection, \$1.75.

Close the petty cash book and carry the item to the main cash book.

Post the week's work.

Present your books to your teacher for inspection. If approved by him, proceed to close the books as follows:

Close the main cash book. Consult the model cash book on pages 272 and 273. The discount columns are termed *contra columns*. The meaning is this: The discount on the left side of the cash book is a *debit*, but it is placed on the credit side of the cash book for convenience. By this

Statement of Losses and

Mdse.	Finished goods			1200	
Raw Material, classified:				1531	
Whalebone	Purchases	340			
Whalebone	Per inventory	120	220		
Rawhide	Purchases	320			
Rawhide	Per inventory	120	200		
Wood Butts	Purchases	85			
Wood Butts	Per inventory	23	62		
Reeds	Purchases	1600			
Reeds	Per inventory	810	790		
Thread	Purchases	365			
Thread	Per inventory	106	259		
Labor	Pay roll				840
Mdse. Disc.	Allowed to others	32.40			
Mdse. Disc.	Allowed to us	5.80	26	60	
Expense, classified:					
Expense	Sundry items		74	50	
Freight and Cartage	Total for month		82		
Printing and Advertising	Total expended	39.50			
Printing and Advertising	Per inventory	9.25	30	25	
Fuel, Light, and Rent	Total outlay	210			
Fuel, Light, and Rent	Per inventory	40	170		383 35
<i>Net Gain</i>	<i>Profits for month</i>				<i>480 65</i>
					4385

arrangement the discount, net cash, and total of any invoice paid are shown together. The same explanation would apply to the *Discount* column on the right side of the cash book. This column represents a credit. The footing of the *Discount* column on the left side is carried to the summary on the right side. The footing of the column on the right side is carried to the summary on the left side. This places each footing in its proper place for posting.

Close the sales book and make the following journal entry for the total footing: Accounts Receivable to Merchandise.

Close the invoice register. Consult the model on pages 272 and 273.

Post the summary of the cash book to the main ledger.

From the invoice register post the footing of the *Amount* column to the credit of Accounts Payable in the main ledger, and debit the footing of each distributing column to its proper account in the general ledger. This completes the posting to the general ledger.

As the sales book and *Amount* column of the invoice register have been posted to the sales ledger and purchase ledger respectively, and

Gains, Feb. 28, 19—

	Mdse.	Total sales for month	3560
	Mdse.	Finished goods, per inventory	825
<div style="border-left: 1px solid black; border-right: 1px solid black; height: 400px; position: relative;"> <div style="position: absolute; top: 0; right: 0; border-top: 1px solid black; border-right: 1px solid black; width: 50px; height: 50px;"></div> </div>			
			4385

the items from the *Accounts Receivable* and *Accounts Payable* columns of the main cash book have been posted at the end of each week, all posting is now completed.

The student will now make a trial balance from the main ledger. Have the same approved by the teacher. Make an abstract of the purchase ledger and prove with the *Accounts Payable* in the general ledger. Make an abstract of the sales ledger and prove with the *Accounts Receivable* in the general ledger.

Make a statement of losses and gains, referring to the model given on pages 286 and 287.

Make a statement of resources and liabilities.

The above statements are necessary in order that the board of directors may be informed regarding the condition of the business before declaring a dividend. The following outline will suggest the form of resource and liability statement to be used. The student will supply amounts from his own ledger.

Resources

Cash, on deposit
 Finished Goods, per inventory
 Raw Material, per inventory
 Incidentals, per inventory
 Accounts Receivable, due the business
 Waterworks Bonds, par value
 Bills Receivable, on hand

Liabilities

Capital Stock, par value
 Accounts Payable, due from the business
 Loss and Gain, per statement

CLOSING ACCOUNTS RELATING TO MERCHANDISE

Raw Material.—The classification of accounts with raw material has been explained and illustrated in connection with the invoice register on page 274. In closing the ledger these accounts are transferred to the Merchandise account. If all raw material had been consumed, there would be no inventories on hand. Therefore all inventories in these accounts represent unconsumed raw material. In order that the Merchandise account may show just what it has cost, in raw material, to manufacture goods, these accounts are closed into the Merchandise account in the manner indicated on page 289.

Labor. — The labor required for the production of finished goods also represents an element of cost in merchandise. Therefore this account is closed into the Merchandise account.

Merchandise

Feb.	3	C. B.	13	687	50	Feb.	16	C. B.	12	34	20
	28	Whalebone	16	127	20		28	S. B.	14	1216	40
	28	Rawhide	14	62	90		28	<i>Inventory</i>	32	347	25
	28	Labor	14	285							
	28	Expense	16	172	75						
	28	<i>Gain</i>	28	262	50						
				1597	85					1597	85
Mar.	1	Inventory		347	25						

Whalebone

Feb.	4	C. B.	13	100		Feb.	28	<i>Inventory</i>	32	115	30
	28	I. B.	14	142	50		28	<i>Mdse.</i>	4	127	20
				242	50					242	50
Mar.	1	Inventory		115	30						

Rawhide

Feb.	2	C. B.	13	110		Feb.	28	<i>Inventory</i>	32	172	50
	28	I. B.	14	125	40		28	<i>Mdse.</i>	4	62	90
				235	40					235	40
Mar.	1	Inventory		172	50						

Labor

Feb.	6	C. B.	13	150		Feb.	28	<i>Mdse.</i>	4	285	
	28	C. B.	14	135							
				285						285	

The following are to be closed into the Merchandise account in the form and manner already explained. Inventories are placed opposite the accounts to which they belong. If no inventory is given, the full balance of the account is to be closed into the Merchandise account.

Whalebone	\$135.80	Paints and Oils	\$66.70
Rawhide	148.75	Hardware	35.
Wood Butts	28.60	Leather and Cloth	56.45
Reeds	1020.	Sundries	18.50
Thread	110.	Labor	
Trimnings	64.20	Mdse. Discounts	

Do not close the Merchandise account at this point.

Incidentals.—A third element in the manufacture of goods is incidental expenses. As a matter of fact, all expenses are incurred as a means of carrying on the manufacturing interests, and all money paid out for incidental expenses simply adds to the cost of goods. These incidental items are of importance in closing the books, as showing what relation they bear to the total cost. These accounts are closed into the Expense account as a means of knowing what the total incidentals represent, and then the Expense account is closed into the Merchandise account. The inventories represent material on hand belonging to the incidental accounts. The manner of closing is indicated below.

Expense

Feb.	2	C. B.	13	30		Feb.	28	<i>Mdse.</i>	4	172	75
	5	C. B.	13	15	80						
	20	C. B.	13	1	50						
	28	Print. and Ad.	14	16	45						
	28	Salaries	16	95							
	28	Insurance	19	14							
				172	75					172	75

Printing and Advertising

Feb.	20	C. B.	13	36	45	Feb.	28	<i>Inventory</i>	32	20	
				36	45		28	<i>Expense</i>	16	16	45
										36	45
Mar.	1	Inventory		20							

Salaries

Feb.	20	C. B.	13	10		Feb.	28	<i>Expense</i>	16	95	
	28	C. B.	13	85						95	
				95							

Insurance

Feb.	6			72	50	Feb.	28	<i>Inventory</i>	32	58	50
				72	50		28	<i>Expense</i>	16	14	
										72	50
Mar.	1	Inventory		58	50						

The following accounts are to be closed into the Expense account as shown on page 290.

Printing and Advertising	\$10.25
Freight and Cartage	
Agents' Salaries	
Insurance	85.
Fuel, Light, and Rent	50.
Salaries	
Shipping	11.30

After the above accounts have been closed into the Expense account close the Expense account into the Merchandise account.

Closing the Merchandise Account. — The merchandise inventory, representing finished goods on hand, is \$1285.46. Enter this inventory in the Merchandise account, find the gain, and close the account in the usual manner.

Transfer the gain on merchandise to the Loss and Gain account.

Closing the Loss and Gain Account. — In corporation accounting the closing of the Loss and Gain account is effected by a journal entry. The entry for closing the Loss and Gain account will be like the following, except the amounts.

Loss and Gain	\$323.50	
To Dividend account		\$300.
To Undivided Profits		23.50

Dividends are usually declared in business quarterly, semiannually, or annually. In this set, in order that the student may have the work of closing the Loss and Gain account, a monthly dividend will be declared.

At a meeting of the board of directors, a statement of the business having been presented, it was voted that a dividend of 2% on the capital stock be declared. The student will compute the amount of the dividend and then make a journal entry similar to the one just given. The net gain will be verified by your teacher. Open accounts with Dividends and Undivided Profits. Post the journal entry and close the Loss and Gain account. When the dividends are paid in cash the Dividend account will be closed. As the dividends have not yet been paid to the stockholders, that account will remain open.

After completing the work of closing the books a trial balance of the ledger should be taken.

An Analysis of the Merchandise Account. — The student will now turn to his ledger and follow carefully the statements given below.

Finished goods on hand Feb. 1	\$1500.
Finished goods on hand Feb. 28	<u>1285.46</u>
Finished goods included in sales	214.54
Total sales for the month	\$6801.50
Less finished goods sold	<u>214.54</u>
Sale of goods manufactured during the month	6586.96
The total cost of the manufactured goods included the following :	
Raw material	\$3131.75
Labor	1732.
Incidentals	1166.10
Mdse. discount	<u>40.38</u>
Total cost	6070.23
Gain on merchandise	<u>516.73</u>

The above analysis shows that the raw material cost, in even numbers, 52% ; labor, 28% ; incidentals, 20%.

The above analysis is made possible because of the classification of the Merchandise account. In the above manner the manufacturer can determine whether any one division of manufacturing is costing too much, or whether the proportion of each is wisely distributed for the most economical production of his goods.

By taking the total raw material consumed he can readily determine the per cent of cost of each kind of raw material. It is suggested that the student find out for himself just what per cent of the total amount of raw material consumed is represented in each of the raw material accounts.

It is further suggested that the student analyze the Expense account, and learn just what per cent of the total incidental amount is represented in each one of the classified expense accounts.

NOTE. — The teacher can well afford to use a number of recitation periods in developing the work outlined above.

BANKS AND BANKING

THE UTILITY OF BANKS

A **Bank**, in its simplest form, is an institution provided for the safe-keeping of money; but the ordinary commercial bank of to-day is designed to render to the public many varied and important services.

The general utility of commercial banks may be stated as follows:

1. They provide a place for the safe-keeping of money and securities.
2. They afford a business man an opportunity to borrow money to carry on his enterprises while his capital is locked up in merchandise or in the hands of his debtors. The credit of many mercantile houses is worth as much to them as the capital they possess.
3. They save the transmission of money from one part of the world to another, thus avoiding great risks and keeping money in more active circulation.

Settlements are effected by issuing to customers

- a. Bankers' drafts.
- b. Bills of exchange.
- c. Letters of credit.

4. They facilitate the payment of bills by permitting money deposited to be withdrawn upon a simple order called a *check*. This check when issued serves the business man in various ways, which may be specified as follows:

- a. It saves time in paying large sums. To count the money would be a long process.
- b. It obviates the risk that attends the handling of money.
- c. It constitutes a record of expenditures and furnishes the business man convenient data from which to make entries in his books.
- d. When the check is canceled it serves the purpose of a receipt.
5. By issuing letters of credit they afford people who travel a means of securing money in distant parts without the risk attending the carrying of real money.

6. They afford excellent facilities for the collection of negotiable paper, — bills, notes, bonds, coupons, etc.

7. They are often a source of useful business information pertaining to investments and other matters.

8. They are a means of organizing capital.
9. They tend to encourage thrift, honesty, and punctuality.

Sources of a Bank's Profits.— The principal sources of a bank's profits may be specified as follows :

1. Money earned for discounting business paper and from lending money on good security. The available funds of a bank for lending purposes accrue from

- a. Amounts paid in by stockholders.
- b. Amounts deposited by individuals, corporations, bankers, etc.
- c. Accumulated surplus.

2. Charges for collecting notes, drafts, etc.

3. Interest upon bonds deposited with the United States Treasurer to secure circulation, if it be a national bank.

4. Fees for issuing drafts, bills of exchange, etc.

5. Profit on circulation, if it be a national bank.

Sources of a Bank's Expenses.— The principal sources of a bank's expenses may be specified as follows :

1. Interest on special deposits.
2. Fees for collecting foreign paper.
3. Taxes.
4. Salaries and various other office expenses.

Kinds of Banks.— Banks may be classified as follows: 1. National. 2. State. 3. Private.

NATIONAL BANKS

Distinguishing Features.— Some of the distinguishing features of a national bank may be stated as follows :

1. It is organized under the National Bank Act.

NOTE.— Authentic information with reference to the organization of national banks may be obtained upon application to the Comptroller of Currency, Washington, D.C., for a copy of each of the following pamphlets: "National Bank Act" and "Instructions Relative to the Organization and Management of National Banks." These pamphlets contain valuable suggestions for all interested in the business of banking.

2. It is always an incorporated institution.

3. It has general authority to issue circulating notes as well as to conduct an ordinary banking business.

4. It is under the direction of the Comptroller of Currency, Washington, D.C.

5. Its general methods of conducting business are consistent with those of every other national bank in the United States.

6. Its stockholders are liable for twice the amount of their subscription; that is, in case a bank fails and is in need of funds to meet its liabilities, a stockholder who owns \$5000 worth of stock is liable to the Comptroller to the amount of \$5000 in cash in addition to the loss of his stock.

7. A definite proportion of its stock must be invested in United States bonds.

8. It must have at all times on hand an available lawful money reserve. This amount ranges from 15% to 25% of its deposits, depending upon the city in which the bank is located.

9. It must form a surplus fund. Before making a dividend it must carry to its surplus fund one-tenth of its net profits since the last preceding dividend, until the fund shall amount to at least 25% of the capital stock, thereby establishing a reserve fund from which losses may be met.

Organization of a National Bank.— The successive steps required to organize a national bank, together with the prescribed forms of articles of association and by-laws, are given in the pamphlets referred to on page 294.

A summary of the necessary steps may be given as follows:

1. There must be at least five persons. Corporations, etc., cannot become organizers of a national bank.

2. No national bank can be organized with a capital smaller than \$25,000. The minimum capital stock with which a national bank may organize varies with the size of the town or city; as:

a. Minimum capital for banks organized in towns with a population of not over 3000, \$25,000.

b. For towns with a population of not more than 6000, \$50,000.

c. For towns or cities with a population of more than 6000 and less than 50,000, \$100,000.

d. For towns or cities with a population of 50,000 or more, \$200,000.

3. A paper is prepared, which it is expected people will sign, stating the amount of capital it is desired to raise and the number and value of the shares. This paper is circulated until the requisite amount is subscribed.

4. A name must be selected. This may be anything that does not conflict with a name already in use in that particular town or city.

5. Written application is made to the Comptroller of Currency at Washington, giving:

- a. The name and location of the proposed bank.
- b. The amount of the capital stock.
- c. The names of at least five persons who are to be stockholders.

6. If the application receives the Comptroller's approval, the subscribers unite in *Articles of Association*.

7. Having executed the articles of association, the stockholders then execute a paper entitled *Organization Certificate*. This certificate definitely specifies:

- a. The name and location of the association.
- b. The capital stock.
- c. The names and residences of the stockholders and the number of shares held by each.
- d. A general statement as to why the certificate is made.

8. The *Organization Certificate* is then signed, acknowledged, and filed with the Comptroller.

9. The stockholders meet and elect directors. To be eligible as a director a stockholder must

- a. Be a citizen of the United States.
- b. Own at least \$1000 of the capital stock of the bank.
- c. Three-fourths of the directors must have resided in the state in which the association is located for a year or more preceding their election; they must also continue to reside there while they remain in office.

10. The directors then proceed to elect a president, vice president, cashier, etc., and call in at least 50% of the capital stock.

NOTE. — Fifty per cent of the capital stock of a bank must be paid in before the Comptroller will give it authority to commence business, and the remainder must be paid in in five equal monthly installments. Thus the entire capital stock must be paid in within six months from the time the bank is authorized to commence business. In the majority of cases, however, stockholders contribute the entire amount of their capital at the outset of the bank's history. In many cases a surplus fund is created by the payment of an additional sum, this surplus fund serving to enhance the bank's credit and stability.

11. Another certificate is then made and sworn to by a majority of the directors. This paper certifies the following:

- a. The amount of paid in capital.
- b. The name, residence, and number of shares of each stockholder.
- c. That the bank has complied with the various requirements of the National Bank Act.

12. A portion of the capital stock must then be invested in United States bonds and deposited with the Treasurer of the United States. This amount varies ; as :

a. It cannot be less than one-fourth of the capital stock if the capital stock is \$150,000 or less.

b. If the capital stock is more than \$150,000, \$50,000 in bonds must be deposited.

13. After the Comptroller has given authority for the bank to do business, a code of by-laws is adopted for the government of the bank.

14. If the Comptroller is assured that all the requirements of the law have been executed, he will give to the bank a certificate stating that it is authorized to commence business. This certificate must be published in the town or city in which the bank is located, for sixty days or more after it is issued.

Circulating Notes of a National Bank. — Whether a bank avails itself or not of the privilege of taking out circulating notes, the law requires the above-mentioned deposit of United States bonds. Having complied with the law in depositing bonds, a national bank is entitled to receive its circulating notes, equal in value to the par value of the bonds deposited, unless the bonds should be below par, in which case it may receive circulating notes for only the market value of the bonds.

A national bank is not required to take out circulating notes ; but having invested a part of its capital in the above manner, it is usually desirous of utilizing its credit by getting as many notes as the law permits. The profits on these circulating notes, in most cases, are not large, varying from 1% to 2% on the capital employed.

Tax on Circulation. — A national bank is required to pay to the Treasurer of the United States a tax of $\frac{1}{4}$ % each half year upon the average amount of notes in circulation, secured by 2% gold bonds. Circulating notes secured by all other classes of bonds are subject to a semiannual tax of $\frac{1}{2}$ %.

Interest on United States Bonds. — The Comptroller authorizes the payment of interest on the bonds deposited to the bank depositing them. From this income to the bank no deduction is made for taxation, since United States bonds are exempt from taxation.

Redemption Fund with the United States Treasurer. — National banks are required to keep at all times on deposit with the Treasurer of the United States 5% of their circulation. This fund is to be held and

used by the Treasurer for the redemption of worn, mutilated, or defaced national bank notes that may be received from time to time and redeemed in sums of \$1000 or any multiple thereof.

CORPORATE POWERS OF AND RESTRICTIONS ON NATIONAL BANKS

The Powers possessed by national banking associations may be enumerated as follows :

1. To adopt and use a corporate seal.
2. To have succession for twenty years, unless sooner voluntarily dissolved or their franchises become forfeited by some violation of law.
3. To sue and to be sued.
4. To elect and appoint directors, and by the directors to appoint a president, cashier, etc.
5. To adopt necessary by-laws not inconsistent with law.
6. To make contracts.
7. To exercise by their board of directors such incidental powers as may be necessary to carry on the general business of banking; such as discounting paper, receiving deposits, loaning money on personal security, buying and selling exchange, etc., obtaining and issuing circulating notes.

The Principal Restrictions placed upon national banking associations may be enumerated as follows :

1. National banks cannot hold real estate except on the following conditions:
 - a. Such as may be needed for their immediate accommodation in the transaction of business.
 - b. Such as may be mortgaged or conveyed to them in good faith by way of security for debts previously contracted.
 - c. Such as they shall purchase at sales under judgments, etc., held by the association.

Possession of real estate under mortgage, or title and possession of any real estate purchased to secure debts due to national banks, cannot be held for a longer period than five years.

2. No increase or reduction of the capital stock of national banks can be made without the approval of the Comptroller. No increase is valid until the full capital stock has been paid.

3. They are prohibited from loaning a person or a firm an amount exceeding one-tenth part of their capital. This restraint is to prevent excessive loans, which always impair the general usefulness of a bank.

4. They cannot use their own circulating notes to pay for or increase their capital stock.

5. They are expressly prohibited from certifying a check in excess of a depositor's account.

NATIONAL BANK OFFICERS AND CLERKS

Officers. — The officers of a national bank are chosen by the board of directors to superintend and direct its affairs. These are usually:

President.

Vice President.

Cashier.

Assistant Cashier.

Clerks and Employees. — Among the clerks and employees of a bank are: receiving teller, paying teller, note teller, general bookkeeper, individual bookkeeper, discount clerk, collection clerk, correspondence clerk, runner, porter, watchman, and such other assistants as the character and extent of the business may create a necessity for. The Bank of England employs about one thousand clerks.

The **President** is the official head of the bank. The bank is dependent upon him for its standing, and it is therefore highly important that he be a man of the strictest honor and integrity, with a very considerable knowledge of men and financial affairs. He should, by considerate action, an accurate knowledge of character, a keen interest in the movements of trade, have under his command all the forces that tend to enhance his bank's interests. His most important duties may be specified as follows:

1. To preside at all the meetings of the board of directors.
2. To furnish such information concerning the bank's transactions as may be desired by the directors.
3. To adopt a policy which will govern the bank in its operations.
4. To be influential in securing depositors.
5. To sign circulating notes and certificates of stock.
6. To be alert in watching the loans of the bank to see that they do not go beyond safe limits.

The **Vice President**, in the absence of the president, takes his place and performs the duties of the office. In some of the larger banks of the country this officer shares the responsibility of the president and aids in extending the efficiency of the bank's service.

The **Cashier** ranks next to the president and vice president, and has certain duties to perform. These duties are mentioned in the law under

which the bank exists. His most important duties may be stated in a general way as follows:

1. He acts as secretary of the board of directors and keeps a record of all business transacted at their meetings.
2. He supervises various departments of work and sometimes employs clerks and prescribes their duties.
3. He conducts the correspondence of the bank.
4. He signs certificates of stock and circulating notes.
5. He pays out the bank's funds and borrows money in the name of the bank.
6. He indorses all paper that is sent away for collection.
7. He signs the checks of the bank and draws drafts on correspondents.
8. He may indorse the bank's paper for the purpose of securing loans.
9. He should aim to build up the business of the bank and commend it to public favor.

The **Assistant Cashier** is employed only in the larger banking institutions of the country. His official signature is recognized in everything the same as the cashier's, except in the bank's reports to the Comptroller of Currency. He assists in performing any of the duties ordinarily devolving upon the cashier.

PROPOSITIONS ILLUSTRATING THE OPENING ENTRIES OF A NATIONAL BANK

1. (a) A national bank is organized with a capital stock of \$300,000. (b) The capital stock is fully paid in. (c) Also a surplus fund of \$50,000 is created and paid. (d) United States bonds with a par value of \$100,000 are purchased for \$101,500 cash. (e) Circulating notes to the extent of \$100,000 are received from the Comptroller of Currency and duly signed. (f) \$5000 is forwarded to the Treasurer of the United States, as provided by banking laws, to redeem worn-out and mutilated circulating notes. (g) Disbursements ordered by the board of directors amount to \$2900.

Required the necessary opening entries. Give them in ordinary journal form.

TO THE STUDENT.—The above proposition gives a statement of the usual transactions resulting from the organization of a national bank. If you have the successive steps of organization well in mind you are now ready to study the following entries. To show the various debits and credits, the entries are all given in journal form. After a careful study of the entries for proposition No. 1, take a sheet of journal paper and make the entries for proposition No. 2.

NECESSARY ENTRIES

	(a)		
Subscription		\$300000	
To Capital Stock			\$300000
	(b)		
Cash		300000	
To Subscription			300000
	(c)		
Cash		50000	
To Surplus Fund			50000
	(d)		
Premium on U.S. Bonds		1500	
U.S. Bonds to secure Circulation		100000	
To Cash			101500
	(e)		
Cash		100000	
To Circulation			100000
	(f)		
Redemption Fund with U.S. Treasurer		5000	
To Cash			5000
	(g)		
Expense		2900	
To Cash			2900

2. (a) A national bank is organized with a capital stock of \$200,000. (b) The first installment of 50% of the capital stock is duly paid. (c) United States bonds with a par value of \$75,000 are purchased for \$76,000 cash. (d) Circulating notes are received from the Comptroller of Currency for \$75,000 and duly signed by the president and cashier. (e) One of the stockholders makes a further payment of \$20,000 to apply on the capital stock. (f) The necessary 5% redemption fund is forwarded to the Treasurer of the United States to redeem worn and mutilated circulating notes. (g) Disbursements ordered by the board of directors amount to \$3100.

Required the necessary opening entries. Make them in ordinary journal form.

TO THE TEACHER. — The teacher will find it a most helpful exercise to require the students to analyze fully each of the entries called for in the foregoing propositions. This will, at the outset, firmly fix in mind the fundamental principles in the organization of a national bank.

TRUST COMPANIES

Organization.—Trust companies are in reality banking institutions organized under and subject to the laws of the different states.

The **Business of Trust Companies** ranks among the important activities of commerce. Since trust companies are state institutions, their management and scope vary in the different states. In general the business of trust companies may be stated as follows:

1. They receive money on deposit, subject to checks, the same as national banks.

2. They allow interest on special deposits, usually on amounts above a specified sum.

3. They make loans in the same careful, conservative way that is so characteristic of national banks.

4. Where they have superseded state banks they undertake the collection of commercial paper.

5. They are usually connected with the clearing house, either directly or through some convenient national bank.

6. They receive on deposit money, government securities, stocks, bonds, coin, jewelry, valuable papers and documents, evidences of debt, etc., upon such terms and conditions as may be agreed upon.

7. They collect and disburse the interest or income, if any, upon property received on deposit and at maturity collect and disburse the principal of such property as produces interest or income.

8. They act as trustees for widows and children.

9. They act as agents in transferring stocks and bonds.

10. They act as agents for the care and management of invested property.

11. They may be appointed by probate courts as receivers, executors, administrators, etc.

12. They are usually authorized to receive and hold moneys and property in trust and on deposit from courts of law and equity, executors, assignees, guardians, and trustees upon such terms and agreements as may be decided upon.

NOTE.—In Massachusetts and some of the other states trust companies are required to maintain a reserve fund similar to the reserve fund of national banks, and to annually set aside 10% of their net earnings as a surplus or guaranty fund until such fund amounts to 25% of their capital stock. The liability of the stockholders is also the same as that of the stockholders of a national bank.

STATE BANKS

Organization. — State banks are organized under and subject to the regulations and restrictions of the banking department of the particular state in which they are located. The preliminary steps necessary in the organization of a state bank are quite similar to those already outlined for national banks.

State and National Banks compared. — State and national banks may be compared as follows:

1. Their management is similar.
2. Their scope is nearly the same.
3. They are equally careful and conservative in the matter of making loans.
4. In many cases the protection afforded the creditors of state and national banks is equally strong.

State and National Banks contrasted. — State and national banks may be contrasted as follows:

1. National banks are organized under and subject to national law and authority. State banks are purely state institutions, organized under and subject to state law and authority.
2. National banks issue circulating notes, while state banks do not.

NOTE. — Prior to July 1, 1866, state banks issued circulating notes. On that date an amendment to the National Bank Act imposed a tax of 10% on these notes. This tax proved too high to allow any profit to the state banks, and the circulating notes were withdrawn.

3. National banks are subject to a more critical examination than state banks.

4. National banks are required to make fuller returns to United States officials than state banks are required to make to state officials.

5. National banks are required to invest a portion of their capital in United States bonds. State banks are not.

6. On the whole the numerous requirements of the National Bank Act strengthen public confidence in national banks and make them more popular institutions than state banks.

NOTE. — In Massachusetts and a few other states there are no state banks, loan and trust companies having superseded them. Authentic information respecting the organization of state banks and trust companies may be obtained by addressing the proper Secretary of State.

PRIVATE BANKS

Organization. — Private banks are organized in the same manner as ordinary partnerships. They may belong to an individual or a firm.

Functions. — The business of private banks varies in different localities. In many cases they possess the principal functions of national banks; in other cases their attention is directed only to special features of banking, such as the buying and selling of foreign exchange, stocks and bonds, etc.

Protection to Creditors. — In a few states private banks are restricted in their operations by statute, in which case they are subject to the inspection of state officials; but usually their operations are regulated and restricted only by the common laws of business. Thus it will be seen that their safety is dependent upon the integrity and financial responsibility of the individuals conducting them.

NOTE. — Private bankers are quite numerous in nearly all large cities, their capital stock aggregating, in some instances, more than the capital stock of national banks. Some private bankers make a specialty of loaning their capital for the promotion of business enterprises, taking for security the stocks and bonds of the enterprise promoted. These stocks and bonds are disposed of to customers, usually at a good profit.

REVIEW QUESTIONS

1. State the principal functions of a commercial bank.
2. Briefly outline the principal advantages of making payments by the ordinary bank check.
3. A business man is about to pay a bill of \$49.75. He finds that there is over \$200 in currency in his safe. He has a good-sized bank account. Which would be the more business-like way of paying his bill, by check or in currency? Why?
4. Name the principal sources of a bank's profits.
5. From what do the available funds of a bank for lending purposes accrue?
6. State the principal sources of a bank's expenses.
7. Name the three general classes of banking institutions.
8. Name the chief distinguishing features of a national bank.
9. Why are the underlying principles of the national banking system practically uniform?
10. State the individual liability of the stockholders of a national bank. Illustrate.
11. What lawful money must the national banks in your city have at all times on hand?
12. Define the following: (a) surplus fund; (b) United States bonds; (c) incorporated institution; (d) National Banking Act.
13. How many persons are required to form a national bank?
14. Could the number be made up wholly or in part of fictitious persons, as corporations, etc.?
15. What is the minimum capital under which a bank may organize in your city?
16. State the law with reference to the minimum capital required to organize a national bank.
17. A national bank is being organized in your city. There are already a number of national

banks doing business there. Could the new bank adopt the name *First National Bank*? There is no other bank of that name in your city. Give reasons for your answer. 18. What per cent of the capital stock of a national bank must be paid in before the bank can be authorized to commence business? 19. State the necessary qualifications for a bank director. 20. What is generally the par value of a share of national bank stock?¹ 21. Suppose a national bank is formed with a fully paid in capital of \$300,000. Another national bank is formed at the same time with a capital stock of \$200,000, and a surplus fund of \$100,000, both amounts fully paid in. Which bank in your judgment is the stronger institution? Why? 22. What proportion of the capital stock of a national bank must be invested in United States bonds? 23. Why is there no tax levied on United States bonds? 24. Define the following: (a) circulating notes; (b) redemption fund with the United States Treasurer. 25. Is a bank bound to take out circulating notes? 26. Do almost all national banks carry circulating notes? Why? 27. What per cent of the bonds deposited may the circulating notes be? 28. What is the market value of United States 2% gold bonds at the present time? 29. Are circulating notes a source of profit to national banks? 30. What is the yearly tax on national bank notes? 31. Are the United States bonds deposited with the United States Treasurer a source of income to the bank depositing them? Explain. 32. For what is *Redemption Fund with the United States Treasurer* created? How is the amount of it determined? 33. A fire occurs in A's warehouse. In the office of this warehouse \$500 in national bank bills are burned to ashes. Has anybody gained by this destruction of bank notes? Explain. 34. State the principal corporate powers of national banks. 35. Under what conditions may a national bank hold real estate? 36. How can a national bank increase or diminish its capital? 37. Why are national banks prohibited from using their own circulating notes to pay for their capital stock? 38. By whom are the officers of a national bank chosen? 39. Name the usual officers of a national bank. 40. Name the usual clerks employed in the average national bank. 41. Why should the president of a bank be a man of extended experience and superior ability? 42. State the principal duties of the average bank president. 43. Where there is a vice president in a bank what are his duties? 44. State the most important duties of the cashier of a national bank. 45. When there is an assistant cashier what are his duties? 46. Give the initial opening entry for a national bank. 47. Give the entry for the payment of the capital stock. 48. Give the entry for the purchase of United States bonds at a premium. 49. Give the entry for taking out circulating notes. 50. Give the entry for the funds remitted to the Treasurer of the United States to redeem worn and mutilated circulating notes.

¹ The National Banking Act now requires the shares of stock to have a par value of \$100, in harmony with the usual practice of joint-stock companies throughout the country. Some of the state banks, however, were originally organized with shares having a par value of \$50. Where these banks were later changed into national banking associations they were given the privilege of forming with shares of a par value of \$50. This may account for the fact that some national banks have shares whose par value is less than \$100.

SET X — BANK ACCOUNTING

Object. — This set is designed to illustrate in as brief a way as possible the practical workings of an ordinary national bank. In order to get at the work directly the various books are opened from statements showing the condition of a bank that is in operation. To open a bank and gradually bring it to a well-organized and paying institution would be a long, unnecessary process.

In order to illustrate the closing entries in bank accounting, statements are made and dividends declared March 3.

Books used. — The books illustrated in this set are: general balance ledger, individual ledger, discount register, discount tickler, collection register, collection tickler, draft register, remittance register, certified check book, general cash book, and paying and receiving tellers' check sheets.

For greater clearness and more satisfactory results in the schoolroom the various uses of these books, and the ordinary routine of entries resulting from the transactions recorded in them, are illustrated and explained in connection with the various departments of bank routine which make up the set.

Auxiliary Books. — The auxiliary books and records necessary in the organization of a national bank are essentially the same as those of any other joint-stock company or corporation. These books may be briefly referred to as follows:

1. *Subscription Book*, made up of a record of the names of the persons subscribing for stock and the number of shares wanted.

2. *Stock Certificate Book*, containing the receipts showing the number of shares delivered to each stockholder.

3. *Installment Book*, in which are written the names of the stockholders and the amount paid by each.

4. *Transfer Book*, in which is written a history of the certificates canceled and of the new ones issued.

5. *Stock Ledger*, showing the amount of capital stock and the balance to the credit of each stockholder.

6. *Minute Book*, in which are recorded the proceedings of the board of directors.

7. *Dividend Book*, in which are recorded the names of the stockholders, the number of shares owned, the amount of their dividends at various dividend periods, and receipts for the payment of dividends.

Classified Work. — The work of the set is so classified that the student is made to see the principal duties devolving upon the various officers and clerks in the daily routine of recording the transactions of the bank. This classification gives the student practice in the performance of the chief duties of:

- | | |
|----------------------|---------------------------|
| 1. Paying teller. | 5. Collection clerk. |
| 2. Receiving teller. | 6. Correspondence clerk. |
| 3. Note teller. | 7. Individual bookkeeper. |
| 4. Discount clerk. | 8. General bookkeeper. |
| 9. Cashier. | |

General Directions and Suggestions. — In this set **Commercial National Bank** is the name under which the banking association is incorporated. The location is Boston, Mass.

The student is about to familiarize himself with the details of an ordinary national banking institution, and he will be carefully instructed as to the duties of the various officers and clerks by:

1. Being allowed to examine carefully the present condition of the books used.
2. Being specifically instructed as to the powers, responsibilities, and general duties of the various officers and clerks.
3. Being allowed to make further entries in the various books during the progress of each day's business.

WORK OF THE DISCOUNT CLERK

The records of the discount clerk are to be examined first. These records are found principally in the discount register and discount tickler.

The **Discount Register** contains a full record of all paper accepted for discount. It is the bill book of the bank and gives, in addition to the information ordinarily contained in a common bill book, the amount of discount and collection and exchange charged, the proceeds of the paper, etc. The illustration on pages 308 and 309 is self-explanatory. It shows a day's records, with the necessary check marks, etc.

No record is made in the discount register at the maturity of paper; therefore it will not be necessary for the student to enter the discounted paper on hand in the discount register.

The **Discount Tickler** contains a classified record, with reference to maturity, of all the paper entered in the discount register. These records are made to "tickle," or remind, the discount clerk to have paper presented for payment at the proper time.

Discount

DATE DIS-COUNTED	FOR WHOM DISCOUNTED	MAKER OR PAYER	INDORSER	WHERE PAYABLE	NUM-BER	DATE OF PAPER
19— June						19—
20	D. E. Avery	Wilson & Son		Alliance Nat'l, City	230	Apr. 20
20	Powers & Sprague	C. Reardon & Co.	Cook Bros.	Farmers Bank, Chicago	231	May 1
20	E. V. Buckley & Son	W. O. Radcliffe		First Nat'l, Syracuse	232	Apr. 1
20	J. H. Crandall	Frey & Mason	Bates Bros.	Our Bank	233	15
20	Dodge Bros.	Rogers, Peet & Co.		Traders Nat'l, Phila.	234	June 15

As soon as paper is accepted for discount it is entered in the discount register, the due date is written across its face in red ink, and it is recorded in the discount tickler under the proper number and date. After these records have been completed the notes are carefully checked back from the tickler.

The tickler is generally ruled in sections for each day in the year. At the top of each section is printed the day and date. The *Remarks* column is used for noting irregularities in payment, etc.

Discount

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
800	C. W. Hall & Co.	Our Bank	
821	Morton & Davis	First National Bank, Buffalo	Traders National, Buffalo
827	C. W. Carey	Allston & Co., Bankers, City	

Tuesday,

782	Raymond Bros.	Union Trust Co., City	
790	Stickney, Poor & Co.	National City Bank, Brooklyn	Chemical National Bank, N.Y.
765	F. E. Sherman	Our Bank	
778	De Young Bros.	Citizens Bank, Troy	Farmers Bank, Albany

Paper to be entered in the Discount Tickler.— The following discounted paper is now in the possession of the bank and is shown by the uncanceled records in the discount tickler. Take your discount tickler and enter this paper, being guided by the accompanying model.

Register

TIME	WHEN DUE	TERM OF DISCOUNT	RATE OF DISCOUNT	AMOUNT OF PAPER	INTEREST AND DISCOUNT	COLLECTION AND EXCHANGE	PROCEEDS TO BE CREDITED	TICKLER CK.	REMARKS
	19—								
3 mo.	July 20	30 da.	6%	2000	10		1990	✓	
3 mo.	Aug. 1	42 da.	6%	1500	10 50	1 88	1487 62	✓	
90 da.	June 30	10 da.	6%	900	1 50		808 50	✓	
90 da.	July 14	24 da.	6%	6000	24		5976	✓	
30 da.	15	25 da.	6%	3000	12 50	3 75	2983 75	✓	Issued Cashier's Ck.
				✓ 13400	✓ 58 50	✓ 5 63	✓ 13335 87		

Write dates in the discount tickler as follows: March 1, 2, 3, 4, 5, 6, 9, 11, 12, 16, 25, 26, 29, 31, and April 1.

Do not show any totals at this time, as the entries in the general debit and credit books will not be made until the general bookkeeper's work is given.

NOTE. — In this work all paper maturing on Sundays or legal holidays should be entered in the ticklers under the date of the first business day following. The statutes of the different states, however, are not uniform on this point.

Tickler

Feb. 15, 19—

BY WHOM DISCOUNTED	AMOUNT TO BE COLLECTED	CK.	REMARKS
Decker Bros.	7500	✓	Cash
D. E. Avery	1500	✓	Charged to Traders, Buffalo
E. L. Howard	9000	✓	Certified, Allston & Co., Bankers
	18000	✓	

Feb. 16, 19—

W. I. Pratt	2500	✓	Protested. Fees, \$1.75. Charged to Pratt
J. O. Baker	3000	✓	Charged to C. N. B., New York
Powers & Sprague	4500	✓	Charged to F. E. Sherman
	2000	✓	Charged to Farmers, Albany
	12000	✓	

*PAPER MATURING MONDAY, MARCH 1

No. 889. Note of W. I. Pratt, at 30 days from Jan. 30, discounted for Decker Bros., payable at our bank, for \$2750.

No. 866. Note of B. M. Vosburg & Co., at two months from Jan. 1, discounted for Mace, Gilmore & Co., payable at Traders National Bank, Buffalo, for \$7500. Sent to Traders National Bank.

No. 842. Note of Gregory Mfg. Co., at three months from Dec. 1 last, discounted for Spencer, Mead & Co., payable at Third National Bank, Buffalo, for \$5000. Sent to Traders National Bank, Buffalo.

No. 893. Note of Dillon Bros., at 30 days from Jan. 30, discounted for D. B. Roberts, payable at Merchants National Bank, City, for \$7550.

No. 901. Note of D. S. Davenport, at 10 days from Feb. 19, discounted for E. L. Howard, payable at Eliot National Bank, City, for \$9500.

PAPER MATURING TUESDAY, MARCH 2

No. 902. Note of Novelty Mfg. Co., at 10 days from Feb. 20, discounted for Fernald, Son & Co., payable at Alliance National Bank, Springfield, Mass., for \$18,500. Sent to Alliance National Bank.

No. 869. Note of F. M. Elery & Son, at two months from Jan. 2, discounted for Thomas Bennett & Co., payable at Union Bank, Worcester, for \$32,400. Sent to Alliance National Bank, Springfield.

No. 868. Note of Daniels Novelty Co., at 60 days from Jan. 1, discounted for Mace, Gilmore & Co., payable at our bank, for \$33,210.

No. 895. Note of Powers & Lawler, at 15 days from Feb. 15, discounted for W. I. Pratt, payable at Farmers Bank, Albany, for \$28,890. Sent to Farmers National Bank, Albany.

No. 867. Note of Baush & Lomb, at 60 days from Jan. 1, discounted for C. E. Selover & Co., indorsed by Anderson & Page, payable at our bank, for \$16,500.

PAPER MATURING WEDNESDAY, MARCH 3

No. 897. Note of I. M. Lyons, at 15 days from Feb. 16, discounted for D. E. Avery, payable at our bank, for \$29,900.

No. 882. Note of Kennedy Soap Co., at 20 days from Feb. 11, discounted for J. H. Crandall, payable at Union Trust Co., City, for \$24,750.

No. 883. Note of Cobb, Bates & Co., at 20 days from Feb. 11, discounted for Burgess & Co., indorsed by Ginn & Co., payable at Colonial National Bank, City, for \$12,250.

No. 875. Note of Cobb & Co., at 30 days from Feb. 1, discounted for George D. Hatch & Co., payable at Shoe and Leather Bank, City, for \$25,625.

PAPER MATURING THURSDAY, MARCH 4

No. 884. Note of W. E. Denman, at 20 days from Feb. 12, discounted for C. E. Denison, payable at Chemical National Bank, New York, for \$37,000. Sent to Chemical National Bank.

No. 906. Note of David W. Parker, at 15 days from Feb. 17, discounted for C. E. Denison, payable at our bank, for \$30,000.

No. 907. Note of Marsh & Grant, at 15 days from Feb. 17, discounted for Thomas Bennett & Co., payable at our bank, for \$17,295.

No. 876. Note of G. S. Murray, at 30 days from Feb. 2, discounted for Decker Bros., payable at Chemical National Bank, New York, for \$12,460. Sent to Chemical National Bank.

No. 857. Note of Fred M. Everitt & Co., at 60 days from Jan. 3, discounted for Fernald, Son & Co., payable at Farmers Bank, Albany, for \$16,792. Sent to Farmers Bank.

PAPER MATURING FRIDAY, MARCH 5

No. 908. Note of Stanley Carriage Co., at 10 days from Feb. 23, discounted for J. H. Crandall, payable at Union Trust Co., City, for \$23,680.

PAPER MATURING SATURDAY, MARCH 6

No. 910. Note of Jamison, Bakèr & Co., at 10 days from Feb. 24, discounted for Freeman, Austin & Co., payable at Park Square National Bank, City, for \$31,720.

No. 890. Note of Fowler Mfg. Co., at 30 days from Feb. 4, discounted for C. E. Selover & Co., payable at Chemical National Bank, New York, for \$31,750. Sent to Chemical National Bank.

PAPER MATURING TUESDAY, MARCH 9

No. 844. Note of C. B. Conroy & Co., at three months from Dec. 9 last, discounted for Lane, Rowell & Co., payable at our bank, for \$25,750.

PAPER MATURING FRIDAY, MARCH 12

No. 847. Note of D. D. Eldred, at three months from Dec. 12 last, discounted for F. E. Sherman, payable at our bank, for \$15,950.50.

Present the discount tickler to your teacher for approval.

The Duties of the Discount Clerk may be specified as follows:

1. He takes charge of the bills receivable accepted for discount.
2. He keeps the records of the loaning department of the bank.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 1

The following paper has been offered and accepted for discount to-day. As discount clerk make the proper records in the discount register. Examine the model for discount register given on pages 308 and 309. Consult your teacher when in doubt on any point.

In the following memoranda of transactions, where the paper contains no other indorsement than that of the holder, the indorser is not stated, and the column *Indorser* in the discount register may be left blank.

Unless otherwise stated, discount is computed at 6% per annum.

No. 920. Note of Wells, Osborn & Co., at 30 days from March 1, discounted for Mace, Gilmore & Co., payable at Old Colony National Bank, City, for \$2960. Discount, \$14.80. Proceeds credited.

No. 921. Note of Baker & Small, at 30 days from Feb. 23, indorsed by King & Chappell, discounted for Decker Bros., payable at First National Bank, Worcester, for \$7500. Discount, \$30. Collection and exchange, \$7.50. Proceeds credited.

No. 922. Note of Wyckoff & Co., at 30 days from March 1, discounted for W. I. Pratt, payable at Old Colony National Bank, City, for \$1500. Discount, \$7.50. Proceeds credited.

No. 923. Note of C. A. Seaver & Co., at 15 days from March 1, indorsed by Boswell, Mason & Co., discounted for Wyckoff, Seamans & Benedict, payable at our bank, for \$10,000. Discount, \$25. Proceeds credited.

No. 924. Note of F. E. Harris, at 10 days from March 1, discounted for J. H. Crandall, payable at Farmers Bank, Albany, for \$9000. Discount, \$15. Collection and exchange, \$9.50.

Collection

WHEN LEFT	NO.	PAYER	INDORSER	WHERE PAYABLE
Feb. 16	610	C. W. Young		Union Trust Co., City
16	611	E. O. Frey & Co.		Traders Nat'l, Buffalo
16	612	Geo. A. Ward	Wood & Garson	Park Nat'l, Providence
16	613	F. E. Brown	Scranton & Co.	Our Bank
16	614	Mason, Quigley & Co.		Our Bank
16	615	Reardon & Ellis	Howland & Haviland	Alliance Nat'l, Springfield
16	616	Novelty Mfg. Co.		Our Bank
16	617	Ellis Soap Co.	Robert Simpson	Monroe Bank, City
17	618	C. H. Bryant		Our Bank

As discount clerk the student should now proceed as follows:

1. Rule and foot the discount register. Examine the model given.
2. Prove the footings. The total of the *Proceeds* column plus the total of the *Discount* and *Collection and Exchange* columns should equal the total of the *Amount* column.

3. Post the entries from the discount register to the discount tickler. Leave the columns *Where Sent* and *Remarks* in the discount tickler blank for the time being. These will be filled out later as the work progresses.

Submit the discount register and discount tickler to your teacher for approval.

The **Auxiliary Books** kept by the discount clerk are of significant importance in a bank, but they are so simple in character and so self-explanatory that it is thought best not to attempt to use them in these records. They are:

1. The *Offering Book*, containing information with reference to the parties applying for loans.
2. The *Discount Ledger*, containing a record of the amount of paper discounted for each customer.
3. The *Customers' Bill Book*, containing a detailed statement of the various papers offered for discount by the customers of the bank.

WORK OF THE COLLECTION CLERK

The records of the collection clerk are now to be examined. They are found principally in the collection register and collection tickler.

The **Collection Register** contains a record of all commercial paper received by the bank for collection. Many banks keep two collection

Register

DATE OF DRAFT OR NOTE		TIME	WHEN DUE		FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED		CK	REMARKS
Feb.	9	2 mo.	April	9	Fields Milling Co.	1650		✓	
	2	3 mo.	May	2	Charles J. Kennedy	2500		✓	
	2	60 da.	April	3	E. V. Buckley & Son	10000		✓	
Jan.	29	3 mo.		29	Wyckoff, Seamans & Benedict	75	20	✓	
	16	4 mo.	May	16	F. E. Sherman	1150	22	✓	
	21	4 mo.		21	Freeman, Austin & Co.	95	60	✓	
Feb.	2	60 da.	April	3	C. E. Denison	1250		✓	
	3	30 da.	March	5	D. E. Avery	9500		✓	
	7	2 mo.	April	7	Alliance Bank, Springfield	215	90	✓	

registers, one for city collections and one for collections payable out of town. The paper entered in the collection register is generally numbered consecutively. The foregoing model is self-explanatory. The column *Indorser* need not be filled out except when there is an indorser other than the owner of the paper. If any time paper is interest-bearing, the amount of the interest should be added to the face of the paper before it is recorded in the collection register.

Since no record is needed in the collection register at the maturity of paper, it will not be necessary for the student to enter the collection paper on hand in the collection register.

The Collection Tickler.— As soon as paper is properly recorded in the collection register it is classified in the collection tickler under its date of maturity. The object of the collection tickler is to remind the bank clerks of the maturity of paper received for collection.

The following collection paper is now in the possession of the bank and is shown by the uncanceled records in the collection tickler. Record it in your collection tickler.

Collection

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
590	G. W. Gray	Our Bank	
592	L. O. Sweetland	Alliance Nat'l, Springfield	Alliance Nat'l, Springfield
593	N. P. Pond	Traders Nat'l, Buffalo	Fourth Nat'l, Buffalo
595	D. E. Anderson & Co.	Union Trust Co., City	
596	Frey, Miller & Co.	Park Nat'l, City	

Tuesday,

572	D. O. Dale & Co.	First Nat'l, Albany	Farmers Bank, Albany
581	Covey & Dudley Co.	Traders Nat'l, Albany	Farmers Bank, Albany
598	Paine Cutlery Co.	Union Bank, Worcester	Alliance Nat'l, Springfield
601	F. C. Howland	Our Bank	
602	C. E. Reardon	Suffolk Nat'l, City	
606	Sampson & Newell	Mechanics Nat'l, Springfield	Alliance Nat'l, Springfield

Write dates in the collection tickler as follows: Feb. 25, 26, March 1, 2, 3, 4, 5, 6, 9, 10, 18, 27, 31, April 1 and 2. Write March 3 twice.

COLLECTIONS MATURING THURSDAY, FEB. 25

No. 650. Note signed by Wentworth & Son, dated Nov. 25 last, at three months, indorsed by J. K. Miner, payable at Albany, N.Y., for \$725. Sent to Farmers Bank. To be collected for E. V. Buckley & Son.

No. 702. Note signed by Daly Bros., dated Dec. 25, at two months, payable at Albany, N.Y., for \$1200. Sent to Farmers Bank. To be collected for J. O. Baker.

No. 723. Draft dated Jan. 25, at one month from date, on F. W. Edwards & Son, payable at Fourth National Bank, Brooklyn, for \$1005.25. Sent to Chemical National Bank, New York. To be collected for Powers & Sprague.

COLLECTIONS MATURING FRIDAY, FEB. 26

No. 726. Note signed by E. B. Munroe, dated Jan. 27, at 30 days, payable at Providence, for \$4900. Sent to Chase National Bank, Providence. To be collected for Decker Bros.

Tickler

Feb. 15, 19__

FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED	WHEN AND HOW DISPOSED OF
Spencer, Mead & Co.	9000	Paid, 2/15.
Mace, Gilmore & Co.	752 50	Chgd. Alliance Nat'l, 2/19. Our coll., 75¢; bank's coll., \$1
W. I. Pratt	1750	Chgd. Fourth Nat'l, 2/20. Our coll., \$1.75; bank's coll., \$2.25
Alliance Nat'l, Springfield	7200	Certified, 2/15, Union Trust Co. Our coll., \$7.20
Chase Nat'l, Providence	1625 90	Certified, 2/15, P. N. B. Our coll., \$1.65

Feb. 16, 19__

W. I. Pratt	2100	Chgd. Farmers Bank, 2/22. Our coll., \$2.10; bank's coll., \$4
D. E. Avery	1650	Chgd. Farmers Bank, 2/22. Our coll., \$1.65; bank's coll., \$3
C. E. Denison	562 90	Chgd. Alliance Nat'l, 2/21. Our coll., 50¢; bank's coll., \$1
Ninth Nat'l, Hartford	1725 90	Paid, 2/16. Our coll., \$2
Chase Nat'l, Providence	2100	Certified, 2/16, S. B. Our coll., \$2.75
C. E. Selover & Co.	7500	Chgd. Alliance Nat'l. Our coll., \$7.50; bank's coll., \$12

No. 742. Draft dated Jan. 26, at one month from date, on B. W. Mills, payable at Providence, for \$5200. Sent to Chase National Bank, Providence. To be collected for Wyckoff, Seamans & Benedict.

No. 743. Note signed by Samuel Powell & Co., dated Dec. 28 last, at 60 days, payable at Bank of Commerce, Baltimore, for \$1250. Sent to Bank of Commerce, Baltimore. To be collected for Freeman, Austin & Co.

COLLECTIONS MATURING MONDAY, MARCH 1

No. 744. Note signed by E. O. Hamilton, payable 60 days after Dec. 31 last, at our bank, for \$1650.25. To be collected for Freeman, Austin & Co.

No. 752. Note signed by J. H. Moore, payable 30 days after Jan. 30, at Springfield, Mass., for \$722.50. Sent to Alliance National Bank, Springfield. To be collected for Traders National Bank, Buffalo.

No. 755. Draft dated Feb. 1, at one month from date, on E. L. Howard, payable at our bank, for \$5000. To be collected for Wyckoff, Seamans & Benedict.

COLLECTIONS MATURING TUESDAY, MARCH 2

No. 757. Note signed by W. E. Patten, payable 30 days after Jan. 31, at Buffalo, for \$1750. Sent to Traders National Bank. To be collected for Alliance National Bank, Springfield.

No. 756. Note signed by Charles H. Thurber & Co., payable 20 days after Feb. 10, at Union Trust Co., City, for \$79.23. To be collected for Farmers Bank, Albany.

No. 760. Note of G. A. Churchill, payable 30 days after Jan. 31, at Poughkeepsie, N.Y., for \$73.92. Sent to Chemical National Bank. To be collected for Chase National Bank, Providence.

COLLECTIONS MATURING WEDNESDAY, MARCH 3

No. 764. Note signed by J. M. Goulding, payable 30 days after Feb. 1, at Springfield, for \$125.72. Sent to Alliance National Bank, Springfield. To be collected for Chase National Bank, Providence.

No. 765. Draft dated Feb. 3, at one month from date, on Rogers & Williams, indorsed by Wilder & Fields, payable at our bank, for \$652.01. To be collected for Mace, Gilmore & Co.

COLLECTIONS MATURING THURSDAY, MARCH 4

No. 766. Draft dated Jan. 4, at two months from date, on R. B. Elder, payable at Bunker Hill National Bank, City, for \$700. To be collected for C. E. Selover & Co.

No. 767. Note signed by S. C. Williams, indorsed by DeWitt & Bliss, payable 60 days after Jan. 3, at Rochester, N.Y., for \$1600. Sent to

Traders National Bank, Buffalo. To be collected for C. E. Selover & Co.

COLLECTIONS MATURING FRIDAY, MARCH 5

No. 770. Note signed by F. W. Humphrey, payable 30 days after Feb. 3, at our bank, for \$325. To be collected for Wilder & Fields.

No. 771. Note signed by J. Kennard, payable 30 days after Feb. 3, at Bunker Hill National Bank, for \$3000. To be collected for Traders National Bank, Buffalo.

No. 774. Note signed by James H. Beatty, payable 60 days after Jan. 4, at Union Trust Co., City, for \$2500. To be collected for Chemical National Bank, New York.

COLLECTIONS MATURING SATURDAY, MARCH 6

No. 778. Note signed by John Wanamaker, indorsed by Wilder & Fields, payable 60 days after Jan. 5, at Union Trust Co., City, for \$1200. To be collected for Farmers National Bank, Albany.

No. 779. Note signed by Cloud & King, indorsed by Elder & Sampson, payable 60 days after Jan. 5, at Union Trust Co., City, for \$1000.50. To be collected for Chase National Bank, Providence.

The Duties of the Collection Clerk may be specified as follows:

1. He takes charge of paper received by the bank for collection.
2. He makes the proper entries for collection paper in the original books of record.

Rates of Collection.—The collections made by a bank constitute an important part of its business. Formerly this feature of banking was very profitable, the lowest charge in many banks for collecting paper payable out of town being $\frac{1}{4}\%$, while a charge of three or four times this was not unusual. Now these charges vary, ranging from $\frac{1}{10}\%$ to $\frac{1}{4}\%$; but the rates are by no means uniform. They depend upon a number of things, among which may be mentioned the following:

1. Trade movements; *e.g.*, during the late fall months New York is sending a great many checks to states in the Mississippi Valley in payment for shipments of wheat; hence the states in this section are anxious at such times to get collection items from New York and near-by cities, to reduce their balances with New York banks, and they make collections with little or no charge. Later on the conditions are practically reversed, and the collection rate in the Middle West for items from New York and adjoining cities runs as high as $\frac{1}{4}\%$.

2. Various arrangements of banks with one another ; *e.g.*, some collecting banks agree to make remittances regularly at par, the use of the money so collected being considered as an offset to the trouble of collecting ; other banks sometimes agree to remit at stated intervals at a stipulated rate per cent for collecting, etc.

3. Arbitrary rates in vogue in some banks.

4. A charge, by some banks, on time paper, but no charge on cash paper.

5. The size of a depositor's bank balance. The heaviest depositor usually gets the lowest collection rate.

6. On the whole, the rates of collection are more uniform in the Eastern and Middle States.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 1

As collection clerk, make the proper records in the collection register for the following paper received for collection to-day. Examine the model given for this book on pages 312 and 313.

No. 800. Note signed by Clarke & Coffin, dated Jan. 31, at 30 days, indorsed by Ellis, Shannon & Co., payable at our bank, for \$7200. To be collected for Janis, Cooper & Tremper.

No. 801. Note signed by Henry Green, payable in two months from Jan. 4, at Park Square National Bank, City, for \$4000. To be collected for Charles J. Kennedy.

No. 802. Note signed by Ellis Peterson, payable in 60 days from Jan. 4, at Union Trust Co., City, for \$2000. To be collected for Charles J. Kennedy.

No. 803. Draft dated Jan. 3, at 60 days from date, on James Briggs, payable at Central Bank, City, for \$905.42. To be collected for Fields Milling Co.

No. 804. Note signed by W. B. Anderson, payable in 60 days from Jan. 5, at First National Bank, Worcester, for \$162.90. To be collected for Ninth National Bank, Hartford, Conn.

No. 805. Draft dated Jan. 4, at 60 days from date, on McMenimen Bros., payable at First National Bank, Worcester, for \$1262.90. To be collected for Ninth National Bank, Hartford, Conn.

Post the collection register to the collection tickler. Leave the *Where Sent* and *Remarks* columns blank for the time being.

Submit your collection register and collection tickler to your teacher for approval before proceeding further.

WORK OF THE RECEIVING TELLER

The records of the receiving teller in this set are to be found on the receiving teller's daily check sheets.

The following is the form of check sheet and proof to be used in this work.

Receiving Teller's Daily Check Sheet and Proof

Monday, April 2, 19—

CK.	ACCOUNT	✓ CURRENCY		# CLEARING HOUSE		X OUT-OF-TOWN		B OUR BANK		O CITY OFFICE		COLLECTION AND EXCHANGE		AMOUNT CREDITED	
✓	Decker Bros.	1120		1200	50			192	10	600				3112	60
✓	Mace, Gilmore & Co.	250		54	09	750		50	60						
		190		200								75		1493	94
✓	Spencer, Mead & Co.	60		300		1500		500		65					
				3000				100			1	50		5523	50
✓	D. B. Roberts							1500						1500	
✓	E. L. Howard					900						90		899	10
✓	W. I. Pratt	620		7200						2500					
		50												10370	
✓	C. E. Selover & Co.					1642	50							1642	50
✓	Coll. and Exch. Paid in cash	1	65									1	65		
✓	Fields Milling Co.	690						750						1580	
✓	Cashier's Check	9200												9200	
		12321	65	11954	59	4792	50	3092	70	3165		4	80	35321	64

Recapitulation and Proof

Bills	501	65	Deposits	35321	64
Coin	5820		Collection and Exchange	4	80
Clearing House	11954	59			
Out-of-Town	4792	50			
Our Bank	3092	70			
City Office	3165				
Paying Teller (Special)	6000				
	35326	44		35326	44

Receiving Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. In some cases the sheet exhibits only the total of the deposit tickets and the aggregate receipts of the day. In other cases it is in the form of a cash book, the receipts in currency, clearings, collection and exchange, out-of-town items, etc., being separated by the use of special columns. The kind of record required would always depend upon the routine of the bank's business.

The Duties of the Receiving Teller may be specified as follows:

1. He receives the deposits of customers.
2. He writes certificates of deposit and cashier's checks.
3. He enters deposits in the customers' pass books.
4. He classifies the items received for deposit.

Certificates of Deposit. — Certificates of deposit are receipts issued by a bank to persons making temporary deposits. They are negotiable and pass everywhere as cash. They are taken from a book resembling the ordinary check book, a stub showing the number, date, amount, payee, etc., being retained by the bank. The person to whom a certificate is issued is required to write his name on the stub of the certificate of deposit book in order that the proper comparisons may be made when the certificate is presented for payment. These certificates may bear interest or not, depending on the circumstances.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Certificate of Deposit This Deposit not Subject to Check</p>	<p style="display: flex; justify-content: space-between;"> \$964.⁴⁵ <i>Boston, Mass., Feb. 10, 19—</i> <i>No. 945</i> </p> <p style="text-align: center; font-size: 1.2em; font-weight: bold;"><i>The National Bank of Commerce</i></p> <p style="text-align: center;"><i>Albert S. Osborn</i> ~~~~~ <i>has deposited in this Bank</i> <i>Nine Hundred Sixty-four</i> ⁴⁵/₁₀₀ ~~~~~ <i>Dollars</i> <i>Payable to the order of himself</i> ~~~~~ <i>on the return of this Certificate properly indorsed</i></p> <p style="text-align: right;"><i>C. H. Palmer,</i> <i>Cashier</i></p>
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Cashier's Checks. — Cashier's checks are quite similar to the ordinary checks of customers, except that they are signed by the cashier of the bank on whom they are drawn. They are sometimes used instead of bank drafts and in paying the proceeds of paper discounted, but are

more frequently employed in paying the general expenses of the bank, except small incidental items, which are usually paid by means of charge tickets signed by the cashier.

<i>Cashier's Check</i>	<i>Boston, Mass., Feb. 12, 19__ No. 720</i>
	<i>The National Bank of Redemption</i>
	<i>Pay to the order of Gray, Dunkle & Co. \$1294.⁴⁵</i>
	<i>Twelve Hundred Ninety-four ⁴⁵/₁₀₀ ~~~~~ Dollars</i>
	<i>D. M. Salisbury,</i> <i>Cashier</i>

Nature of Deposits. — As deposits come in from customers they may consist of any one, or all, of the following items :

1. Currency.
2. Orders payable through the clearing-house association.
3. Orders payable out of town.
4. Orders payable by our bank.
5. Orders payable by bankers in our city not members of the clearing-house association.

Classifying Items on the Deposit Ticket. — As a deposit comes in, the receiving teller places the deposit ticket before him and proceeds to count the coin and bills. If they are found to agree with the amounts on the ticket, a check mark (✓) is placed at the left of the items listed.

Each check, draft, or other bankable instrument is then carefully examined to see if it is properly indorsed. If this paper is approved, it is next checked off and classified on the deposit ticket as follows :

1. If payable by a bank which is a member of the clearing-house association, the clearing-house number of that bank is written at the left of the item.
2. If payable by an out-of-town bank, a cross (×) is written at the left of the item.

NOTE. — Sometimes deposit tickets are provided with a separate column for items payable out of town. In such cases the out-of-town items are sufficiently classified when the deposit ticket comes in to the receiving teller.

3. If payable by a city bank not a member of the clearing-house association the letter O is written at the left of the items.

NOTE. — O is intended to signify *Office*, a term meaning that the paper is payable at some banking or business office in the city instead of through the clearing-house association. These items are sent by runners and payment received in cash or by an acceptance payable at a clearing-house bank. If the paper is accepted instead of paid, it is returned and entered with the exchanges for the clearing-house association for the following day.

4. If payable by our bank, the letter B is written to the left of the items.

DEPOSITED IN THE		
<i>National City Bank</i>		
<i>By Newman & Bond</i>		
<i>Boston, Feb. 15, 19__</i>		
	Dollars	Cents
Specie ✓	400	
Bills ✓	700	
Check #37	240	99
O	1 200	50
#12	1 400	
X	500	
B	700	
	5 141	49

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 1

Take the blank for receiving teller's daily check sheets and enter the following deposits. Study very carefully the form given on page 319, and if you do not understand any point, consult your teacher. The nature of the deposit in the following transactions is indicated by the characters just explained.

Decker Bros., √ \$600, B \$1500, B \$720.50.

Mace, Gilmore & Co., √ \$720, √ \$400, #61 \$1290, #4 \$1500, #31 \$650.

Spencer, Mead & Co., B \$1250.20, B \$340.20, × \$1340.20, × \$1343.46, × \$342.90; less collection, \$2.75.

D. B. Roberts, √ \$120, √ \$60, #32 \$950.60, O \$1625, B \$72.60.

Fernald, Son & Co., √ \$725, B \$650.60, O \$900, × \$1750; less collection, \$1.75.

W. I. Pratt, √ \$120, B \$1625, × \$1900; less collection, \$1.90.

F. E. Sherman, O \$156.90, B \$1750, #15 \$165.90, √ \$7200.

C. E. Denison, × \$1590.60, √ \$2500, B \$200, #12 \$1560; less collection, \$1.50.

Thomas Bennett & Co., √ \$400, B \$262.90, B \$40.50, B \$200, #60 \$4126.20, #11 \$2142.10, #5 \$1462.90, #3 \$2460.10, × \$1325.62, × \$1462.91, × \$142.10; collection, \$2.25, paid in cash.

NOTE. — When the collection charges on any paper deposited are paid in cash the amount is not deducted from the deposit slip. On the receiving teller's sheet the items of deposit and collection charges are entered as usual, and, in addition, the amount of the collection charges is written in the *Currency* column.

E. L. Howard, √ \$1450, B \$1242.10, × \$1121.40, × \$24.16, × \$142.60; less collection, \$1.25.

Charles J. Kennedy, √ \$350, #17 \$1210, #27 \$1620.40.

E. V. Buckley & Son, × \$621.40, × \$340, × \$4000; less collection, \$1.

Foot the columns of the receiving teller's daily check sheet. The sum of the first five columns should equal the sum of the last two.

Make out the *Recapitulation and Proof* blank. Bills on hand, \$10,760; coin, \$987.25. You have given to the paying teller during the day \$2900. The remaining items of the proof are taken from the receiving teller's daily check sheet footings.

The debit and credit sides of your proof should balance.

Submit the receiving teller's work to your teacher for approval.

WORK OF THE PAYING TELLER

The records of the paying teller in this set are to be found on the paying teller's daily check sheets.

Paying Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. The nature of the records in this department would depend upon the general routine and volume of the work of any particular bank. The sheet on pages 324 and 325, with

Paying Teller's Daily

PAYMENTS

CK.		B		#		X		O		EXPENSE
		OUR	BANK	CLEARING	HOUSE	OUT-OF-TOWN	CITY	OFFICE		
✓	Fields Milling Co.	200								
✓	Charles J. Kennedy	13000								
✓	C. E. Selover & Co.	720								
✓	C. E. Denison (N. Y. D.)	560	75							
✓	D. E. Avery (N. Y. D.)	240	50							
✓	J. H. Crandall	1001	50							
✓	W. I. Pratt	238	75							
	Bunker Hill			10160	40					
	Traders			300						
	Park Square			560						
	Traders, Buffalo					1346	50			
	Alliance, Springfield					7645	90			
	Farmers, Albany					1900	40			
	Mechanics							200		
	Powers							150		
	Coal bill									5 50
	Carpenter work									9 50
		15961	50	11020	40	10892	80	350		15

Recapitulation

RECEIPTS

1. Cash from yesterday	90150	50
2. Receiving Teller	9200	50
3. Note Teller	11420	
4. Receiving Teller (Special)	14000	
5. Collection and Exchange	3. ⁰⁰ , 12. ⁰⁰	15
6. New York Drafts	2100	
7. Balance from Clearing House	7120	50
	134006	50

Check Sheet and Proof

Saturday, April 7, 19—.

RECEIPTS

CK.	SALE OF NEW YORK DRAFTS				SUNDRY RECEIPTS	SUNDRY COLL. & EXCH.	
	SOLD FOR CASH	SOLD FOR CHECK	AMOUNT	EXCHANGE			
	<i>J. M. Cox & Co.</i>		500		75		
	<i>R. Bable & Co.</i>		800	1			
		<i>C. E. Denison</i>	560		75		
		<i>D. E. Avery</i>	240		50		
	<i>Balance from yesterday's proof</i>				90150	50	1 35
	<i>Receiving Teller, from yesterday</i>				9200	50	8 65
	<i>Note Teller, from yesterday</i>				11420		2
	<i>Receiving Teller (Special)</i>				9000		
	" " "				5000		
	<i>Balance from Clearing House</i>				7120	50	
			2100		3 00	131891	50 12 00

and Proof

PAYMENTS

<i>1. Checks on our Bank</i>	15961	50
<i>2. Clearing-House Checks</i>	11020	40
<i>3. Out-of-town Checks</i>	10892	80
<i>4. City Office Items</i>	350	
<i>5. Sundry Expense</i>	15	
<i>6. Balance to Clearing House</i>		
<i>7. Cash on hand</i>	95766	80
	134006	50

slight modifications, is representative of the paying teller's records in many large banks of the country.

As will be readily seen, all money paid out or received by the paying teller at the time of such disbursement or receipt is entered on this daily check sheet.

Recapitulation and Proof. — At the close of each day's business the paying teller prepares the proof, showing the character and condition of the cash on hand, and the receipts and disbursements during the day. The items of this proof may be explained as follows:

Receipts

1. Balance on hand from the previous day's proof.
2. Bills and coin received from the receiving teller at the close of the previous day's business.
3. Bills and coin received from the note teller at the close of the previous day's business.
4. Cash transferred from the receiving teller during the day.
5. Receipts for collection and exchange.
6. Receipts for the sale of drafts.
7. Balance (if any) paid by the clearing house.

The clearing-house balance may appear on either side of the paying teller's proof sheet. If the amount of the checks, drafts, etc., taken to the clearing house is greater than the amount of checks received there, the clearing house pays the settling bank the difference, and the amount is counted among the receipts on the paying teller's proof. If the amount of the checks received at the clearing house is greater than the amount of checks brought, the bank settling pays the clearing house the difference, and this amount is counted among the payments on the paying teller's proof.

Payments

The items on this side are self-explanatory, since they are merely the footings of the payments on the check sheet summarized. The cash on hand is the total bills and coin in the possession of the paying teller at the close of the day's business. These bills and coin are generally classified as follows:

- | | |
|-------------------------|----------------------------|
| 1. National bank notes. | 5. Silver certificates. |
| 2. Gold coin. | 6. Legal-tender notes. |
| 3. Gold certificates. | 7. Subsidiary silver coin. |
| 4. Silver dollars. | 8. Minor coin. |

The Duties of the Paying Teller may be specified as follows :

1. He is the custodian of the cash, and the general disbursing officer of the bank.
2. He cashes checks presented by customers and others.
3. He certifies the checks of customers.
4. He may sell bank drafts.

The paying teller's position is charged with more responsibility than that of any other person in the bank, except the officers. He must be a man of the strictest integrity, possessed of tact, and thoroughly conversant with the laws governing bank checks and drafts. His most responsible duty is to see that no money is paid out improperly. Among the many things that he should have in mind when checks are presented the most important may be stated as follows :

1. Signatures of customers.
2. New signatures, powers of attorney, notices stopping payments of checks, etc.
3. Definite knowledge of the parties presenting vouchers.
4. Average balances of customers, so that overdrafts may be prevented.

When checks, etc. are received the paying teller should note :

1. That they are properly dated.
2. That they are indorsed.
3. That the amounts written in words agree with the amounts written in figures.

Form of Certified Check

Boston, Mass., Feb. 10, 19__	Boston, Mass., Feb. 10, 19__	No. 720
NATIONAL EXCHANGE BANK	NATIONAL EXCHANGE BANK A. French, Paying Teller	
When properly indorsed	National Exchange Bank	
Boston, Mass., Feb. 10, 19__	Pay to the order of D. O. Pond & Co., \$7500. ⁰⁰	
NATIONAL EXCHANGE BANK	Seventy-five hundred ⁰⁰ / ₁₀₀ Dollars	
	Stickney, Poor & Co. per S.	

The Certified Check Book. — The paying teller preserves a record of all checks certified, in a book kept especially for this purpose. From

this book the customer is charged in the individual ledger and Certified Checks credited. The following is the usual form of this book.

Certified Check Book

DATE CERTIFIED	DRAWER OF CHECK	FOR WHOM CERTIFIED	CK.	AMOUNT OF CHECK	WHEN PAID	AMOUNT PAID
19— Feb. 15	D. B. Roberts	D. B. Roberts	✓	5000	19— Feb. 18	5000
15	Thos. Bennett & Co.	M. D. Borrows	✓	1750	17	1750
15	Spencer, Mead & Co.	W. W. Bennett	✓	2000		
			✓	8750		
Feb. 16	W. I. Pratt	W. I. Pratt	✓	1500	Feb. 19	1500
16	J. O. Baker	Elwood & Sperry	✓	2000	18	2000
16	Decker Bros.	Reardon & Smith	✓	7249 20		
16	F. E. Sherman	F. E. Sherman	✓	1500	23	1500
			✓	12249 20		

TRANSACTIONS FOR THE PAYING TELLER, MARCH 1

Take the blank for paying teller's daily check sheets and enter the following transactions. Study very carefully the form given on pages 324 and 325. Consult your teacher if you need to.

1. Checks on our bank paid to-day are as follows:

Charles J. Kennedy (New York draft), \$420.75; F. E. Sherman, \$1200; Powers & Sprague, \$1000; Lane, Rowell & Co., \$300; Wyckoff, Seamans & Benedict, \$450; Janis, Cooper & Tremper, \$1500; Fields Milling Co., \$500; J. O. Baker, \$1049.75; W. I. Pratt, \$725.

2. Checks on clearing-house banks paid to-day are as follows:

Bunker Hill National Bank, \$920; Suffolk National Bank, \$750; Colonial National Bank, \$609.05; Shoe and Leather Bank, \$500; Third National Bank, \$400; Metropolitan National Bank, \$725; Eliot National Bank, \$1250.40; Citizens National Bank, \$4120.40; Park Square National Bank, \$2140.50; New England National Bank, \$1440.50.

3. Checks on out-of-town banks paid to-day are as follows:

Manufacturers and Traders Bank, Philadelphia, \$700.50; collection, 75¢. Bank of Commerce, Baltimore, \$1300; collection, \$1.25. Fourth National Bank, Hartford, \$3250; collection, \$3. Farmers Bank, Albany, \$1500; collection, \$1.50.

4. Checks on banks in our city not members of the clearing house, paid to-day, are as follows:

Union Trust Co., \$300; Powers Bank, \$572.50.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for cash:

Frey & Thomas Co., \$1500; exchange, \$1.50. David Gray, \$500; exchange, 50¢. Charles M. Miner, \$750; exchange, 75¢.

2. Sold for check:

Charles J. Kennedy, \$420.50; exchange, 25¢.

Enter the above on the paying teller's daily check sheet.

Open the certified check book. There is but one unpaid check, as follows: check of Wyckoff, Seamans & Benedict, dated Feb. 23, certified for Elliot Mfg. Co., \$17,500.

Draw a double red line immediately under this amount, so that it will not be counted when the certified checks for to-day are footed.

Certify the following checks: J. H. Crandall, \$1200; C. E. Denison, \$500; W. I. Pratt, \$600.

Enter the above in the certified check book.

Pay cashier's charge ticket for 2 tons of coal, \$9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, \$206,710.81; bills and coin received from the receiving teller at the close of yesterday's business, \$15,280.45; bills and coin received from the receiving teller during the day, \$2900; bills and coin received from the note teller at the close of yesterday's business, \$5504.40; received from the clearing house for to-day's exchanges, \$31,863.11.

Add the columns of the paying teller's daily check sheet. Make out the *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of \$237,804.92.

Foot the certified check book. Submit your paying teller's records to your teacher for approval.

NOTE. — The paying teller makes out his proof before the cash from the receiving teller and note teller has been turned over to him. After the receiving teller and note teller respectively make their proofs they turn over the balance of cash in their hands to the paying teller. These amounts appear on the paying teller's proof on the day following.

WORK OF THE NOTE TELLER

The **Duties** of the note teller are difficult to define, since there is a wide difference among banks as to the work assigned to this clerk. In nearly all banks, however, he is required to present for payment such notes, acceptances, coupons, etc., as are due and payable in the city,

and to collect the city office items turned over to him at the close of each day by the receiving teller, paying teller, and correspondence clerk.

The **Runners** of the bank are generally under the supervision of the note teller. These runners are assigned a definite route, which they cover daily, and present for payment or acceptance such paper as may be allotted to them. They keep a *route book*, in which is recorded a full description of such paper.

The Note Teller's Records. — As a rule the charge and credit tickets, letters, or other memoranda which affect the general ledger, the credit tickets for the proceeds of bills discounted, and collection items for the individual ledger pass through the note teller's hands before reaching the general and individual bookkeepers. To make this work as simple as consistent with approved banking practice, we have deviated from this plan to the extent of deferring these items until the enumeration of the memoranda for the general and individual bookkeepers' transactions is given on subsequent pages. The note teller's daily check sheets and proofs will therefore be omitted. The sagacious student, however, would soon perceive the offices and possibilities of these sheets in banks making use of them.

Charging Notes to Out-of-Town Banks. — Notes and drafts discounted, payable out of town, are usually sent away for collection about ten days before they are due. At the maturity of these notes and drafts they are charged to the banks to which they are remitted, without waiting for letters advising collection.

Each morning the discount clerk takes the bills discounted, payable in the city and falling due on that particular day, from the note file and compares them with the items listed on the discount tickler, after which they are handed to the note teller for collection. As the paper is disposed of a record is made in the *Remarks* column of the discount tickler.

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 889, *Charged to Pratt.*

For No. 866, *Charged to Traders National.*

For No. 842, *Charged to Traders National.*

For No. 893, *Certified, M. N. B.*

For No. 901, *Certified, E. N. B.*

NOTE. — Nos. 866 and 842 will be charged to the banks specified at their face. It is customary with banks not to make any record of collection and exchange on such items until the bank to which the notes were remitted sends notice of collection.

Rule and foot the discount tickler. (See model, pages 308 and 309.)

Each morning the collection clerk proceeds, in much the same manner as the discount clerk, to turn over to the note teller the collections payable in the city and falling due on any particular day. As this paper is disposed of a record is made in the *Remarks* column of the collection tickler.

Make records in the collection tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 744, *Paid, 3/1.*

For No. 755, *Paid, 3/1.*

Collections are not charged to the banks to which they are sent until a report of collection has been received. Farmers Bank, Albany, reports that collections 650 and 702 have been paid and placed to the credit of your account. In the *Remarks* column of the collection tickler write:

For No. 650, *Charged Farmers Bank, 3/1. Bank's collection, \$1.75; our collection, 75¢.*

For No. 702, *Charged Farmers Bank, 3/1. Bank's collection, \$1.20; our collection, \$3.*

Form of Letter advising of Collections Credited

JOHN O. NORRIS, President	L. H. PIERSON, Cashier	ROBERT HALL, Vice President
<h1>NATIONAL EXCHANGE BANK</h1>		
ALBANY, N. Y., Feb. 12, '19—		
MR. Chas. W. Hamilton, Cashier		
<i>Merchants National Bank Boston, Mass.</i>		
DEAR SIR,—We credit your account this day for the proceeds of collections as stated below.		
		Respectfully yours,
		<i>L. H. Pierson, Cashier</i>

YOUR NO.	PAYER	AMOUNT	CHARGES	PROCEEDS
720	<i>E. C. Mills</i>	800	2	798
716	<i>W. E. Frey</i>	900	2 50	897 50
692	<i>C. O. Bond</i>	750	1 50	748 50
710	<i>W. D. Long</i>	500	1 25	498 75
		2950	7 25	2942 75

WORK OF THE CORRESPONDENCE CLERK

The province of this clerk is to keep the accounts of all the out-of-town banks with whom we have dealings. All cash items received from or sent to these banks are handled by this clerk, and so kept entirely separate from the items received for collection by the collection clerk.

Checks and sight drafts received on deposit, which are payable out of town, are remitted to our correspondents (out-of-town banks with whom we have regular dealings) the same as cash.

Sometimes the collection clerk handles checks on out-of-town banks and sight papers payable out of town. If any paper is received for collection, it should be turned over to the collection clerk, entered in the collection register, and transferred to the collection tickler. If any paper is received on deposit, it should be turned over to the correspondence clerk and entered in the remittance register to the credit of the bank making the remittance.

Remittance Register and

Chemical National

DATE OF TRANSACTION		C. B. FOLIO	EXPLANATION OF TRANSACTION	DESCRIPTION OF REMITTANCE ITEMS	
				INDORSER	PAYER
Feb.	2		Balance		
	3		Remitted for credit	F. E. Sherman	A. B. Lyman
			Remitted for credit	C. E. Denison	Ruggles & Co.
			Remitted for credit	Powers & Sprague	Filens & Co.
	41		Remitted for credit	Fernald, Son & Co.	Moore & Freeman
	3	41	Discount No. 590, charged		
	3	40	Total items received for credit		
	4	41	Discount No. 565, charged		
	4	40	Total items received for credit		
	4	40	Drafts per draft register		

Remittance Register and Out-of-Town Banks Ledger. — This book contains a record of all transactions with out-of-town banks. It serves the double purpose of registering remittances and giving a full and detailed ledger account of all out-of-town banks. The aggregate balances of the accounts in this book should at all times agree with the balance of Out-of-Town Banks account in the general balance ledger.

The following are the balances shown on the remittance register at the present time.

	<i>Dr.</i>	<i>Cr.</i>
Traders National Bank, Buffalo	\$2754.90	
Manufacturers and Traders Bank, Philadelphia		\$1472.20
Bank of Commerce, Baltimore	3240.95	
Fourth National Bank, Chicago	15219.65	
Ninth National Bank, Hartford	3752.60	
Chase National Bank, Providence	7572.20	
Chemical National Bank, New York	75920.50	
Farmers Bank, Albany		648.90
Alliance National Bank, Springfield	5214.90	
First National Bank, New York (Approved Reserve Agent)	162240.70	

Enter the above balances in the remittance register, one account to a page. The amounts of all balances in this book are written in red ink.

Out-of-Town Banks Ledger

Bank, New York

CHARGED				LEDGER STATEMENT OF THE ACCOUNT						
WHERE PAYABLE	DATE OF PAPER		AMOUNT		DEBIT BALANCES		CHARGES	CREDITS	CREDIT BALANCES	
					1490	60				
Your bank	Feb.	1	500	90						
Ninth National		1	650							
Traders Nat'l, Brooklyn		2	750							
Second National		2	920				2820	90		
							7500			
					9115	75	10320	90	2695	75
							1000			
								3620	90	
								6590		95
								10210	90	15

This morning's mail contained the following amounts from the banks named, for credit. Enter the amounts in the remittance register, being very careful to record everything correctly. Study the accompanying model. Only the total remittances are given below, since the items need not be recorded in the remittance register. The letters containing an itemized statement of this paper are filed for reference, and may be

examined whenever it is necessary to look up any of the details relating to any particular remittance.

Traders National Bank, Buffalo	\$1142.90
Bank of Commerce, Baltimore	1642.95
Fourth National Bank, Chicago	4694.25
Chemical National Bank, New York	560.20
Manufacturers and Traders Bank, Philadelphia	4500.
Chase National Bank, Providence	1721.42
Farmers Bank, Albany	4921.62
Alliance National Bank, Springfield	3752.88

Form of Letter advising Remittance of Cash Items for Credit

HENRY L. MILLER, *President*

G. W. WILLIAMS, *Cashier*

GEO. A. DUNKLE, *Vice President*

Manufacturers and Traders Bank

Philadelphia, Pa., Feb. 27, 19—

Mr. E. C. Dalgé, Cashier

*Commercial National Bank
Boston, Mass.*

Dear Sir,— Please find herewith for CREDIT to our account the items listed below.

DATE		DRAWEE	ITEMS		AMOUNT CHARGED	
Feb.	24	City National, Cambridge	750			
	23	Your Bank	240			
	25	Old Colony National	600	90	1590	90

Very respectfully yours,

G. W. Williams, Cashier

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 430, \$1500; No. 431, \$500; No. 432, \$750; No. 433, \$420.50.

Enter the foregoing drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

The Draft Register.— Bank drafts are taken from a book resembling an ordinary check book. They are in reality checks of one banking institution upon another banking institution. In due time they find their way to the banks upon which they are drawn; they are charged to the banks drawing them, and then returned in much the same manner as the checks of resident depositors. These drafts are transferred from the draft book to the draft register,— a blank provided with two columns, one for the numbers, and one for the amounts of the drafts. At the close of the day the draft register is footed, and the total compared with the footing of the draft column of the paying teller's daily check sheet, and posted to the remittance register.

Draft Register

Drafts on Chemical National Bank New York City

DATE	CK.	NO.	AMOUNT		DATE	CK.	NO.	AMOUNT
19—								
Feb.	15	✓ 325	750				<i>Fwd.</i>	2201 80
	15	✓ 326	250 50		Feb.	16	✓ 335	800
	15	✓ 327	500 45			16	✓ 336	508 20
	15	328	499 55			16	✓ 337	600
	15	✓ 329	1500			16	✓ 338	54
	15	✓ 330	750			✓		4164
		✓	4250 50					
Feb.	16	✓ 331	720					
	16	332	280 40					
	16	✓ 333	500 90					
	16	✓ 334	700 50					
		<i>Fwd.</i>	2201 80					

Special Agents or Correspondents. — A bank does not enter into business relations with every individual bank from which checks and drafts may be received. In the course of a month a large bank would have paper for collection payable at many hundred banks located at different points throughout the country. To send this paper to the various banks upon which it is drawn would be most inconvenient as well as expensive. To obviate this, banks have special agents or correspondents located at convenient centers through which it makes its collections. This arrangement simplifies the whole business of collecting paper and reduces the correspondence of the bank to a minimum.

We have this day made the following remittances to out-of-town banks for credit. (See form for remittance letter, page 334.)

To Traders National Bank, Buffalo.

Check of Bates, Torey & Co., dated Feb. 26, on Second National Bank, Buffalo, indorsed by Spencer, Mead & Co., for \$1340.20; check of A. B. Murray, dated Feb. 25, on Central Bank, Rochester, indorsed by Manufacturers and Traders Bank, Philadelphia, for \$1321.72; draft of First National Bank, Worcester, dated Feb. 25, on Traders National Bank, Buffalo, indorsed by Alliance National Bank, Springfield, for \$722.40.

To Bank of Commerce, Baltimore.

Check of F. E. Barry, dated Feb. 25, on Commercial Bank, Baltimore, indorsed by Spencer, Mead & Co., for \$342.90; check of M. E. Gay, dated Feb. 24, on Bank of Commerce, indorsed by Alliance National Bank, Springfield, for \$142.16.

To Fourth National Bank, Chicago.

Check of A. B. Tonner, dated Feb. 23, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for \$1721.95; check of D. O. Manning, dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Farmers Bank, Albany, for \$122.75; check of F. W. Wayne & Co., dated Feb. 23, on Union Bank, Minneapolis, Minn., indorsed by Farmers Bank, Albany, for \$1420.50.

To Chemical National Bank, New York.

Check of C. E. Bolles, dated Feb. 23, on Eliot National Bank, Poughkeepsie, indorsed by Spencer, Mead & Co., for \$1343.46; check of Morton & Mills, dated Feb. 21, on City National Bank, Peekskill, indorsed by Thomas Bennett & Co., for \$1325.62; check of D. E. Brown, dated Feb. 21, on Second National Bank, Brooklyn, indorsed

by Thomas Bennett & Co., for \$1462.91; check of Earl & Henderson, dated Feb. 20, on Merchants Bank, Paterson, indorsed by Thomas Bennett & Co., for \$142.10; check of A. B. King, dated Feb. 24, on Rockland National Bank, Brooklyn, indorsed by E. L. Howard, for \$142.60.

To Alliance National Bank, Springfield.

Check of C. W. Gray, dated Feb. 24, on Bay State Bank, Worcester, indorsed by C. E. Denison, for \$1590.60; check of C. H. Thurber, dated Feb. 26, on Alliance National Bank, Springfield, indorsed by E. L. Howard, for \$1121.40; check of W. H. Greeley, dated Feb. 24, on National City Bank, Northampton, indorsed by E. L. Howard, for \$24.16.

To Ninth National Bank, Hartford.

Check of Jones Dairy Co., dated Feb. 23, on City Bank, Hartford, indorsed by E. V. Buckley & Son, for \$621.40; check of Oak Grove Creamery Co., dated Feb. 23, on Citizens Bank, Torrington, indorsed by E. V. Buckley & Son, for \$340.

To Chase National Bank, Providence.

Check of C. F. Gray, dated Feb. 21, on Second National Bank, Providence, indorsed by Fourth National Bank, Chicago, for \$1694.25; check of E. C. Delano, dated Feb. 21, on Union Bank, Providence, indorsed by Fourth National Bank, Chicago, for \$1500; check of C. A. Snow, dated Feb. 20, on Union Bank, Providence, indorsed by Alliance National Bank, Springfield, for \$1166.37.

To Farmers Bank, Albany.

Check of F. E. Smith, dated Feb. 23, on Central Bank, Troy, indorsed by Fernald, Son & Co., for \$1750; check of Crescent Mfg. Co., dated Feb. 24, on Commercial Bank, Utica, indorsed by W. I. Pratt, for \$1900.

Enter the above paper in the remittance register, showing each item in detail. The letters containing a description of this paper are sent away, and unless we take a copy of such letters we have nothing to show in detail the amounts of our remittances from time to time.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks.

Traders National Bank, Buffalo, note for \$5000 (discount No. 842); Traders National Bank, Buffalo, note for \$7500 (discount No. 866); Farmers Bank, Albany, proceeds of collection No. 650, \$723.25; Farmers Bank, Albany, proceeds of collection No. 702, \$1198.80.

Enter the foregoing items in the remittance register. Consult your teacher if necessary.

Form of Charge Ticket

<i>The Traders National Bank</i>			
<i>Boston, Mass., June 2, 19__</i>			
<i>Charge</i>			
<i>Chemical Nat'l Bank, N.Y.</i>	#750	7500	
<i>Mechanics Nat'l Bank, Buffalo</i>	#695	725	50
<i>E. O. Burrill,</i> <i>Discount Clerk</i>			

On a line with the last item entered extend the balances for all the accounts in the remittance register. Note particularly the two columns for balance. The debit balances are written on the left and the credit balances on the right in red ink. (See model, pages 332 and 333.)

Present your remittance register to your teacher for approval.

WORK OF THE INDIVIDUAL BOOKKEEPER

The work of this clerk is to be found in the individual ledger.

The **Individual Ledger** contains all the accounts with depositors. It is a book of original entry for the various cash transactions which affect these accounts, the entries being made directly from the deposit tickets, checks, charge and credit tickets, etc.

The names of the depositors should be written in alphabetical order. Many large banks have a line of depositors that they can count upon as regular and permanent, and in such cases have the names of these depositors printed in the individual ledger when the book is made, a few blank lines being left after each letter for any additional accounts which it may be found necessary to open from time to time.

At the close of each day's business the columns of this book are footed and proved. The totals of the *Deposits* and the *Total Checks* columns are transferred daily to the debit and credit sides of the general

cash book, crediting and debiting Deposits. The total of the *Balance* column shows the total amount on hand to the credit of depositors and should at all times agree with the balance of the account with deposits in the general balance ledger.

Individual Ledger

NAME	MONDAY, FEB. 15, 19__					TUESDAY, FEB. 16, 19__				
	BALANCE	CHECKS IN DETAIL	TOTAL CHECKS	DEPOSITS	BALANCE	CHECKS IN DETAIL	TOTAL CHECKS	DEPOSITS	BALANCE	
Andrews, E. B.	11258 20	42 16 19 20 110 38	171 74	150	11236 46	000 1400 16 40	2000		9236 46	
Bennett, D. W.	12301 85	100 500 400	1000	1300	12501 85	249 80 750 20	1016 40	2016 40	13501 85	
Comer, Geo. A.	6619 99			2400	9019 99	278 10 721 90	1000	1750	9769 99	
Ernst Mfg. Co.	18044 54	4500 07 10 76	4500 07	175 90	13720 37	4000 258 80 42 11	4258 80	2129 40	11590 97	
Freeman & Co.	4812 60	238 49 628 70	877 95	500	6334 65	125 60 720 90	887 71	2887 71	8334 65	
Goodwin & Co.	1219 60				1219 60	225 75 90	390		829 60	
Jennings, C. W.	9216 40	750	750		8466 40	124 40 1125 60	1340	2340 50	9466 90	
Moore, Geo. R.	7216 25	100 900	1000	c500 2500	9216 25			c1000 58 p1200 92	11417 75	
Rowell & Lane	621 50	50 150	200	175	596 50	42 60 321 80 250 60	615		18 50	
Smith & Seamans	7360 90	962 10 1250	2212 10	p1119 40 1460	7728 20	292 10 500 400	1192 10	c192 10	6728 20	
Wilson, D. O.	6510 50			1400	7910 50				7910 50	
Certificates of Deposit	750			1750	2500	500	500		2000	
Certified Checks	2400	300 500 700	1500	1000	1900	250	250		1650	
Cashier's Acct.				1500	1500				1500	
Total Balances	88332 33	12211 86	12211 86	17730 30	93850 77	13450 01	13450 01	13517 61	93936 87	
Total Overdrafts									18 50	
Net Balances									93918 37	

The accounts in the individual ledger for the last business day show the following balances.

Decker Bros., \$12,486.18; Mace, Gilmore & Co., \$19,874.15; Spencer, Mead & Co., \$28,652.90; D. B. Roberts, \$752.91; E. L. Howard, \$11,216.94; Fernald, Son & Co., \$21,724.92; Thomas Bennett & Co., \$12,172.41; W. I. Pratt, \$7296.84; D. E. Avery, \$15,162.40;

J. H. Crandall, \$74,652.40 ; C. E. Denison, \$16,240.90 ; Freeman, Austin & Co., \$11,200.50 ; C. E. Selover & Co., \$19,200 ; Lane, Rowell & Co., \$37,500.06 ; F. E. Sherman, \$12,172.45 ; Wyckoff, Seamans & Benedict, \$77,314.31 ; E. V. Buckley & Son, \$24,214.93 ; J. O. Baker, \$51,342.40 ; Powers & Sprague, \$15,294.63 ; Janis, Cooper & Tremper, \$37,582.69 ; Charles J. Kennedy, \$45,272.75 ; Fields Milling Co., \$14,352.90 ; Certified Checks, \$17,500 ; Certificates of Deposit, \$5000 ; Cashier's Checks, \$2000 ; Total, \$590,180.57.

Open the above accounts in the individual ledger in alphabetical order, one account to a line, after which present your ledger to your teacher for approval.

The Individual Bookkeeper's Duties may be briefly referred to as follows:

1. He takes charge of the bank's accounts with depositors.
2. He meets depositors and answers questions with reference to their accounts.
3. He writes up the depositors' pass books.

In large city banks there are frequently many thousand accounts with depositors, and the individual ledger is necessarily subdivided, a section of accounts being given to each of the several individual bookkeepers employed.

NOTE.—The student should remember that the assignment of work to the various clerks of a bank would necessarily differ with different banking institutions. In the smaller banks one clerk would fill offices that in larger banks would be assigned to several clerks, while in the largest banks of the country the work of many of the departments would be subdivided among different clerks.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 1

The individual ledger being a book of original entry, the bookkeeper in charge of this department usually makes the entries directly from the deposit slips, checks, charge and credit tickets, etc., passed on to him by the receiving teller, paying teller, note teller, and correspondence clerk.

The deposits from customers for to-day may be found in the *Amount Credited* column of the receiving teller's daily check sheet. Enter these deposits in the *Deposits* column of the individual ledger. Place a check mark by the side of the customer's account on the receiving teller's sheet.

The note teller has turned over credit tickets for the proceeds of the following paper collected for customers to-day : Nos. 650, 702, 744, and 755.

Enter the proceeds of these collections in the *Deposits* column of the individual ledger. The amounts are shown by the records in the

collection tickler. Be sure to deduct all collection charges. Check the items transferred.

Straight deposits require no explanation in the individual ledger, but discounts and collections are generally designated by writing *D* and *C* respectively before the amounts. (See model individual ledger, page 339.)

<i>Commercial National Bank</i>			
<i>Credit</i>		<i>Boston, Mass., Feb. 25, 19—</i>	
NUMBER OF COLLECTION	ACCOUNT TO BE CREDITED	PROCEEDS	
720	<i>Wyekoff, Seamans & Benedict</i>	962	50
690	<i>J. O. Baker</i>	712	90
710	<i>Powers & Sprague</i>	841	20
<i>John H. Armistead,</i>			
<i>Collection Clerk</i>			

Credit tickets have also been received from the note teller for paper discounted for customers to-day.

Enter the proceeds of these notes in the *Deposits* column of the individual ledger. Refer to the discount register for the amounts. Check the items transferred.

The total of the checks certified for to-day, as reported by the paying teller, is \$2300. Enter the amount in the *Deposits* column, opposite Certified Checks. Check the amount in the certified check book.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown in the *Our Bank* column of the paying teller's daily check sheet. Enter these items in the *Checks in Detail* column of the individual ledger opposite the names of the drawers. Check the items transferred.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts of these tickets. Enter the amounts in the individual ledger the same as regular checks. Check the items transferred.

Checks of depositors have been received by the receiving teller, entered on his check sheets, and turned over to the individual bookkeeper. A list of these checks, with the names of the drawers, is as follows :

Mace, Gilmore & Co., \$720.50, \$1500; Decker Bros., \$1250.20; Spencer, Mead & Co., \$340.20; Fernald, Son & Co., \$72.60; W. I. Pratt, \$650.60; F. E. Sherman, \$1625; C. E. Denison, \$1750; Thomas Bennett & Co., \$200, \$1242.10; E. L. Howard, \$40.50; Charles J. Kennedy, \$200, \$262.90.

Enter the above items in the *Checks in Detail* column.

The note teller has turned over a charge ticket for discount No. 889. Refer to the discount tickler for the amount. Check the item transferred.

The following depositors' checks have come in from the clearing house.

D. E. Avery, \$625, \$127.52; J. O. Baker, \$1275; Thomas Bennett & Co., \$2500; E. V. Buckley & Son, \$115.40; J. H. Crandall, \$462.50; Decker Bros., \$1200, \$750.42, \$500; Freeman, Austin & Co., \$1750; E. L. Howard, \$75.40; Charles J. Kennedy, \$400.60; Mace, Gilmore & Co., \$120, \$40.50; D. B. Roberts, \$22.40; Wyckoff, Seamans & Benedict, \$167.50, \$125; F. E. Sherman, \$750, \$211.40, \$600.

Enter the above in the *Checks in Detail* column.

The correspondence clerk has turned over the depositors' checks received from out-of-town banks. Enter them in the *Checks in Detail* column.

Spencer, Mead & Co., \$650; Fields Milling Co., \$850; Janis, Cooper & Tremper, \$560; Lane, Rowell & Co., \$721.42; Powers & Sprague, \$1000.

Extend the sum of the checks drawn by each depositor into the *Total Checks* column of the individual ledger. Foot the *Checks in Detail*, *Total Checks*, and *Deposits* columns. The sum of the *Total Checks* column should agree with the sum of the *Checks in Detail* column. Determine the new balance to the credit of each depositor by adding the deposits and subtracting the total checks for the day. Enter the new balance in the *Balance* column for March 1. Foot the *Balance* column.

Prove the correctness of the individual ledger as follows:

Add the total deposits for to-day to the total balances for yesterday. From this sum subtract the total checks for to-day. If no error has been made, the difference so found should be the same as the total balances for March 1.

Present your individual ledger to your teacher for approval.

WORK OF THE GENERAL BOOKKEEPER

The records of the general bookkeeper are principally found in the general balance ledger and general cash book.

The **General Balance Ledger** contains a summary of the entire operations of the bank, systematically collated from the various departments. It is provided with three columns for each business day in the week. The first column contains the balances of the various accounts. The debit balances are written in black ink, and the credit balances in red ink. It is a regular double entry ledger; therefore the total of the red ink balances should at all times equal the total of the black ink balances. The next two columns are for daily debit and credit additions to the accounts in this ledger. Among the advantages of this form of ledger over the old form of mercantile ledgers are:

1. It furnishes more convenient data for preparing the daily statement of the bank.
2. It requires less clerical work.
3. It serves the purpose of a trial balance.

General Balance Ledger

	Monday, Feb. 5, 19—							
	BALANCE		DEBITS		CREDITS		BALANCE	
Cash	281690	28	76665	90	58665	90	299690	28
Out-of-Town Banks	121200	72	75240	16	81240	16	115200	72
Bills Discounted	129640	30	32500		32129	84	130010	46
Redemption Fund	4500						4500	
Furniture and Fixtures	6000						6000	
Premium on U.S. Bonds	2000						2000	
Real Estate	7500						7500	
Expense	240		50	04			290	04
U.S. Bonds	100000						100000	
Capital Stock	200000						200000	
Circulation	100000						100000	
Collection and Exchange	2902	34			120	10	3022	44
Deposits	230008	57	72840	10	84840	10	242008	57
Surplus Fund	100000						100000	
Undivided Profits	12500	75					12500	75
Discount	7359	64			300	10	7659	74
	652771	30					665191	50
	652771	30	257296	20	257296	20	665191	50

The **General Cash Book** contains a record of all amounts affecting the general balance ledger of the bank. Any account that does not appropriately belong to the special books already referred to is recorded directly in this book. It is not essentially different from the cash book used by mercantile houses. The left side is provided with four

General

Monday,

F	ACCOUNT AND EXPLANATION		COLLEC- TION AND EXCHANGE		OUT-OF- TOWN BANKS		GENERAL		TOTALS	
	Balance	On hand							162940	50
3	Bills Discounted	D. T.					12000			
✓	Alliance Nat'l Bank, Springfield				2400	50				
✓	Bank of Commerce, Baltimore, 1800. ⁰⁰ , 729. ⁴⁰				2529	40				
✓	Farmers Bank, Albany, 200. ⁰⁰ , 821. ⁰⁰				1021					
✓	Fourth Nat'l Bank, Chicago				12000					
✓	Coll. and Exch.	Disc. R.	72	40						
3	Interest and Discount	Disc. R.					270	50		
✓	Coll. and Exch.	R. Teller	14	50						
✓	Coll. and Exch.	P. Teller, 3. ⁵⁰ , 11. ²⁰	14	70						
✓	Coll. and Exch.	C. T., 1. ²⁵ , 2. ⁰⁰ , 1. ⁵⁰	4	75						
3	Deposits	I. L.					178240	95		
3	Coll. and Exch.	Total for day	106	35			106	35		
3	Out-of-Town Banks	Total for day			17950	90	17950	90	208568	70
									371500	20

columns, one for collection and exchange, one for receipts from banks, one for sundry receipts, and one for totals. The right side is provided with three columns, one for cash remittances to banks, one for sundry payments, and one for totals.

The difference between the sides of this book should at all times show the balance of cash on hand.

The **General Bookkeeper** in a large bank occupies a position of special responsibility. He is the chief accountant of the bank, all the work in each of the several departments coming under his general supervision. Upon him devolves the work of classifying the general results of the bank and the rendering of statements required by the board of directors and by the regulations of the bank.

He usually has personal charge of the general cash book and the general balance ledger.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 1

The general balance ledger exhibited the following balances at the close of Saturday, Feb. 27.

Cash Book

Feb. 15, 19__

F	ACCOUNT AND EXPLANATION	OUT-OF-TOWN BANKS		GENERAL		TOTALS	
3	Bills Discounted Disc. R.			12500			
✓	Alliance Nat'l Bank, Springfield	7500					
✓	Chemical Nat'l Bank, N.Y., 7240. ⁰⁰ , 2500. ⁰⁰	9740	50				
✓	Farmers Bank, Albany	7240	11				
✓	Chase Nat'l Bank, Providence, 120. ⁰⁰ , 400. ⁰⁰	520	50				
✓	Ninth Nat'l Bank, Hartford	162	40				
✓	Traders Nat'l Bank, Buffalo, 2500. ⁰⁰ , 320. ⁴⁰	2820	40				
3	Deposits I. L.			152240	95		
3	Out-of-Town Banks Total for day	27983	91	27983	91	192724	86
	<i>Paying Teller's Currency</i> 166901.⁴²						
	Balance { <i>Clearing-House Checks on hand</i> 11240.⁷²					178784	34
	<i>Cash Items (City and Foreign) on hand</i> 642.²⁰						
						371509	20

Credit Balances

Capital Stock	\$400000.
Circulation	200000.
Collection and Exchange	21275.10
Deposits	590180.57
Interest and Discount	16240.10
Surplus Fund	100000.
Undivided Profits	5728.14
Loss and Gain	
Protest Fees	

Debit Balances

Cash	\$238995.66
Bills Discounted	496722.50
Protested Paper	
Out-of-Town Banks	273795.30
Due from U.S. Treasurer	2000.
U.S. Bonds to secure Circulation	200000.
Salaries	4750.
Stocks and Bonds	62500.
Real Estate	27500.
Redemption Fund with the U.S. Treasurer	10000.
Furniture and Fixtures	12625.50
Premium on U.S. Bonds	4000.
Expense	214.95
Taxes	320.

Enter the above balances in the general balance ledger. Write the credit balances in red ink and the debit balances in black ink. When the accounts are properly opened ascertain if the footings of the debits and credits are equal. Present your work to your teacher for approval.

Write the balance of cash on hand, \$238,995.66, in the general cash book. (See model, pages 344 and 345.)

In practice the general bookkeeper would have before him charge and credit tickets, letters, etc., from which to make entries in the general cash book. These entries are generally made when the day's transactions have been completed. Then all the tickets can be assorted so that they may be recorded conveniently.

The debits and credits for the general cash book March 1 are as follows:

1. From the discount register debit Bills Discounted for the total of the *Amount of Paper* column, and credit Collection and Exchange for the total of the *Collection and Exchange* column, and Interest and Discount for the total of the *Interest and Discount* column. Properly check these totals in the discount register.

2. From the discount tickler credit Bills Discounted for the total of the *Amount to be Collected* column. Properly check the item transferred.

3. From the remittance register credit the several banks for the amounts in the *Credits* column, and debit them for the amounts in the *Charges* column. Properly check the items transferred.

If there is more than one item in the debit or the credit column, short extend the amounts in the general cash book.

4. From the individual ledger credit Deposits for the total of the *Deposits* column, and debit Deposits for the total of the *Total Checks* column. Properly check.

5. From the collection tickler credit Collection and Exchange for our collection charges on Nos. 650 and 702.

6. From the receiving teller's daily check sheet credit Collection and Exchange for the total of the *Collection and Exchange* column. Properly check.

7. From the paying teller's daily check sheet debit Expense for the total of the *Expense* column, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns. Properly check.

Prove the cash. The amount of bills and coin on hand is \$258,884.32. Clearing-house items on hand amount to \$26,205. Cash items (city and foreign) on hand amount to \$11,623.

Rule and foot the general cash book. Proceed carefully and make absolutely no errors. Study the model given on pages 344 and 345. Before bringing down your balance for Tuesday, March 2, present your general cash book to your teacher for approval and suggestions.

Post the general cash book to the general balance ledger. Post only the totals of the *Collection and Exchange* and *Out-of-Town Banks* columns. Debit Cash in the general balance ledger for the total receipts, and credit it for the total payments for the day.

Foot the *Debit* and *Credit* columns of the general balance ledger. If correct, they should agree. Determine the new balances in the general balance ledger. - Foot these new balances. If correct, the red and black ink totals should agree.

Compare your balance ledger with the model given on page 343, and see if anything remains to be done. If not, present all your books to your teacher for criticism.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 2

The following paper has been offered and accepted for discount. Make proper records for it in the discount register. Deduct the discount for the time notes have to run.

No. 925. Note of Boyd Bros., at 60 days from Jan. 31, discounted for F. E. Sherman, payable at Manufacturers and Traders Bank, Philadelphia, for \$17,250. Collection and exchange, \$17.50. Proceeds credited.

No. 926. Note of Peterson Bros. & Co., at three months from Jan. 1, discounted for D. B. Roberts, payable at Fourth National Bank, Chicago, for \$11,390. Collection and exchange, \$11.50. Proceeds credited.

No. 927. Note of C. P. Jameson, at 15 days from March 1, indorsed by Janis, Cooper & Tremper, discounted for D. E. Avery, payable at our bank, for \$9275.80. Proceeds credited.

No. 928. Note of A. P. Little & Co., at 30 days from Feb. 23, indorsed by Merrill & Co., discounted for Fields Milling Co., payable at First National Bank, Worcester, for \$6290. Collection and exchange, \$6.30. Proceeds credited.

No. 929. Note of W. I. Pratt, at 30 days from March 2, payable at Merchants Bank, Torrington, Conn., indorsed by Wells, Osborn & Co., discounted for Charles J. Kennedy, for \$12,795. Collection and exchange, \$12.75. Proceeds credited.

No. 930. Note of Powers and Sprague, at 30 days from Feb. 24, discounted for Thomas Bennett & Co., payable at our bank, for \$3275. Proceeds credited.

No. 931. Note of W. V. Brown, at 30 days from Feb. 27, discounted for Spencer, Mead & Co., payable at our bank, for \$1500. Proceeds credited.

Rule and foot the discount register. Prove the footings as explained at the close of discount clerk's work March 1.

Post the entries from the discount register to the discount tickler. Follow instructions to the discount clerk March 1. Be sure to properly check all items transferred.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 2

The following is a list of paper received for collection to-day. Enter it in the collection register.

No. 806. Note signed by D. Appleton & Co., dated Feb. 8, at 30 days, indorsed by C. W. Ellis, payable at our bank, for \$7200. To be collected for Ninth National Bank, Hartford.

No. 807. Note signed by Scott & Lucas, payable two months from Jan. 4, at Park Square National Bank, City, for \$5162.50. To be collected for Fourth National Bank, Chicago.

No. 808. Note signed by Fanning & Cook, payable in 60 days from Jan. 4, at Union Trust Co., City, for \$2750. To be collected for Bank of Commerce, Baltimore.

No. 809. Draft dated Jan. 8, at 60 days from date, on Trenholm Bros., payable at Briggs Bank, Westfield, for \$2152.90. To be collected for Farmers Bank, Albany.

No. 810. Draft dated Jan. 8, at 60 days from date, on W. S. Stanton, Springfield, for \$1500. To be collected for Fourth National Bank, Chicago.

No. 811. Sight draft dated March 2, on Taylor Bros., City, in favor of Powers & Sprague, payable at our bank, for \$1950. To be collected for Powers & Sprague.

No. 812. Sight draft dated March 2, on William Sloan & Son, Poughkeepsie, in favor of Lane, Rowell & Co., for \$2750. To be collected for Lane, Rowell & Co.

No. 813. Sight draft dated March 3, drawn on E. C. Baldwin, Springfield, in favor of E. L. Howard, for \$1357.60. To be collected for E. L. Howard.

No. 814. Note of David Wells, at 30 days from Feb. 16, with interest at 6%, payable at our bank, for \$750. To be collected for J. H. Crandall.

Compute the interest on the \$750 for 30 days. Add this interest to the face of the note and write the total in the *Amount* column of the collection register. This should be done with all interest-bearing paper.

No. 815. Note of L. F. Chappell, payable at Fourth National Bank, Chicago, at three months from Jan. 1, for \$1250. To be collected for Thomas Bennett & Co.

No. 816. Note of W. B. Burdick, at two months from Jan. 27, with interest, payable at Merchants Bank, St. Louis, Mo., for \$2790. To be collected for Thomas Bennett & Co.

No. 817. Sight draft dated March 2, on Bradley & Co., Buffalo, N.Y., for \$290.50. To be collected for Thomas Bennett & Co.

No. 818. Sight draft dated March 1, on Winslow & Co., Rochester, N.Y., for \$375.62. To be collected for Decker Bros.

Post the collection register to the collection tickler. (See instructions to collection clerk, March 1.)

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 2

The following are the regular deposits for to-day. Enter them on the receiving teller's daily check sheet.

Wyckoff, Seamans & Benedict, √ \$1600, √ \$562, B \$2500, B \$750, B \$12,200.

Spencer, Mead & Co., √ \$1740, √ \$190, # 61 \$400, # 4 \$800, # 16 \$1290.

D. E. Avery, B \$14,270, B \$640.70, × \$1162.95, × \$1436.52, × \$1349.20; less collection, \$4.15.

J. O. Baker, √ \$11,400, √ \$45, B \$1600, B \$9250, B \$5450, × \$1400; less collection, \$1.40.

Thomas Bennett & Co., √ \$240, √ \$60, # 7 \$1950, # 9 \$2325, # 15 \$1600, O \$400.

J. H. Crandall, × \$2400, × \$1500; less collection, \$4.

Decker Bros., √ \$3700, B \$5210, O \$900, × \$4500, less collection, \$4.50.

Freeman, Austin & Co., # 21 \$2145, # 27 \$1360.

E. L. Howard, √ \$2400, B \$3262.90, B \$3040.50, B \$6200.

Janis, Cooper & Tremper, \$1500, B \$1100, B \$2400, # 3 \$1140.60, # 27 \$11,000.

Charles J. Kennedy, #17 \$2410, $\sqrt{\$4000}$, $\times \$1621.40$; less collection, \$1.65.

Mace, Gilmore & Co., O \$1100, B \$6270, $\times \$1125.60$, #25 \$1460, #31 \$1652; less collection, \$1.25.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank. Balance on hand: coin, \$712; bills, \$18,000. You have given to the paying teller during the day \$8725. The debit and credit sides of your proof should always balance if the work is correct.

TRANSACTIONS FOR THE PAYING TELLER, MARCH 2

The following are lists of checks paid by the paying teller to-day. Enter them on the paying teller's daily check sheet.

1. Checks on our bank:

Wyckoff, Seamans & Benedict (New York draft), \$14,260; Spencer, Mead & Co. (New York draft), \$4500; F. E. Sherman (New York draft), \$3762.50; D. B. Roberts (New York draft), \$1000; Powers & Sprague, \$7265; W. I. Pratt, \$1217.50; Mace, Gilmore & Co., \$8290; Charles J. Kennedy, \$400; E. L. Howard, \$350; Freeman, Austin & Co., \$2790; Fields Milling Co. (New York draft), \$1400.

2. Checks on clearing-house banks:

Bunker Hill National Bank, \$1940; Suffolk National Bank, \$1875; Colonial National Bank, \$2750.06; Shoe & Leather Bank, \$2500; Third National Bank, \$400; Metropolitan National Bank, \$1700; Park Square National Bank, \$3400.60; Citizens National Bank, \$6250.50; Eliot National Bank, \$4000; New England National Bank, \$3257.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, \$17,500, \$750, and \$1600; collection, \$19.85. Bank of Commerce, Baltimore, \$400, \$1450, and \$1725; collection, \$3.60. Manufacturers and Traders Bank, Philadelphia, \$8500; collection, \$8. Fourth National Bank, Chicago, \$4685; collection, \$4.75. Chase National Bank, Providence, \$4500.50; collection, \$4.50. Ninth National Bank, Hartford, \$3250; collection, \$3.25. Chemical National Bank, New York, \$1100, \$2500, \$1650, \$9250; collection, \$14.50. Eliot National Bank, Springfield, \$4792.50; collection, \$4.60.

4. Checks on banks in our city not members of the clearing house:

Powers Bank, \$172.50; Union Trust Co., \$150.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check :

Wyckoff, Seamans & Benedict, \$14,260; exchange, \$14.25. Spencer, Mead & Co., \$4500; exchange, \$4.50. D. B. Roberts, \$1000; exchange, \$1. Fields Milling Co., \$1400; exchange, \$1.40. F. E. Sherman, \$3762.50; exchange, \$3.75.

NOTE. — The exchange items on the above drafts were, in this instance, paid in cash. The record on the paying teller's sheet will be identically the same as where these items are covered by check. By referring to the checks covering these drafts on the left side of the sheet it will be seen that the amounts entered are for the face of the drafts only.

2. Sold for cash :

A. L. Hopkins, \$2000; exchange, \$1. T. V. Smith, \$1500; exchange, 75¢.

Certified the following checks. Enter them in the certified check book.

Lane, Rowell & Co., \$11,250; Charles J. Kennedy, \$7295; Decker Bros., \$1254; J. O. Baker, \$9265.

Pay cashier's charge tickets for the following items :

Postage, \$12.50; stationery, etc., \$25.90; blank books, \$142.60.

The items for the *Sundry Receipts* column are as follows :

Bills and coin from yesterday's proof, \$237,804.92; bills and coin received from the receiving teller at the close of yesterday's business, \$11,747.25; bills and coin received from the receiving teller during the day, \$8725; bills and coin received from the note teller at the close of yesterday's business, \$9332.15; received from the clearing house for to-day's exchanges, \$28,349.17.

Add the columns of the paying teller's daily check sheet. Make out *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of \$187,006.03. Foot the certified check book.

TRANSACTIONS FOR THE NOTE TELLER, MARCH 2

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write :

For No. 902, *Charged Alliance National Bank.*

For No. 869, *Charged Alliance National Bank.*

For No. 868, *Paid, 3/2.*

For No. 895, *Charged Farmers Bank.*

For No. 867, *Paid, 3/2.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make records in the collection tickler for these collections. In the *Remarks* column write:

For No. 723, *Charged to Chemical National Bank. Bank's collection, \$1; our collection, \$1.10.*

For No. 726, *Charged to Chase National Bank. Bank's collection, \$4; our collection, \$5.*

For No. 742, *Charged to Chase National Bank. Bank's collection, \$5; our collection, \$5.20.*

For No. 743, *Charged to Bank of Commerce, Baltimore. Bank's collection, \$1; our collection, \$1.25.*

Collections Nos. 756, 800, and 811 have been paid. In the *Remarks* column of the collection tickler write:

For No. 756, *Paid, 3/2.*

For No. 800, *Paid, 3/2.*

For No. 811, *Paid, 3/2.*

TRANSACTIONS FOR THE CORRESPONDENCE CLERK, MARCH 2

This morning's mail contained the following remittances from the banks named, for credit. Enter in the remittance register.

Traders National Bank, Buffalo	\$9273.40
Bank of Commerce, Baltimore	4213.93
Manufacturers and Traders Bank, Philadelphia	5272.50
Fourth National Bank, Chicago	6395.40
Ninth National Bank, Hartford	5427.30
Chase National Bank, Providence	8216.50
Farmers Bank, Albany	5324.80
Alliance National Bank, Springfield	4152.70

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 434, \$14,260; No. 435, \$4500; No. 436, \$3762.50; No. 437, \$1500; No. 438, \$1000; No. 439, \$2000; No. 440, \$1400. Enter these drafts in the draft register. Credit Chemical National Bank in the remittance register for the total.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the collection tickler write the name of the bank to which the paper is sent. No other record

is needed at this time. Nos. 804, 805, 809, 810, 813, sent to Alliance National Bank, Springfield; No. 812 sent to Farmers Bank, Albany; Nos. 815 and 816 sent to Fourth National Bank, Chicago; Nos. 817 and 818 sent to Traders National Bank, Buffalo.

Form of Letter to accompany Paper remitted for Collection and Credit

C. H. THURBER, PRESIDENT	CHAS. W. HAMILTON, CASHIER	J. W. MACE, VICE PRESIDENT
<h2>MERCHANTS NATIONAL BANK</h2>		
Boston, Mass., Feb. 3, 19__		
<p><i>E. W. Peabody, Esq., Cashier</i> <i>Second National Bank</i> <i>New York City</i></p>		
Dear Sir,— I inclose for collection and credit the items stated below.		
NO.	PAYER	AMOUNT
720	<i>Sibley, Lindsay & Curr</i>	7290 15
690	<i>Baker-Taylor Co.</i>	972 40
711	<i>Jordan, Marsh & Co.</i>	1251 19
<p>Please advise us of the payment of the items inclosed. Paper not paid at maturity should be returned to us at once.</p> <p style="text-align: center;">Very respectfully yours, <i>Chas. W. Hamilton, Cashier</i></p>		

We have this day made the following remittances to out-of-town banks for credit. Enter them in the remittance register.

To Chemical National Bank, New York.

Check of C. W. Ellis, dated Feb. 26, on Ninth National Bank, Brooklyn, indorsed by E. L. Brown, for \$1100; check of Daniel L. Coon, dated Feb. 25, on Union Bank, Peekskill, indorsed by C. W. Gray, for

\$2500; check of D. A. McMillen, dated Feb. 24, on Union Bank, Peekskill, indorsed by Bailey & Bailey, for \$1650; check of Arthur R. Briggs & Co., dated Feb. 24, on Second National Bank, Brooklyn, indorsed by Novelty Mfg. Co., for \$9250; check of Brown Bros., dated Feb. 23, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for \$1162.95; check of Wilson & Co., dated Feb. 25, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for \$1436.52.

To Farmers Bank, Albany.

Check of Hillis Mfg. Co., dated Feb. 25, on Farmers Bank, indorsed by Temple & Co., for \$1500; check of R. E. Porter, dated Feb. 24, on Commercial Bank, Troy, indorsed by D. E. Avery, for \$1349.20; check of Garson & Myers, dated Feb. 25, on Merchants Bank, Utica; indorsed by J. O. Baker, for \$1400.

To Chase National Bank, Providence.

Check of Warren & Sprague, dated Feb. 24, on Second National Bank, Providence, indorsed by J. H. Crandall, for \$1500; check of J. M. Evans, dated Feb. 23, on Union Bank, Providence, indorsed by J. H. Crandall, for \$2400; check of Whitman & Smith, dated Feb. 24, on Chase National Bank, Providence, indorsed by Brown Bros., for \$4500.50.

To Ninth National Bank, Hartford.

Check of E. L. Conway & Co., dated Feb. 23, on City Bank, Hartford, indorsed by Decker Bros., for \$4500; check of Wheeler Mfg. Co., dated Feb. 23, on Fourth National Bank, Hartford, indorsed by Dorman & Co., for \$3250; check of Freeman & Co., dated Feb. 24, on Ninth National Bank, indorsed by Briggs, Slote & Co., for \$3250.

To Alliance National Bank, Springfield.

Check of Wheeler & Wilson, dated Feb. 25, on Eliot National Bank, Springfield, indorsed by Fulton Boiler Works, for \$4792.50; check of Salisbury & Gray, dated Feb. 24, on National City Bank, Northampton, indorsed by Charles J. Kennedy, for \$1621.40; check of E. L. Howard, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for \$1324.40; check of Simpson & Frey, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for \$1142.60.

To Fourth National Bank, Chicago.

Check of Jones Dairy Co., dated Feb. 24, on Fourth National Bank, indorsed by D. W. Manning & Son, for \$4685; check of Raymond &

Son, dated Feb. 24, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for \$1427.52; check of Armour & Co., dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Chase National Bank, Providence, for \$3142.50.

To Traders National Bank, Buffalo.

Check of R. H. White & Co., dated Feb. 25, on Traders National Bank, indorsed by Mason & Hamlin, for \$1600; check of E. W. Bloser, dated Feb. 24, on Traders National Bank, indorsed by A. J. Graham, for \$750; check of Cushman Bros., dated Feb. 23, on Traders National Bank, for \$17,500; check of A. L. Gilbert, dated Feb. 23, on Commercial Bank, Rochester, N.Y., indorsed by Alliance National Bank, Springfield, for \$372.70.

To Bank of Commerce, Baltimore.

Check of J. W. Walker, dated Feb. 24, on Bank of Commerce, indorsed by Mason & Hamlin, for \$400; check of J. E. Seaver, dated Feb. 23, on Bank of Commerce, indorsed by Mason & Hamlin, for \$1450; check of H. G. Healey, dated Feb. 24, on Bank of Commerce, indorsed by D. E. Avery, for \$1725; check of J. A. Kinsley, dated Feb. 23, on Union Bank, Washington, indorsed by Chase National Bank, Providence, for \$4126.30; check of D. Appleton & Co., dated Feb. 23, on Central National Bank, Paterson, N.J., indorsed by Fourth National Bank, Chicago, for \$3162.50; check of Charles H. Dean, dated Feb. 25, on Bank of Commerce, indorsed by W. I. Pratt, for \$1300.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Schenectady, dated Feb. 23, on First National Bank, Philadelphia, indorsed by J. H. Crandall, for \$700.50; draft of Commercial Bank, Albany, dated Feb. 21, on Manufacturers and Traders Bank, indorsed by Taylor Bros., for \$8500.

Letters requesting Immediate Returns.—When paper is sent for collection to out-of-town banks that are not our regular agents or correspondents, it is usually accompanied by letters asking for immediate returns. The model on page 356 is suggestive of the form of letter used.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks. Enter these items in the remittance register.

Alliance National Bank, Springfield, for discount No. 902, \$18,500;
Alliance National Bank, Springfield, for discount No. 869, \$32,400;

Farmers Bank, Albany, for discount No. 895, \$28,890; Chemical National Bank, New York, for the proceeds of collection No. 723, \$1004.25; Chase National Bank, Providence, for the proceeds of collection No. 726, \$4896; Chase National Bank, Providence, for the proceeds of collection No. 742, \$5195; Bank of Commerce, Baltimore, for the proceeds of collection No. 743, \$1249.

Letter requesting Immediate Returns

W. J. MILLER, President

D. M. GOSNELL, Cashier

J. H. MERRILL, Vice President

The Commercial National Bank

Boston, Mass., Feb. 7, 19__

Mr. W. A. Hinman, Cashier
*National Bank of Commerce
 Philadelphia, Pa.*

DEAR SIR,—I inclose for COLLECTION and RETURNS the paper listed below.

NUMBER	PAYER	AMOUNT	
629	W. H. Glenny & Co.	224	70
714	Roosevelt & Son	920	
642	Siegel, Cooper & Co.	715	60

Unless otherwise instructed, properly protest and return to us at once all paper not paid in due course.

Yours very truly,

D. M. Gosnell, Cashier

The note teller has also advised you that collection No. 756 has been paid and credited to Farmers Bank, Albany, at its face, \$79.23.

Extend the balances on the remittance register as explained March 1. Present your remittance register to your teacher for approval.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 2

Enter the deposits from customers in the individual ledger. The amounts are found on the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of the following collection paper collected for depositors to-day: Nos. 723, 726, 742, 743, 800, and 811. Enter the proceeds of these collections in the *Deposits* column of the individual ledger as explained March 1.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter the proceeds of these notes to the credit of depositors in the individual ledger.

The total of checks certified to-day as reported by the paying teller is \$29,064. Enter to the credit of Certified Checks as explained March 1.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper as shown on the paying teller's daily check sheet. Enter these items in the individual ledger as explained March 1.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his check sheet, and turned over to the individual bookkeeper. A list of these checks with the names of the drawers is given below. Enter these items in the individual ledger.

Wyckoff, Seamans & Benedict, \$6200, \$2400; Mace, Gilmore & Co., \$1100; F. E. Sherman, \$3262.90; C. E. Selover & Co., \$3040.50; J. O. Baker, \$6270, \$5210; Thomas Bennett & Co., \$5450; E. V. Buckley & Son, \$9250; Powers & Sprague, \$1600; Lane, Rowell & Co., \$14,270, \$640.70; Fernald, Son & Co., \$12,200; Spencer, Mead & Co., \$750, \$2500.

The following depositors' checks have come in from the clearing house.

D. E. Avery, \$1205; J. O. Baker, \$916; Thomas Bennett & Co., \$500; E. V. Buckley & Son, \$702.50; J. H. Crandall, \$19,500; Decker Bros., \$620.50; C. E. Denison, \$40.90; Fields Milling Co., \$700; Freeman, Austin & Co., \$1200; E. L. Howard, \$240; Janis, Cooper & Tremper, \$700, \$800; Lane, Rowell & Co., \$1200, \$1500; Mace, Gilmore & Co., \$5260; W. I. Pratt, \$60; Powers & Sprague, \$75.90; C. E. Selover & Co., \$370.50; Spencer, Mead & Co., \$2160; Wyckoff,

Seamans & Benedict, \$17,300; F. E. Sherman, \$1764; Certificate of Deposit, \$2500; Certified Checks, \$17,500.

Certified checks are credited when issued and debited when paid. Debit Certified Checks for the \$17,500 above and show the payment in the certified check book.

The correspondence clerk has turned over the following depositors' checks received from out-of-town banks.

D. B. Roberts, \$1272.50; Charles J. Kennedy, \$1100.40; Fernald, Son & Co., \$1500.90; Spencer, Mead & Co., \$1100.50; Wyckoff, Seamans & Benedict, \$7250.

Extend the balances of the customers' accounts in the individual ledger. Foot and prove the individual ledger.

Present your individual ledger to your teacher for approval.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 2

Make the records in the general cash book as outlined March 1.

1. Enter the items from the discount register.
2. Enter the items from the discount tickler.
3. Enter the items from the remittance register.
4. Enter the items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on collections Nos. 723, 726, 742, and 743.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns.

Prove the cash. The amount of bills and coin on hand is \$215,819.76. Clearing-house checks on hand amount to \$49,710. Cash items (city and foreign) on hand amount to \$7848.10.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balances on the general balance ledger. Prove the general balance ledger.

Present all your books to your teacher for approval.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 3

The following paper has been offered and accepted for discount.

No. 932. Note of Mason & Hamlin, at 30 days from Feb. 24, payable at our bank, discounted for J. O. Baker, for \$2500. Proceeds credited.

No. 933. Note of Zaner & Bloser, at 60 days from Jan. 25, payable at our bank, discounted for Fields Milling Co., for \$4250. Proceeds credited.

No. 934. Note of Gilbert Bros., at 30 days from March 1, payable at Commercial Bank, Rochester, N.Y., indorsed by Cushman Bros., discounted for Freeman, Austin & Co., for \$5250. Collection and exchange, \$5.25. Proceeds credited.

No. 935. Note of D. Appleton & Co., at one month from Feb. 25, payable at First National Bank, Springfield, indorsed by M. E. Graham, discounted for E. L. Howard, for \$7352. Collection and exchange, \$7.35. Proceeds credited.

No. 936. Note of M. O. White, at two months from Feb. 1, payable at Traders National Bank, Buffalo, discounted for D. E. Avery, for \$9000. Collection and exchange, \$9. Proceeds credited.

No. 937. Note of D. B. Roberts, at three months from Jan. 1, discounted for C. E. Selover & Co., payable at our bank, for \$7000. Collection and exchange, \$7. Proceeds credited.

No. 938. Note of C. A. Wesp, at three months from Jan. 1, discounted for C. E. Denison, payable at Commercial Bank, Rochester, N.Y., for \$8750. Collection and exchange, \$8.75. Proceeds credited.

Rule and foot the discount register. Prove the footings. Post the entries to the discount tickler.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 3

The following is a list of the paper received for collection to-day.

No. 819. Sight draft dated March 1, on Walker Bros., City, for \$12,265. To be collected for Traders National Bank, Buffalo.

No. 820. Sight draft dated March 1, on Morgan & Allen, City, for \$5723.60. To be collected for Manufacturers and Traders Bank, Philadelphia.

No. 821. Sight draft dated March 1, on Gilman & Brown, City, for \$7321. To be collected for Ninth National Bank, Hartford.

No. 822. Sight draft dated March 2, on Healey & Kinsley, City, for \$3721.50. To be collected for Chase National Bank, Providence.

No. 823. Sight draft dated March 2, on F. E. Smith, City, for \$2129.74. To be collected for Farmers Bank, Albany.

No. 824. Note signed by Curtis & Bender, dated Feb. 8, at 30 days, payable at Merchants National Bank, City, for \$5625. To be collected for Alliance National Bank, Springfield.

No. 825. Note signed by Arnold & Co., payable two months from Jan. 4, at Park Square National Bank, City, for \$1365. To be collected for Spencer, Mead & Co.

No. 826. Note signed by Ray & Co., payable at 60 days from Jan. 4, at Union Trust Co., City, for \$3000. To be collected for J. O. Baker.

No. 827. A draft dated Jan. 8, at 60 days from date, on Joiner & Co., payable at Briggs Bank, Westfield, for \$175.40. To be collected for Thomas Bennett & Co.

No. 828. Draft dated Feb. 1, at 30 days from date, on Houghton & Dutton, City, for \$426.50. To be collected for J. H. Crandall.

No. 829. Sight draft dated March 3, on E. L. Grant, City, in favor of Freeman, Austin & Co., for \$725. To be collected for Freeman, Austin & Co.

No. 830. Note of Gardner & Son, at 30 days from Feb. 16, payable at Park Square National Bank, City, with interest, for \$2000. To be collected for Wyckoff, Seamans & Benedict.

No. 831. Note of Frank Miller, at three months from Jan. 1, for \$1724.50, payable at Union Trust Co., City. To be collected for Farmers Bank, Albany.

No. 832. Note of I. A. Wilcox, at two months from Feb. 2, payable at Merchants Bank, St. Louis, Mo., with interest, for \$3000. To be collected for Chase National Bank, Providence.

Post the collection register to the collection tickler.

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 3

The following are the regular deposits for to-day.

Wyckoff, Seamans & Benedict, √ \$4900, B \$1700, B \$1200, B \$1400, × \$1100, #61 \$750, #4 \$300; less collection, \$1.10.

Certificate of Deposit, √ \$200, √ \$400.

Spencer, Mead & Co., #7 \$500, #9 \$1720.40, #21 \$850.60.

F. E. Sherman, √ \$500, B \$1900, B \$5273.50.

C. E. Selover & Co., #27 \$60, √ \$300, B \$1950, #3 \$1430.40.

J. O. Baker, √ \$1100, B \$1340, #11 \$1500, #7 \$1324.

Thomas Bennett & Co., × \$1590.40; less collection, \$1.60.

Decker Bros., × \$2462.50; less collection, \$2.45.

E. V. Buckley & Son, √ \$4900, √ \$60, #12 \$2163.40.

D. E. Avery, × \$1590.60; less collection, \$1.60.

J. H. Crandall, B \$11,290, B \$14,360; #7 \$9353.60, O \$240.50, O \$130.60.

Freeman, Austin & Co., O \$7320, #9 \$12,950, #14 \$7110.50.

Charles J. Kennedy, √ \$5800, × \$1724.50; less collection, \$1.75.

C. E. Denison, √ \$4900, √ \$16.50, #1 \$1150.60, #7 \$1200, #15 \$1900, #31 \$6200.

Fernald, Son & Co., √ \$2400, B \$500, B \$6000.

Fields Milling Co., × \$240, × \$1200, × \$1500; collection, \$2.95, paid in cash.

Janis, Cooper & Tremper, × \$1500, × \$3000; collection, \$4.50, paid in cash.

Powers & Sprague, √ \$1100, √ \$260, × \$5000, × \$50.32; collection, \$5, paid in cash.

Lane, Rowell & Co., O \$1212.50.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank.

Balance on hand: coin, \$848.95; bills, \$18,800. You have given to the paying teller during the day \$7200.

TRANSACTIONS FOR THE PAYING TELLER, MARCH 3

The following are lists of checks paid by the paying teller to-day.

1. Checks on our bank:

Certificate of Deposit, \$1000; E. L. Howard (New York draft), \$562.50; Mace, Gilmore & Co. (New York draft), \$1100; W. I. Pratt (New York draft), \$4150; Spencer, Mead & Co. (New York draft), \$62.50; Freeman, Austin & Co., \$6409.50; E. V. Buckley & Son, \$4150.90; D. B. Roberts, \$9250; F. E. Sherman, \$800; Lane, Rowell & Co., \$2150; E. L. Howard, \$8790.50.

2. Checks on clearing-house banks:

Old Colony National Bank, \$1200; Park Square National Bank, \$1500; Bunker Hill National Bank, \$2100; Suffolk National Bank, \$1100.50; Colonial National Bank, \$3160; Shoe and Leather Bank, \$3750; Third National Bank, \$900; Metropolitan National Bank, \$2160.50; Citizens National Bank, \$1325; Eliot National Bank, \$5260; New England National Bank, \$150; Mechanics Bank, \$52.60.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, \$400; collection, 50¢. Bank of Commerce, Baltimore, \$160, \$200; collection, 40¢. Manufacturers and Traders Bank, Philadelphia, \$750, \$1200; collection, \$2. Fourth National Bank, Chicago, \$500, \$1500; collection, \$2. Merchants Bank, New York City, \$1200, \$1100; collection, \$2.25. Farmers Bank, Albany,

\$100; collection, 15¢. Union Bank, Albany, \$400, \$200; collection, 75¢. Merchants and Traders Bank, Providence, \$1500; collection, \$1.50. Peoples Bank, Worcester, \$1200; collection, \$1.25.

4. Checks on banks in our city not members of the clearing-house association:

Powers Bank, \$400.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check:

E. L. Howard, \$562; exchange, 50¢. Mace, Gilmore & Co., \$1098.90; exchange, \$1.10. W. I. Pratt, \$4145.85; exchange, \$4.15. Spencer, Mead & Co., \$62.25; exchange, 25¢.

2. Sold for cash:

Smith, Perkins & Co., \$1475; exchange, \$2. Hendricks & Son, \$1100; exchange, \$1.25. Hopkins & Weeks, \$350; exchange, 50¢. E. V. Rhodes, \$100; exchange, 25¢.

Certified the following checks:

Freeman, Austin & Co., \$1200; C. E. Selover & Co., \$3200; Thomas Bennett & Co., \$2700.

Pay cashier's charge tickets for the following items:

Coal, \$42.50; telephone service, \$40.50; cleaning bank, \$9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, \$187,006.03; bills and coin received from the receiving teller at the close of yesterday's business, \$18,712; bills and coin received from the receiving teller during the day, \$7200; bills and coin received from the note teller at the close of yesterday's business, \$10,101.73; received from the clearing house for to-day's exchanges, \$14,503.50.

Make out the paying teller's proof. Cash on hand, \$174,451.06.

Foot the certified check book.

Submit your paying teller's records to your teacher for approval.

TRANSACTIONS FOR THE NOTE TELLER, MARCH 3

Make records in the discount tickler for the paper disposed of to-day.

In the *Remarks* column write:

For No. 897, *Protested*.

For No. 882, *Paid, 3/3*.

For No. 883, *Certified, C. N. B.*

For No. 875, *Certified, S. & L. B.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make the proper records in the collection tickler. In the *Remarks* column write:

For No. 752, *Charged to Alliance National Bank. Bank's collection, 75¢; our collection, 75¢.*

For No. 757, *Charged to Traders National Bank. Bank's collection, \$1.75; our collection, \$2.*

Collections Nos. 765, 819, 820, 829, 822, 823, and 828 have been paid. In the *Remarks* column of the collection tickler write:

For No. 765, *Paid, 3/3.*

For No. 819, *Paid, 3/3; collection, \$12.25.*

For No. 820, *Paid, 3/3; collection, \$5.75.*

For No. 829, *Paid, 3/3.*

For No. 822, *Paid, 3/3; collection, \$3.75.*

For No. 823, *Paid, 3/3; collection, \$2.15.*

For No. 828, *Paid, 3/3.*

Collection No. 821 has been protested. In the *Remarks* column write: *Protested, 3/3; fees, \$3.25.*

TRANSACTIONS FOR THE CORRESPONDENCE CLERK, MARCH 3

This morning's mail contained the following remittances from the banks named, for credit:

Chemical National Bank, New York	\$1350.25
Alliance National Bank, Springfield	3200.90
Traders National Bank, Buffalo	3160.50
Bank of Commerce, Baltimore	4200.
Manufacturers and Traders Bank, Philadelphia	7371.80
Chase National Bank, Providence	5150.20
Ninth National Bank, Hartford	2625.80
Fourth National Bank, Chicago	1200.52

The following are drafts on Chemical National Bank, New York, as per stubs in the draft book.

No. 441, \$562; No. 442, \$1098.90; No. 443, \$1475; No. 444, \$4145.85; No. 445, \$1100; No. 446, \$100; No. 447, \$350; No. 448, \$62.25.

Enter the above drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the tickler write the name of the bank to which the paper is sent. No other record is needed at this time. Discounts Nos. 921 and 928 sent to Alliance National Bank, Springfield; discount No. 926 sent to Fourth National Bank, Chicago; discount No. 929 sent to Ninth National Bank, Hartford; discount No. 925 sent to Manufacturers and Traders Bank, Philadelphia; collection No. 827 sent to Traders National Bank, Buffalo.

We have this day made the following remittances to out-of-town banks for credit.

To Farmers National Bank, Albany.

Check of Sears & Co., dated Feb. 27, on Farmers Bank, indorsed by J. W. Cook, for \$100; check of Ginn & Co., dated Feb. 27, on Union Bank, Albany, indorsed by Day Bros., for \$400; check of Talton Bros., dated Feb. 26, on Union Bank, Albany, indorsed by Howard & Brown, for \$200; check of Seymour & Co., dated Feb. 25, on First National Bank, Albany, indorsed by Wyckoff, Seamans & Benedict, for \$1100.

To Chemical National Bank, New York.

Check of C. G. Warner & Co., dated Feb. 25, on Ninth National Bank, Brooklyn, indorsed by Thomas Bennett & Co., for \$1590.40; check of W. C. Lord, dated Feb. 26, on Second National Bank, Brooklyn, indorsed by Decker Bros., for \$2462.50; check of W. L. Howard, dated Feb. 24, on Merchants Bank, New York City, indorsed by Frey & Co., for \$1200; check of A. L. Allen, dated Feb. 25, on Merchants Bank, New York City, indorsed by S. C. Williams, for \$1100; check of M. M. Shea, dated Feb. 26, on City National Bank, New York, indorsed by D. E. Avery, for \$1590.60.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Poughkeepsie, dated Feb. 25, on Bank of the Republic, Philadelphia, indorsed by Charles J. Kennedy, for \$1724.50; draft of City Bank, Utica, dated Feb. 25, on First National Bank, Philadelphia, indorsed by Fernald, Son & Co., for \$1500; draft of Merchants Bank, Rochester, N.Y., dated Feb. 25, on Manufacturers and Traders Bank, indorsed by Smith & Co., for \$1200; draft of Commercial Bank,

Buffalo, dated Feb. 26, on Manufacturers and Traders Bank, indorsed by John Stuart, for \$750.

To Traders National Bank, Buffalo, N.Y.

Check of J. W. Cody, dated Feb. 27, on Traders National Bank, indorsed by Charles Good, for \$400; check of W. D. Adams, dated Feb. 27, on Central National Bank, Rochester, N.Y., indorsed by Fields Milling Co., for \$1200; check of W. D. McKay, dated Feb. 25, on Merchants Bank, Rochester, N.Y., indorsed by Fields Milling Co., for \$240.

To Bank of Commerce, Baltimore.

Check of C. W. Smith, dated Feb. 24, on Bank of Commerce, indorsed by C. W. White, for \$160; check of Perdy & Co., dated Feb. 23, on Bank of Commerce, indorsed by Allen & Co., for \$200; check of Carter & Co., dated Feb. 24, on Central Bank, Baltimore, indorsed by Janis, Cooper & Tremper, for \$3000; check of Clay & Co., dated Feb. 25, on Bank of Commerce, indorsed by Janis, Cooper & Tremper, for \$1500.

To Fourth National Bank, Chicago.

Draft of Briggs Bank, Westfield, dated Feb. 23, on Commercial Bank, Chicago, indorsed by Powers & Sprague, for \$50.32; draft of Merchants Bank, Providence, dated Feb. 24, on Central National Bank, Chicago, indorsed by Powers & Sprague, for \$5000; check of Simpson & Frey, dated Feb. 24, on Fourth National Bank, indorsed by Frost & Co., for \$500; check of W. A. Harris, dated Feb. 24, on Fourth National Bank, indorsed by W. W. West, for \$1500.

To Chase National Bank, Providence.

Check of Graham & Co., dated Feb. 25, on Merchants and Traders Bank, Providence, indorsed by C. W. Hunter, for \$1500; check of White, Hayes & Co., dated Feb. 24, on Chase National Bank, indorsed by Chemical National Bank, New York, for \$1350.25.

To Alliance National Bank, Springfield.

Check of Hyde & Page, dated Feb. 27, on Peoples Bank, Worcester, indorsed by Fourth National Bank, Chicago, for \$1200.52.

The note teller has advised you of the following charges to banks.

Alliance National Bank, Springfield, proceeds of collection No. 752, \$721.75; Traders National Bank, Buffalo, proceeds of collection No. 757, \$1748.25.

Letter of Advice and Remittance. — When banks remit by New York draft for collections a form similar to the following is used.

<i>F. E. ROGERS, President</i>	<i>CHAS. H. PALMER, Cashier</i>	<i>S. C. WILLIAMS, Vice President</i>	
<h2 style="margin: 0;"><i>The Chemical National Bank</i></h2>			
<i>New York, Feb. 28, 19—</i>			
<i>H. W. Cross, Esq., Cashier</i>			
<i>Colonial National Bank</i>			
<i>Boston, Mass.</i>			
<p><i>Dear Sir,— Please find herewith our draft No. 7125 on The National Bank of Redemption for \$7714.⁷⁸ in payment of collections as stated below.</i></p>			
YOUR NO.	DATE OF YOUR LETTER	PAYER	AMOUNT
<i>614</i>	<i>Feb. 1</i>	<i>R. W. Hall</i>	<i>1050</i>
<i>720</i>	<i>10</i>	<i>B. E. Williams</i>	<i>972 50</i>
<i>724</i>	<i>10</i>	<i>A. B. Frey & Son</i>	<i>700</i>
<i>792</i>	<i>14</i>	<i>C. W. Snow & Co.</i>	<i>5000</i>
<i>Total collected</i>			<i>7722 50</i>
<i>Less Collection and Exchange</i>			<i>7 72</i>
<i>Amount remitted</i>			<i>7714 78</i>
<p><i>Very respectfully yours,</i> <i>Chas. H. Palmer, Cashier</i></p>			

The note teller has also advised you that the following collections have been paid and the proceeds credited to the banks named.

Proceeds of No. 752, credited to Traders National Bank, Buffalo, \$721; proceeds of No. 757, credited to Alliance National Bank, Springfield, \$1746.25; proceeds of No. 819, credited to Traders National Bank, Buffalo, \$12,252.75; proceeds of No. 820, credited to Manufacturers and Traders Bank, Philadelphia, \$5717.85; proceeds of No. 822, credited to Chase National Bank, Providence, \$3717.75; proceeds of No. 823, credited to Farmers Bank, Albany, \$2127.59.

The note teller advises that collection No. 821 has been protested and the protest fees, \$3.25, charged to Ninth National Bank, Hartford. Extend the balances in the remittance register.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 3

Enter the deposits from customers in the individual ledger from the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of collection paper, collected for depositors to-day as follows: Nos. 765, 828, and 829. Enter the proceeds of these collections in the individual ledger.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter these notes to the credit of depositors directly from the discount register.

The total of checks certified to-day, as reported by the paying teller, is \$7100. Enter this amount to the credit of Certified Checks.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown on the paying teller's daily check sheet. Enter these items in the individual ledger.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for these amounts, and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his sheet, and turned over to the individual bookkeeper. A list of these, with the names of the drawers, is given below. Enter the items in the individual ledger.

Spencer, Mead & Co., \$1900; Wyckoff, Seamans & Benedict, \$5273.50, \$1950, \$14,360; E. V. Buckley & Son, \$1400, \$1200; C. E. Selover & Co., \$1700; Fernald, Son & Co., \$1340; Powers & Sprague, \$500; Decker Bros., \$11,290; F. E. Sherman, \$6000.

Checks of depositors have come in from the clearing house as follows:

Wyckoff, Seamans & Benedict, \$17,700; Spencer, Mead & Co., \$15,000, \$1800; F. E. Sherman, \$960.50; C. E. Selover & Co., \$300; D. B. Roberts, \$750; Powers & Sprague, \$1200; Janis, Cooper & Tremper, \$2400; Mace, Gilmore & Co., \$1500; Lane, Rowell & Co., \$1250; D. E. Avery, \$900; J. O. Baker, \$1700; Thomas Bennett & Co., \$3100; E. V. Buckley & Son, \$9150.60; J. H. Crandall, \$45,120; Decker Bros., \$15,200; C. E. Denison, \$25,300; Fernald, Son & Co., \$1300; Fields Milling Co., \$10,500.

The correspondence clerk has turned over depositors' checks received from out-of-town banks.

Wyckoff, Seamans & Benedict, \$625.80, \$2000; Charles J. Kennedy, \$150.20, \$2500; W. I. Pratt, \$2500.

Extend the balances of customers' accounts in the individual ledger. Foot and prove the individual ledger.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 3

Make the records in the general cash book for the following.

1. Items from the discount register.
2. Items from the discount tickler.
3. Items from the remittance register.
4. Items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on the following collections: Nos. 752, 757, 819, 820, 822, and 823.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection and exchange items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Exchange* and *Sundry Collection and Exchange* columns.
8. From the collection tickler credit Protest Fees for \$3.25, the notary's charges for protesting collection No. 821.
9. From the discount tickler debit Protested Paper for discount No. 897, \$29,900.

NOTE. — Nearly all national banks have some bank official qualified as a notary public. In the majority of cases this official receives all protest fees which are paid to the bank for protesting paper. He is usually a person of high standing in the bank, such as cashier, discount clerk, etc.

When these fees go to an official of the bank they are charged to Protest Fees in the general balance ledger. At the end of any given period the notary may draw such fees by check.

No protest fees are entered on discount No. 897 at this time. They are not recorded until collected, unless they are charged to an out-of-town bank.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balances in the general balance ledger.

Prove the general balance ledger.

Submit your book to your teacher for approval.

CLOSING THE BANKING SET

INVENTORIES, MARCH 3, 19—

Real Estate :	
Banking house and lot	\$27000
Furniture and Fixtures :	
Estimated value	\$12500
United States Bonds :	
At cost	\$200000
Stocks and Bonds :	
Present value	\$63750
Interest and Discount :	
Accrued on United States bonds	\$650

Trial Balance.—No trial balance is necessary in this set, as the general balance ledger is in itself a trial balance of the general ledger accounts of the bank.

Dividends.—It is customary for national banks to declare dividends semiannually and close their books. Before any dividend can be declared every national bank must carry at least one-tenth part of its net profits for the half-year immediately preceding to its surplus fund, until the same shall amount to 20% of its capital stock. After the surplus fund has been deducted the directors may declare a dividend of so much of the profits remaining as they deem expedient.

Statement of Resources and Liabilities.—A statement of resources and liabilities is usually made out daily in all large national banks. Such a statement gives the condition of *all* the general ledger accounts of the bank, together with a detailed exhibit of the cash account. All items of information entered on this statement are properly classified, thus furnishing data for the computation of the bank's reserve, and for the necessary reports to the Comptroller of Currency. The National Bank Act also requires that every national bank shall make to the Comptroller of the Currency not less than five reports during each year. These reports must be made in accordance with a prescribed form and be published in a newspaper where the bank is established. They exhibit in detail the resources and liabilities of the bank, the amount of each dividend, and the net earnings in excess thereof.

In this set you will make but one general statement of resources and liabilities. Carefully study the form given on pages 370 and 371, and then proceed to make your statement of resources and liabilities.

Statement of

Commercial National Bank,

<i>Resources</i>				
Cash				305107 32
Bills and Coin	243700	37		
Exchanges for Clearing House	55166	50		
Cash Items (City and Foreign)	6240	45		
Bills Receivable				412950 40
Bills Discounted	405750	40		
Protested Paper	7200			
Stocks and Bonds				259500
U.S. Bonds with U.S. Treasurer (per inventory)	150000			
Premium on U.S. Bonds	6000			
Other Stocks and Bonds (per inventory)	103500			
Properties				22700
Real Estate (per inventory)	17500			
Fixtures (per inventory)	5200			
Out-of-Town Banks, Dr.				22940 60
Due from Reserve Agents				100000
United States Treasurer				8500
5% Redemption Fund	7500			
Due from U.S. Treasurer	1000			
Overdrafts				620 40
				<hr/> 1132318 72

Statement of

Commercial National Bank,

<i>Losses</i>				
Current Expenses				5700 93
Salaries, due and paid	4500			
Taxes, due and paid	960			
Incidental Expenses, total paid	240	93		
Depreciation				650
Furniture and Fixtures	150			
Real Estate	500			
<i>Dividends, 4% of Capital Stock</i>				16000
<i>Surplus Fund, 10% of Net Gain</i>				2415 02
<i>Undivided Profits, balance of Net Gain</i>				5735 14
				<hr/> 30501 09

Resources and Liabilities

Boston, Mass., March 3, 19—

<i>Liabilities</i>				
Capital Stock			400000	
Surplus Fund			93530	16
Undivided Profits			9250	60
Circulation			150000	
Out-of-Town Banks, Cr.			12650	90
Deposits			442596	90
Cashier's Checks	4050	90		
Certificates of Deposit	17500			
Certified Checks	19295	60		
Individual Deposits	401750	40		
Protest Fees			140	
<i>Undivided Profits (Net Gain)</i>			24150	16
			1132318	72

Losses and Gains

Boston, Mass., March 3, 19—

<i>Gains</i>				
Revenue Receipts			29501	09
Interest and Discount, net amount earned	16500	69		
Collection and Exchange, net amount earned	12500	40		
Interest (per inventory), due on U.S. Bonds	500			
Stocks and Bonds, increase in value			1000	
			30501	09

Hand your statement of resources and liabilities to your teacher for approval.

Statement of Losses and Gains. — Preparatory to declaring dividends and closing the ledger make a statement of losses and gains. Before proceeding with this statement carefully study the form given on pages 370 and 371. The net gain will be divided as follows: To Dividend account, 4% of the capital stock; to Surplus Fund, 10% of the net gain; to Undivided Profits, the balance of the net gain.

Hand your statement of losses and gains to your teacher for approval.

Closing the Ledger. — When a bank employs the form of ledger used in this set, the loss and gain accounts should be closed by journal entries.

To take the gains out of the several gain accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

Interest and Discount	Net amount earned	16500	69	
Collection and Exchange	Net amount earned	12500	40	
Stocks and Bonds	Increase in value	1000		
Interest	Due on U.S. bonds	500		
To Loss and Gain	Total gains			30501 09

To take the losses out of the several loss accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

Loss and Gain	Total losses	6350	93	
To Expense	Incidental expenses			240 93
Salaries	Due and paid			4500
Taxes	Due and paid			960
Real Estate	Depreciation			500
Furniture and Fixtures	Depreciation			150

To close the Loss and Gain account, an entry similar to the following should be made in the journal.

Loss and Gain	Net gain	24150	16	
To Dividends	4% of capital stock			16000
Surplus Fund	10% of net gain			2415 02
Undivided Profits	Balance of net gain			5735 14

After making the necessary entries to close the loss and gain accounts post them to the general balance ledger.

Dividends are usually paid by cashier's checks. Dividend account is debited and Cashier's Checks account is credited when dividends are

paid. You will omit the dividend checks, as no list of stockholders has been given.

Extend the new balances in the general balance ledger.

Prove the general balance ledger.

Prove the correctness of the out-of-town banks ledger by an abstract similar to the following.

Abstract of Out-of-Town Banks Ledger, March 3, 19__

1	Union Bank, Troy			906
2	Traders National Bank, Buffalo	7200	50	
3	Chemical National Bank, New York	31250	50	
4	Merchants Bank, Philadelphia	2692	50	
5	Mechanics National Bank, Baltimore	1790	50	
6	City Bank, Providence			1200
3	<i>Balance as per Out-of-Town Banks in G. B. L.</i>			<i>40828</i>
		42934		42934

See if Deposits account in the general balance ledger agrees with the individual ledger.

Prove the discount tickler. The total of the unpaid notes shown in the discount tickler should equal the balance of Bills Discounted account in the general balance ledger.

Present all your books to your teacher for examination.

THE CLEARING HOUSE

A **Clearing House** is an institution organized by associated banks to simplify and facilitate daily exchanges of items and settlements of balances resulting from such exchanges.

Many clearing-house associations also look after the mutual welfare of their members by prescribing rules to govern in various important matters; as, uniform rates of collection and exchange, interest, etc.

Origin. — Before clearing houses were organized each bank in a given city had to keep an account with practically every other commercial bank in that city. Statements of these accounts were made up daily and given to “runners,” who took them, together with the items of charge, to the debtor banks for settlement. All amounts were usually paid in gold. In the larger cities this work was very laborious and unsatisfactory. To facilitate matters these runners conceived the idea of meeting at a given point and adjusting balances. From these first crude gatherings has sprung the stupendous clearing-house system.

The **Officers** of a clearing-house association are usually president, vice president, secretary, treasurer, manager, and clearing-house committee. Frequently there are one or more special committees; as, conference committee, nominating committee, arbitration committee, etc.

Preparing Exchanges for Delivery. — When exchangeable paper is received at a bank it is classified according to the bank at which it is payable. The work of assorting the items for delivery to the clearing house is facilitated by the use of a case of compartments. This case is provided with a compartment for each member of the clearing house. The compartments are designated by the clearing-house numbers of the banks. Before the items are placed in these compartments they are stamped with the receipted indorsement usually required by clearing-house associations. The form of this indorsement is not always the same, but it should always indicate the channel through which the paper has passed.

<p style="text-align: center;">Received Payment through the BOSTON CLEARING HOUSE, Feb. 16, 19—. WINTHROP NATIONAL BANK.</p>
--

The above is a common form of indorsement used for items paid through the clearing house.

At the close of the day, or at intervals during the day, the exchanges are taken from the compartments, and the amounts listed on a blank entitled *Exchange Slip*, as shown in the accompanying illustration.

The first total on the exchange slip represents the amount of exchanges received by No. 24 before the close of banking hours on Feb. 15, to be sent to the clearing house the following day. The additional items represent the morning exchanges which are received by mail or among the deposits before ten o'clock. The second total is, then, the amount of claims carried to the clearing house by No. 24, Faneuil Hall National Bank, against No. 22, the National Bank of Commerce.

A separate exchange slip, appropriately labeled, is prepared for each member of the clearing house.

Duplicate lists of all items taken to the clearing house are made by the bank and preserved for future reference.

The totals of the exchange slips are next copied on a blank entitled *Settling Clerk's Statement*.

The *Settling Clerk's Statement* contains a printed list of the names and numbers of all the banks connected with the

clearing-house association. The first debit column of this sheet is usually made up from the exchange slips at the close of each business day, thus completing the heaviest part of the work the day before clearing. On the morning of clearing the second debit column is filled out from the final totals of the exchange slips. The credit column is

EXCHANGE SLIP	
NO. 22	
COMMERCE	
FROM NO. 24	
Date Feb. 16, 19—	
5240	
750	
900	10
7565	50
950	75
3642	50
900	
6500	
142	38
9.	51
1200	90
560	
28361	64
750	
50	
90	
29251	64

Settling Clerk's Statement

No. 37. NATIONAL BANK OF REDEMPTION

Tuesday, May 20, 19—

NO.	BANKS	FIRST DEBIT	ADDITIONS	TOTAL DEBIT	BANKS CR.	NO.
1	Massachusetts National	65198 11			29827 71	1
2	National Union	29767 29			19569 67	2
3	Old Boston National	13413 12			1904 81	3
4	State National	74646 39			46131 40	4
5	New England National	87391 81			79384 68	5
12	Atlantic National	17604 30			19678 91	12
13	Merchants National	92694 99			122665 24	13
15	National Hamilton	40635 19			20446 16	15
17	Second National	92069 05			199060 35	17
18	Atlas National	71649 76			30921 52	18
20	National Shawmut	642618 69			385833 63	20
21	National Exchange	84249 17			77924 75	21
22	Nat'l B'k of Commerce	130984 52			249681 75	22
24	Faneuil Hall National	39426 09			5206 56	24
25	National Webster	1950 83			2251 64	25
26	Eliot National	214234 96			248014 63	26
28	Suffolk National	85573 82			39980 14	28
31	Freemans National	9192 09			19651 61	31
32	Boylston National	6854 45			13825 75	32
37	Nat'l B'k Redemption					37
39	First National	12132 91			66300 81	39
41	Nat'l B'k of Republic	171745 26			123536 76	41
43	Mt. Vernon National	6345 06			2614 90	43
46	National Security	8697 70			10800 38	46
49	Central National	89203 36			25580 27	49
50	Colonial National	21438 57			12175 44	50
51	Fourth National	36105 94			102526 31	51
52	Metropolitan National	13667 09			5600 66	52
53	Winthrop National	67338 76			10159 08	53
55	Mechanics National	8947 19			13280 66	55
56	Commercial National	14849 40			13940 64	56
100	Boston Clearing House	165844 36			411388 32	100
	Footings	2416470 23			2409865 14	
		6605 09	Balance	Gain	6605 09	
		2409865 14			2416470 23	

left blank to be filled out at the clearing house when each settling clerk has received from the various members all the items to be paid by his bank.

When the exchange slips have been completed, and the amounts have been transferred to the settling clerk's statement, each slip is attached to the package of items which it represents.

NOTE.—The Boston banks have the settling clerk's statement arranged with four columns, but these banks usually make use of but two columns, as shown on page 376. Where but two columns are used only the final totals of the exchange slips are copied on the settling clerk's statement.

The Check Ticket.—The amounts of the exchange slips are also entered on *Check Tickets*. A check ticket is made out for each member of the clearing-house association and delivered to the proper settling clerk at the clearing house to enable him to check off the amounts he receives from other banks, in case there is an error.

<p><i>No. 26</i></p> <p><i>Eliot National Bank</i></p> <p><i>From No. 51</i></p> <p><i>Fourth National Bank</i></p> <p><i>\$ 282,301.⁰⁰</i></p>
--

The Credit Ticket.—Before going to the clearing house the settling clerk foots and proves the *Total Debit* column of the settling clerk's statement. If this footing is correct it should agree with the totals of the clearing-house checks on the receiving, paying, and note tellers' and correspondence clerk's daily check sheets. When this footing has been proved correct the settling clerk enters it on a *Credit Ticket*.

Form of Credit Ticket

CREDIT TICKET	No. 21. BOSTON CLEARING HOUSE			
	<i>Feb. 16, 19—</i>			
	Credit			
	<table style="width: 100%;"> <tr> <td style="width: 70%;">National Exchange Bank</td> <td style="text-align: right;">\$1,302,234.⁴¹</td> </tr> <tr> <td colspan="2" style="text-align: right;"><i>J. H. Bender, Settling Clerk</i></td> </tr> </table>	National Exchange Bank	\$1,302,234.⁴¹	<i>J. H. Bender, Settling Clerk</i>
National Exchange Bank	\$1,302,234.⁴¹			
<i>J. H. Bender, Settling Clerk</i>				

How Non-Members clear.—Besides the regular members, there are a number of trust companies that make their clearings at the Boston

Clearing House through the agency of other banks which are members. These non-members keep adequate funds on deposit at their clearing bank, as a compensation for services rendered and as a guarantee against loss. They prepare their exchanges in practically the same manner as the regular members, but deliver their packages of items to their agents for deposit instead of to the clearing house for settlement. These agents classify and distribute the paper of the non-members just as they do the regular items received on deposit. The return exchanges for non-members at the clearing house are delivered to the clearing agents just as if they were payable by them. After these items are charged to the non-members by the clearing agents they are promptly transmitted by runners to the banks where they are to be paid.

Procedure in making Clearings. — Each business day at ten o'clock the exchanges take place between the banks. About five minutes before the hour designated the clerks begin to arrive. These clerks are usually two in number, each bank sending to the clearing house a delivery clerk and a settling clerk. On his arrival at the clearing house the settling clerk leaves at the desk of the proof clerk, sitting in the manager's office, his credit ticket showing the amount of exchanges with which his bank is to be credited. The proof clerk immediately transcribes this amount under *Banks Cr.* on a blank called the *Clearing-House Proof*, as illustrated on page 379.

The aggregate of the credit tickets presented to the proof clerk represents the total exchanges sent in by the various banks, and is called *Credit Exchanges*.

The desks in a clearing house are usually arranged in long rows, one desk being provided for each member. At one minute before ten o'clock the manager sounds a gong as a signal for the clerks to take their proper places. The settling clerks occupy their separate desks on the inside of the counter, while the delivery clerks form on the outside with their exchanges arranged for convenient distribution. Promptly at ten o'clock the manager again sounds the gong, and the delivery of the exchanges begins. Each delivery clerk advances, one desk at a time, with military precision. At each desk he hands over to the settling clerk the exchange package for that particular bank. At the same time, in an opening in the desk provided for that purpose, he deposits a check ticket, corresponding in amount to the amounts listed on the exchange slips. The settling clerk takes the amount on the exchange slips and enters it to the credit of the proper bank on his own statement. After the circuit has been completed each delivery clerk is at

Boston Clearing House Proof

Tuesday, May 20, 19—

NO.	BANKS	BALANCES DUE TO CLEARING HOUSE		EXCHANGES				BALANCES DUE TO THE BANKS		NO.
				BANKS DR.		BANKS CR.				
1	Massachusetts National	137116	61	691195	70	554079	09			1
2	National Union	37417	48	391522	85	354105	37			2
3	Old Boston National	86101	85	243422	29	157320	44			3
4	State National			454779	21	567671	69	112892	48	4
5	New England National			190038	36	240816	86	50778	50	5
12	Atlantic National			146654	11	227212	02	80557	91	12
13	Merchants National	132056	29	1351212	39	1219156	10			13
15	National Hamilton	54170	54	395649	79	341479	25			15
17	Second National			613635	51	1104116	94	490481	43	17
18	Atlas National	102568	01	398617	81	296049	80			18
20	National Shawmut	335824	88	4109685	56	3773860	68			20
21	National Exchange	38771	98	938973	65	900201	67			21
22	Nat'l B'k of Commerce			908658	45	1174063	77	265405	32	22
24	Faneuil Hall National	23898	97	189501	57	165602	60			24
25	National Webster			54331	39	65216	89	10885	50	25
26	Eliot National	89495	03	1196253	14	1106758	11			26
28	Suffolk National	94489	10	690275	61	595786	51			28
31	Freemans National			111167	50	155111	74	43944	24	31
32	Boylston National			68422	21	81747	05	13324	84	32
37	Nat'l Bank Redemption			2409865	14	2416470	23	6605	09	37
39	First National	122675	28	539383	18	416707	90			39
41	Nat'l Bank of Republic			1086691	28	1279888	23	193196	95	41
43	Mt. Vernon National	11046	74	76455	77	65409	03			43
46	National Security	4121	63	74626	44	70504	81			46
49	Central National	68804	57	317969	52	249164	95			49
50	Colonial National	3338	12	262315	20	258977	08			50
51	Fourth National			371878	03	476835	03	104957		51
52	Metropolitan National	2830	85	78607	03	75776	18			52
53	Winthrop National			210240		230718	08	20478	68	53
55	Mechanics National	34286	67	108049	77	73763	10			55
56	Commercial National	14493	34	144410	69	129917	35			56
100	Boston Clearing House			1816532	10	1816532	10			100
	Aggregates	1393507	94	20641021	25	20641021	25	1393507	94	

the point from which he started, and the settling clerk has on his desk exchange packages received from each of the other banks. Being now at liberty, each delivery clerk gathers up the packages against his bank, usually called *Debit Exchanges*, and returns with them, while the settling clerks remain until the clearing-house proof has been made.

After the amounts of all the exchange packages have been properly entered, the settling clerk proceeds to foot his statement and ascertain the amount his bank is to receive or pay. He then makes out a balance ticket, which is sent to the proof clerk's desk. This ticket shows the total exchanges brought to and received at the clearing house, together with the balance to be received or paid by his bank.

Form of Balance Ticket

BALANCE TICKET	No. 1. BOSTON CLEARING HOUSE	
	<i>Feb. 16, 19__</i>	
	Dr. Massachusetts National Bank,	Am't Rec'd, \$245,137. ³²
	Cr. " " "	Am't Bro't, \$302,234. ⁴¹
	Balance \$ ~~~~~ due Clearing House,	\$
	Balance due the Massachusetts National Bank,	\$ 57,097. ⁰⁹
<i>J. H. Bender, Settling Clerk</i>		

When the proof clerk receives the balance tickets from the several settling clerks he immediately transcribes the debit exchanges (the amount received by any bank) in the *Banks Dr.* column, and the difference between the debit and credit exchanges in the *Due Banks* or the *Due Clearing House* column, as the case may be, on the clearing-house proof. The credit exchanges having been previously entered, the proof clerk now proceeds to complete his proof. As the total exchanges brought must be the same as the total exchanges taken away, the debit and credit columns of the proof should agree if the work is correct, as also the total due banks and the total due the clearing house.

While the preparation of the proof is in progress the settling clerks are verifying their work by means of check tickets. If there are no

errors in the clearing-house proof the manager announces the fact and the settling clerks return to their banks. If there is an error, and this is not infrequently the case, the proof clerk announces the difference to the manager. The manager then announces the difference to the settling clerks, who proceed to search for it. When this announcement is made the settling clerks have usually completed a revision of their statements, and can many times locate discrepancies as soon as they are announced by the manager.

Various methods are resorted to in locating differences. Usually the manager calls for an exchange of sheets to the right or to the left for an examination of footings, and in cases where an error in entry is apparent the amounts are called back. This revision is final, and if the additions are correct it must make the proof balance.

The accompanying Clearing-House Proof and Settling Clerk's Statement are actual forms used in transactions at the Boston Clearing House.

Debtor and Creditor Banks. — Thus far no money has entered into the exchanges at the clearing house. The clearing, however, is not yet complete. If the total of the items brought to the clearing house by any particular bank is less than the total of the items brought by other banks against it, the bank owes the clearing house the difference between such totals. On the other hand, if the items brought to the clearing house by any bank are greater than the totals brought against it, that bank is entitled to receive from the clearing house the difference between such totals. To complete the clearing, therefore, it is necessary to make settlement for the debit and credit balances.

Form of Manager's Receipt

RECEIPT TICKET	No. 50. BOSTON CLEARING HOUSE
	<i>March 3, 19—</i>
	Received from COLONIAL NATIONAL BANK
	<i>Twenty-seven Thousand Nine Hundred Sixty $\frac{54}{100}$ Dollars</i>
	in full for balance due the Clearing House.
	\$27,960.⁵⁴
	<i>C. A. Ruggles, Manager</i>

At 12.15 P.M. each day except Saturday, and then at 11.30 A.M., the debtor banks must pay to the manager at the clearing house the balances due from them respectively, either in coin or in such other currency as the laws of the United States shall require, or in such certificates as shall be authorized by the clearing-house association, excepting sums less than one thousand dollars, which may be paid in bills of the debtor banks.

Receipts signed by the manager are given to the banks making the payments. (See page 381.)

At 1.30 P.M. each day except Saturday, and then at 12 M., the creditor banks shall receive from the manager at the clearing house the balances due them respectively.

Receipts signed by the cashiers of the creditor banks are given to the manager of the clearing house.

Form of Cashier's Receipt

NATIONAL SECURITY BANK	
\$ 24,640. ⁹³	Boston, <i>March 25</i> , 19__
<p>Received from C. A. RUGGLES, Manager of the Boston Clearing House, by <i>Robert W. Grant</i>, Messenger of this Bank, <i>Twenty-four Thousand Six Hundred Forty $\frac{93}{100}$</i> ~~~~~ Dollars, being the amount gained by this Bank to-day at the Clearing House.</p>	
<i>W. A. Hinman, Cashier</i>	

Should any bank not make payment as provided, the manager causes a new settlement to be made and new balances to be ascertained, by eliminating from the settling sheet of each and every bank all the amounts charged or credited thereon to the defaulting bank and also the debit and credit amounts on the settling sheet of the defaulting bank. The new balances as thus ascertained are the balances to be settled by the several banks. In case some of the banks have paid the balances first ascertained such banks are called upon to make an adjustment with the clearing-house manager.

Immediately after the new settlements have been made each bank is called upon to deliver to the manager all the items which were received

from the defaulting bank, or in lieu thereof the money, which items or money the manager tenders to the defaulting bank and demands all the items received by the defaulting bank at the clearing house. The items received from the defaulting bank by the manager are then returned to the respective banks from which they originally came.

Scale of Fines. — The following is the scale of fines prescribed by the Boston Clearing House.

1. For disorderly conduct of any clerk at the clearing house, or disregard of the manager's rules and instructions, for each offence	\$4
2. For any clerk failing to attend punctually at the hour for making exchanges	4
3. Debtor banks, failing to pay their balances before a quarter past twelve o'clock	3
4. Any error in the credit ticket (that is, the amount brought)	2
5. Errors in making the balance ticket (that is, the amount received) ¹	2
6. Failing to deliver check tickets before twenty minutes past ten o'clock	1
7. All other errors	2

LETTERS OF CREDIT

Definition. — A letter of credit is an instrument issued by a banker, and addressed to his correspondents in specified places, by which a named person may draw funds in amounts to suit his convenience, upon his complying with certain requirements, such as identifying himself, etc., the total amount drawn not to exceed the amount limited by the letter of credit.

To whom issued. — Letters of credit are usually issued for the use of travelers in foreign countries, to save the transmission of money from one part of the world to another, thus avoiding the risk necessarily incident to carrying real money about.

How Funds are obtained. — When a letter of credit is issued to a traveler he is required to subscribe his name on the document in the banker's presence, as a means of identification later on. Other copies of the signature are sometimes left and forwarded to the leading foreign bankers drawn upon. When the traveler desires funds he will present

¹ Thirty minutes is allowed for the morning settlement, and for each additional fifteen minutes' detention \$2 is added to this sum.

his letter to the proper banker at the place where he may be staying. The letter itself always specifies the banks that will honor the draft. When the letter is presented to a foreign banker for payment, he draws a sight draft on the London banker specified, which draft the traveler is required to sign. If the signatures on the letter and the draft are identical, the amount desired is promptly paid and indorsed on the back of the letter. Payment is usually made upon the simple identification of comparison of signatures. The indorsements on the back of the letter show at all times the balance available for the traveler. The bank making the last payment retains the letter to send to the drawees in London.

Brown Brothers & Co.'s Circular Letter of Credit

No. 7215

Boston, Mass., March 6, 1906

Gentlemen:

We beg to introduce to you Mr. John O. Norris, to whom you will please furnish such funds as he may require up to the aggregate amount of Five Hundred pounds sterling against demand drafts on Messrs. Brown, Shipley & Co., London, each draft to be plainly marked as drawn under Brown Brothers & Co.'s Letter of Credit No. 7215.

We engage that such drafts shall meet with due honor in London, if negotiated before the 6th of March, 1907, and request you to buy them at the rate at which you purchase demand drafts on London.

The amount of each draft must be inscribed on the back of this letter, and to this we wish to call your special attention. This letter itself should be canceled and attached to the final draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below.

We are, Gentlemen,

Your obedient servants,

£500.

Brown Brothers & Co.

*To Messieurs
the bankers mentioned
on the third page of
this letter of credit.*

*The signature of
John O. Norris.*

This letter to be surrendered with the last draft hereunder.

The Reverse or Back of the Letter of Credit

Indorsements once made hereon, of payments, must be allowed to remain without alteration or erasure. Care should therefore be taken to understand exactly about payments desired, before inscribing amounts below. On the payment of any sum exhausting this credit, this letter must be surrendered by the holder and attached by the banker negotiating the draft to the said draft.

DATE WHEN PAID		BY WHOM PAID	NAME OF TOWN	AMOUNT STERLING WRITTEN IN WORDS	AMOUNT IN FIGURES		
					£	s.	d.
1906							
April	2	Union Bank	London	Seventy-five pounds	75	—	—
	20	Credit Lyonnais	Paris	Twenty-five pounds	25	—	—
May	5	Mendelssohn & Co.	Berlin	Ten pounds	10	—	—
	20	Anglo-Austrian Bank	Vienna	One hundred pounds	100	—	—
June	5	Banca Commerciale Italiana	Rome	One hundred pounds	100	—	—
July	25	Filiale der Dresdner Bank	Hamburg	Ninety pounds	90	—	—
Aug.	15	Brown Brothers & Co.	Boston	One hundred pounds	100	—	—
					500	—	—

NOTE.—On the pages following, in a regular letter of credit, are the names of towns and cities, and banks therein, any one of which will advance money upon the letter of credit. The list includes banks in all parts of the world.

In what Funds usually drawn.—Letters of credit are usually drawn payable in pounds sterling; but they are paid in the current money of the country in which they are negotiated. They pass everywhere as cash, since any banker in the world would usually be very willing to buy a reliable sterling draft on London. Thus with a letter of credit a traveler can make a trip around the world with no more real money on his person than is necessary to meet immediate local expenses.

Commission Charges.—The cost to the purchaser for a letter of credit is usually about 1% of the amount of issue, though no letter will be issued for less than \$5.

REVIEW QUESTIONS

1. Briefly outline the duties of the discount clerk. 2. When is collection and exchange charged on paper discounted? 3. When paper is accepted for discount, upon what book is it first entered? 4. Explain how to post the footings of the discount register. 5. Explain the purpose and use of the discount tickler. 6. What

is the law in your state with reference to notes, etc., falling due on Sunday or a legal holiday? 7. Briefly outline the duties of the collection clerk. 8. State the sources from which a bank receives paper for collection. 9. What kind of sight paper should not be entered in the collection register? Why? 10. Explain the purpose and use of the collection register; the collection tickler. 11. Briefly outline the principal duties of the receiving teller. 12. In examining paper deposited, what are the things that should be particularly noted by the receiving teller? 13. Should paper payable to "bearer" be indorsed before deposited? Why? 14. Explain a method of classifying items on the deposit ticket. 15. On what class of checks does a bank charge collection? 16. Explain the purpose and use of the receiving teller's daily check sheet. 17. Explain the manner of proving the receiving teller's daily check sheet. 18. Briefly outline the principal duties of the paying teller. 19. When paper is presented for payment, what should the paying teller examine very critically? Why? 20. Should the amount expressed in figures on any given check differ from the amount expressed in writing, which amount would the paying teller be justified in paying? Why? 21. What is a certified check? 22. Do banks ever certify checks in excess of a depositor's account? 23. In what particulars is a check stronger after certification than it was before? In what respects is it the same? 24. What is the purpose of a certified check book? 25. Why is a bank draft better than a check for making payments out of town? Explain fully. 26. Explain fully the purpose and use of the paying teller's daily check sheet. 27. Explain the manner of proving the paying teller's daily check sheet. 28. Briefly outline the principal duties of the note teller. 29. When are bills discounted that have been sent away for collection charged to the banks to which they are sent? 30. For what purpose are notes, drafts, etc., certified? 31. In your state are notes, etc., made payable at a bank charged to the depositor's account at maturity, or is it usual for business men to pay this paper by check? 32. When is a note or other negotiable paper protested? 33. Explain the method of protesting paper. 34. What is a notice of protest? 35. To what officer are notary fees usually paid? 36. Briefly outline the principal duties of the correspondence clerk. 37. What is the purpose of the draft register? How is it posted? 38. What two books are combined in the remittance register. 39. Explain fully the purpose and use of the remittance register. 40. How is the remittance register posted? How proved? 41. Briefly outline the principal duties of the individual bookkeeper. 42. From what sources does the individual bookkeeper get his items for entry in the individual ledger? 43. Explain the use of the individual ledger. 44. How is the individual ledger proved? 45. Explain how an overdraft is treated in the individual ledger. 46. What books are generally kept by the general bookkeeper? 47. Explain the use of the general balance ledger. 48. Name all the sources from which items are obtained for entry in the general cash book. 49. Define (a) letter of credit; (b) clearing house; (c) dividends; (d) surplus fund. 50. Give a three-minute talk on clearing-house associations; on letters of credit.

APPENDIX

FORMS OF LEGAL DOCUMENTS

Form I—Letter of Remittance

W. O. WEAVER

C. W. FREY

W. D. RADCLIFFE

Office of

W. O. Weaver & Co.

Wholesale Grocers

Boston, Mass., Sept. 10, 19__

*Smith, Perkins & Co.,
Rochester, N.Y.*

Gentlemen:

Please find herewith a New York draft for Eleven Hundred Sixty-three and $\frac{28}{100}$ Dollars (\$1163.28) in payment for invoice of Aug. 31, less discount, as follows:

<i>Amount of invoice</i>	<i>\$1224.50</i>
<i>Less 5%</i>	<i>61.23</i>
<i>Balance as per inclosure</i>	<i>\$1163.27</i>

Kindly acknowledge receipt of the draft, and oblige

Yours very truly,

W. O. Weaver & Co.

per R.

Form II — Notice of Dissolution of Partnership

You are hereby notified that the copartnership heretofore existing between John B. Evans and Herbert F. Osgood, under the copartnership name, style, and firm of John B. Evans & Co., at Springfield, Mass., is this day dissolved.

All accounts due the partnership are to be paid to Herbert F. Osgood at the office of the old firm, and all claims against the partnership should, at maturity, be presented to him for payment.

Dated Springfield, Mass., Aug. 31, 1906.

[Signed] { John B. Evans.
 Herbert F. Osgood.

Form III — Circular announcing the Retirement of a Partner

W. D. MARTIN

A. S. WARD

Office of

*Martin & Ward**Boston, Mass., Aug. 25, 19—*

*Saxton, Gilbert & Co.,
Rochester, N.Y.*

Gentlemen:

Permit us to inform you that on the 31st inst. the copartnership hitherto existing between W. D. Martin and A. S. Ward will be dissolved by mutual consent. After that date the business of the house will be conducted by Mr. Ward on his own account under the firm name of A. S. Ward.

In soliciting a continuance of your valued patronage we beg to assure you that there will be no reduction in the capital of the firm, and that all affairs of the house will be transacted with the same efficiency that you have experienced at the hands of the present management.

Yours very truly,

*Martin & Ward
per M.*

Form IV — Contract of Sale and Purchase

Know all Men by these Presents

that *I, C. W. Worthington, of the City of Boston and Commonwealth of Massachusetts, party of the first part,*
in consideration of Fifteen Thousand Two Hundred Dollars paid by D. O. Williams & Co., of the City and Commonwealth aforesaid, parties of the second part,
the receipt whereof is hereby acknowledged, do hereby grant, sell, transfer, and deliver unto the said parties of the second part, the good will, chattels, merchandise, bills receivable, accounts receivable, and all other assets of the firm of C. W. Worthington which are definitely specified on the schedule hereunto annexed. In part consideration hereof the said D. O. Williams & Co. hereby agree to assume and do assume the liabilities of the said firm of C. W. Worthington as per the schedule hereunto annexed.

To have and to hold, all and singular the said goods and chattels to the said D. O. Williams & Co. and their executors, administrators, and assigns, to their own use and behoof forever.

And I hereby covenant with the grantee that I am the lawful owner of the said goods and chattels; that they are free from all incumbrances; that I have good right to sell the same as aforesaid; and that I will warrant and defend the same against the lawful claims and demands of all persons whomsoever.

In witness whereof, we the said C. W. Worthington and D. O. Williams & Co. have hereunto set our hands and seals this twenty-first day of August in the year one thousand nine hundred and six.

Signed, sealed, and delivered
 in the presence of

J. M. McLann }
W. D. Sprague }

C. W. Worthington [SEAL]
D. O. Williams & Co. [SEAL]

Form V—Articles of Copartnership

Articles of Copartnership made and entered into this first day of August, one thousand nine hundred and six, between Malcolm D. Gilbert of the City of Boston and Commonwealth of Massachusetts, party of the first part, and Chas. M. Wentworth of the City and Commonwealth aforesaid, party of the second part, witnesseth as follows:

Whereas the said parties, having mutual confidence in each other, do hereby enter into a copartnership agreement on the terms and conditions following, to wit:

First. The copartnership formed shall be for the purpose of carrying on a Jobbing Furniture Business under the firm name of M. D. Gilbert & Co., in the said City of Boston, the partnership to commence on the date of this agreement, and to continue for two years unless sooner dissolved by mutual consent of the partners.

Second. The said Malcolm D. Gilbert, party of the first part, shall contribute the entire resources of his late business located at #467 East Main Street, Boston, Mass., and the said new firm of M. D. Gilbert & Co. shall assume the existing liabilities of the said business. These resources and liabilities are definitely described on a statement of resources and liabilities hereunto attached, and they show an aggregate net investment of \$15,260.50.

Third. The said Chas. M. Wentworth, party of the second part, shall contribute resources as follows: cash, \$7000; stock of furniture, \$1500; account with Foley Bros., \$5725.

Fourth. The said investments shall be the capital stock of the said firm, to be used and enjoyed in common between them for the support and management of said business to their mutual benefit and advantage.

Fifth. Neither party shall engage in any other business, but each shall devote his entire time and attention to, and put forth his best efforts and skill for, the furtherance of the business aforesaid; and all gains that shall arise by means of their said business shall be divided between them equally, and all losses that shall happen to the joint business, by bad debts or otherwise, shall be borne and paid by them equally.

Sixth. Neither party shall at any time withdraw from the business a sum in excess of his share of the net profits of the firm.

Seventh. Neither partner, during the continuance of this copartnership, shall assume any liability by indorsing notes, etc., or by becoming surety for any person or persons whomsoever, without the consent of the other said copartner.

Eighth. It is further agreed that there shall be had and kept at all times during the continuance of the partnership, true books of account, wherein all matters and things whatsoever, proper to be entered into merchants' books, shall be properly recorded; and these books shall be used in common, so that either of the partners may at all times have access thereto.

In Witness Whereof, the parties have hereunto set their hands and seals in duplicate, the day and year first above written.

Signed, sealed, and delivered
in the presence of

Chas. H. Jones,
Boston, Mass.

Malcolm D. Gilbert [SEAL]

Chas. M. Wentworth [SEAL]

Form VI—Power of Attorney

Know all Men by these Presents

that we, B. W. Morgan and Robert Hall, constituting the firm of B. W. Morgan & Co., of the City of Boston, Mass., have made, constituted, and appointed, and by these Presents do make, constitute, and appoint, Charles M. Raymond, of the City of Newton, Mass., our true and lawful Attorney, for us and in our name, place, and stead to transact business and to sign and indorse any or all of the notes, checks, drafts, letters, and all other instruments in writing received in the course of or issuing from our business, giving and hereby granting unto our said Attorney full power and authority to sign and indorse such instruments, and to perform all and every act whatsoever about the premises as freely, fully, and effectually as we could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said Attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

In Witness Whereof, we have hereunto set our hands and seals this fifteenth day of July in the year nineteen hundred and six.

Charles M. Raymond
Attorney's Signature

B. W. Morgan [SEAL]

Robert Hall [SEAL]

Commonwealth of Massachusetts } ss.
County of Suffolk

Boston, Mass., July 15, 1906

Then personally appeared the above-named B. W. Morgan and Robert Hall and acknowledged the foregoing instrument to be their free act and deed.

Before me,

E. C. Mills,

Notary Public

Form VII—Certificate of Protest

Commonwealth of Massachusetts

County of Suffolk } ss.
City of Boston }

On the tenth day of December, in the year of our Lord one thousand nine hundred and six, I, W. A. Hinman, Notary Public, duly admitted and sworn, and practicing in said Commonwealth, at the request of Leigh H. Pierson, Esq., Cashier of the Commercial National Bank, went with the original note, which is hereto annexed, the time therein limited and grace having fully elapsed, and demanded payment thereof at the Excelsior National Bank, and was answered by the Paying Teller, "No funds."

The note remaining unpaid, I duly and officially notified the indorsers thereof at the following addresses:

Roth & Fay, 920 Washington St., City,
B. W. Hall & Co., Newton, Mass.,

(postage prepaid) of said default requiring payment.

Wherefore, I, the said Notary, by request as aforesaid, have protested and by these presents do solemnly protest, against the drawer of said note, the indorser, and all others concerned therein, for exchange, re-exchange, and all costs, charges, damages, and interest, suffered and sustained, or to be suffered and sustained, by reason or in consequence of the non-payment thereof.



In Testimony Whereof, I have hereunto set my hand and affixed my Notarial Seal, the day and year first above written.

F E E S	{	Noting Non-Acceptance	
		Postage	
		Protesting for Non-Payment	\$1.50
		Postage04
			\$ 1.54

W. A. Hinman,

Notary Public

Form VIII — Notice of Protest

Commercial National Bank

Boston, Mass., Dec. 10, 19__

Messrs. Roth & Fay
920 Washington St., City.

Dear Sirs:

You are hereby notified that a note
for Nine Hundred Sixty $\frac{30}{100}$ ~~~~~ Dollars
drawn by Cobb, Bates & Co., and indorsed by you, dated
Sept. 10, 19__, payable three months after date, has been
protested by me for non-payment after due demand at the
Excelsior National Bank this day, and that you are held
answerable for the amount, with all legal costs, interests, and
damages in consequence of the non-payment thereof.

Respectfully yours,

W. A. Kinman,

Notary Public

COMMERCIAL TERMS DEFINED

- Acceptance.** — The name of an accepted draft; an agreement, by signature, to the terms named in the draft.
- Account Current.** — An open or running account; a detailed statement of transactions between two persons or firms.
- Account Sales.** — An itemized statement of sales and expenses rendered by a commission merchant to his principal.
- Acknowledgment.** — A formal admission made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.
- Affidavit.** — A written statement made under oath.
- Auditor.** — A person appointed to examine accounts.
- Bankrupt.** — One who fails in business and is unable to pay his debts.
- Bill of Lading.** — A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.
- Board of Trade.** — A voluntary organization of business men for the advancement of commercial interests.
- Bond.** — A written promise under seal, binding a person to do or not to do a certain thing.
- Capital.** — The investment in a business.
- Certified Check.** — A check that has been accepted by the bank on which it is drawn, thereby making the bank security for payment.
- Clearing House.** — An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.
- Collaterals.** — The use of negotiable paper or other forms of value, real estate excepted, as security for a debt.
- Copartnership.** — The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.
- Copyright.** — A right of control granted by a government to an author or publisher.
- Coupon.** — A certificate attached to a bond, showing when different installments of interest are due.
- Deed.** — A contract under seal, usually transferring the title of real estate.
- Dishonor.** — A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.
- Dividend.** — The allotment to each stockholder in the division of profits.
- Extension.** — An allowance of further time for the payment of a debt.
- Footing.** — The adding of a column of figures, or the result of such addition.
- Forgery.** — The writing of another's name, with fraudulent intent, or altering a written document.
- Franchise.** — A certain right or privilege granted by a government to individuals or corporations.
- Good Will.** — The value in a business of established reputation or patronage.
- Honor.** — To accept a draft, or to pay when due.
- Index.** — An alphabetical table of contents.
- Indorse.** — To write one's name on the back of a note, check, or draft; to record a partial payment on the back of a note.
- Installment.** — The payment of a sum of money in stated portions.

- Jobber.** — A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.
- Lease.** — A contract, usually in writing, for the temporary possession of real estate or other property.
- Letter of Credit.** — A letter usually issued by a bank, addressed to banks in foreign cities, authorizing the holder to receive credit for a stated amount. Such letters are usually carried by travelers.
- Manifest.** — An invoice of a ship's cargo.
- Mercantile Agency.** — An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, business reputation, etc.
- Mortgage.** — A conditional transfer of the title to real estate or chattels as security for the payment of a debt.
- Net.** — Clear of all charges or deductions.
- Notary.** — A public officer who acknowledges legal documents and protests paper for non-payment.
- Open Account.** — A running or unsettled account.
- Open Policy.** — An insurance policy covering undefined risks, admitting of subsequent indorsements or additions.
- Outstanding Accounts.** — Book accounts remaining unpaid.
- Overdrawn.** — A term applied to bank accounts when a check has been issued for an amount greater than one's credit balance.
- Patent.** — An exclusive right to an invention, issued by a government.
- Power of Attorney.** — A legal authority to act for another.
- Protest.** — A formal notice issued by a notary to the indorser or indorsers of a note or draft, of the non-payment of a note or draft, or the non-acceptance of a draft.
- Rebate.** — An allowance for overcharge, for early payment, or for other reasons.
- Retail.** — To sell in small quantities.
- Short-extend.** — To enter individual amounts at the left of the money column.
- Sinking Fund.** — A fund set apart for the redemption of bonds or other specific uses.
- Syndicate.** — A combination of capitalists who unite their resources to advance some specific business enterprise.
- Tariff.** — A lawful rate of duty on imports and exports.
- Terms.** — Conditions of sale or agreement.
- Tickler.** — A book containing a memorandum of all time paper.
- Underwriter.** — One who insures.
- Valid.** — Binding in law.
- Void.** — Not binding in law.
- Way Bill.** — A document containing description and shipping directions of goods sent by railroad.
- Wholesale.** — To sell large quantities, usually in unbroken packages.

ABBREVIATIONS—GENERAL TERMS

A. or Am.	America; American.	Dray.	Drayage.
A r	First class.	E. and O.E. . . .	Errors and omissions excepted.
Acct. or acct. . . .	Account.	ea.	Each.
Acct. Cur.	Account Current.	e.g.	For example.
Acct. Sales	Account of Sales.	Esq.	Esquire.
Adv. or adv.	Advertisement.	etc. or &c.	And so forth.
Agt.	Agent.	Ex.	Express; Example.
A.M.	Before noon; Master of Arts.	Exch.	Exchange.
Amt.	Amount.	fig.	Figure, Figures.
App.	Appendix.	F.O.B. or f.o.b. . .	Free on board.
Asst.	Assistant.	Fol.	Folio.
Atty.	Attorney.	Frnt.	Freight.
Av. or Ave.	Avenue.	ft.	Foot, Feet.
Bal.	Balance.	gal.	Gallon.
B. B.	Bill Book.	gr.	Grain.
bb.	Barrel.	gro.	Gross.
bd.	Bundle.	hhd.	Hogshead.
Bk.	Bank.	hund.	Hundred.
bkts.	Baskets.	I. B.	Invoice Book.
B/L	Bill of Lading.	i.e.	That is.
Bldg.	Building.	in.	Inch, Inches.
Bot.	Bought.	Ins.	Insurance.
B/S	Bill of Sale.	inst.	Instant; the present month.
bu.	Bushel.	Int.	Interest.
bx.	Box.	Inv.	Invoice; Inventory.
c.	Cent.	J.	Journal.
Cash.	Cashier.	Jr.	Junior.
C. B.	Cash Book.	kg.	Keg.
Chgs.	Charges.	lb.	Pound.
Ck.	Check.	L. B.	Letter Book.
Co.	Company; County.	L/C	Letter of Credit.
C.O.D.	Collect on Delivery.	Led.	Ledger.
Coll.	Collection; Collector.	L.F.	Ledger Folio.
Cr.	Credit; Creditor.	Ltd.	Limited.
cwt.	Hundredweight.	M.	Thousand.
da.	Day, Days.	Mdse.	Merchandise.
Dept.	Department.	Mem.	Memorandum.
Dft.	Draft.	Messrs.	Gentlemen; Sirs.
Disc.	Discount.	Mfg.	Manufacturing.
do.	The same.	min.	Minute.
doz.	Dozen.	Mme.	Madam.
Dr.	Debtor; Doctor.		

mo.	Month.	R.R.	Railroad.
M.O.D.	Mail Order Department.	Ry.	Railway.
Mr.	Mister.	S. B.	Sales Book.
Mrs.	Mistress.	Sec.	Secretary.
MS.	Manuscript.	Shipt.	Shipment.
MSS.	Manuscripts.	sq. ft.	Square feet.
Mtg.	Mortgage.	Sr.	Senior.
N.A.	North America.	St.	Street; Saint.
N.B.	Take notice.	Str.	Steamer.
No. or no.	Number.	Sunds.	Sundries.
N.P.	Notary Public.	Supt.	Superintendent.
O.K.	All correct.	Tr.	Transpose.
Oz. or oz.	Ounce.	Treas.	Treasurer.
p.	Page.	ult.	Ultimo; of the last month.
Payt. or payt.	Payment.	U.S.M.	United States Mail.
pc.	Piece.	via	By way of.
pcs.	Pieces.	viz.	Namely; to wit.
Pd.	Paid.	vol.	Volume.
per	By.	vs.	Against.
Per cent or per cent	By the hundred.	W/B	Way Bill.
pk.	Peck.	wk.	Week.
pkg.	Package.	wt.	Weight.
P.M.	Postmaster; Afternoon.	Yd. or yd.	Yard.
P.O.	Post Office.	Yr. or yr.	Year.
pp.	Pages.		
pr.	Pair.		
Pres.	President.		
prox.	Proximo; of the next month.		
pt.	Pint.		
P.S.	Postscript.		
qr.	Quire; Quarter.		
qt.	Quart.		
Recd.	Received.		
Reg.	Registered.		
Retd.	Returned.		
Rev.	Reverend.		

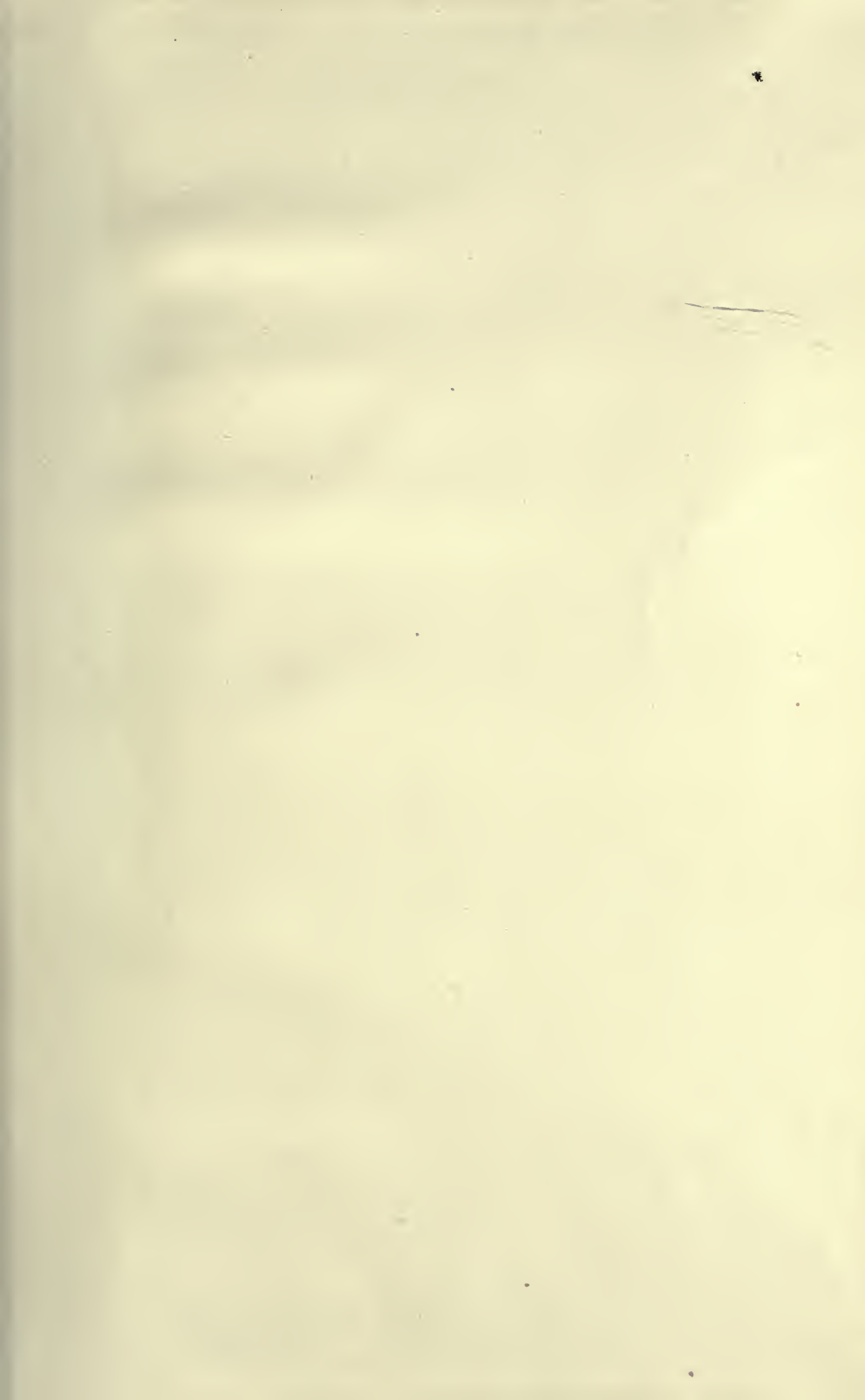
Arbitrary Signs

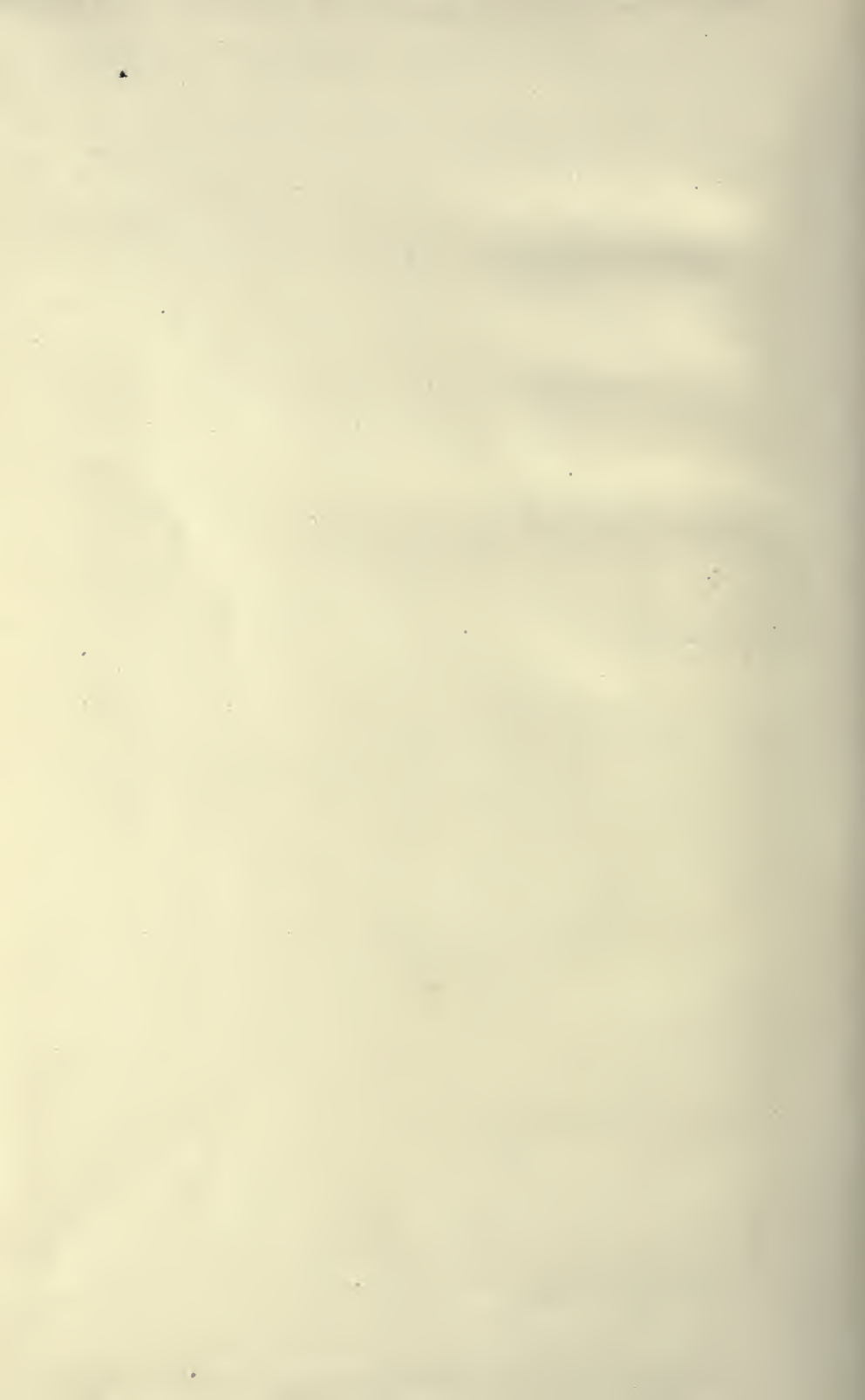
a/c	Account.
@	at or to.
c/o	Care of.
¢	Cent.
✓	Check mark.
\$	Dollar.
#	Number.
%	Per cent.
1 ¹	One and one-fourth.
1 ²	One and two-fourths.
1 ³	One and three-fourths.

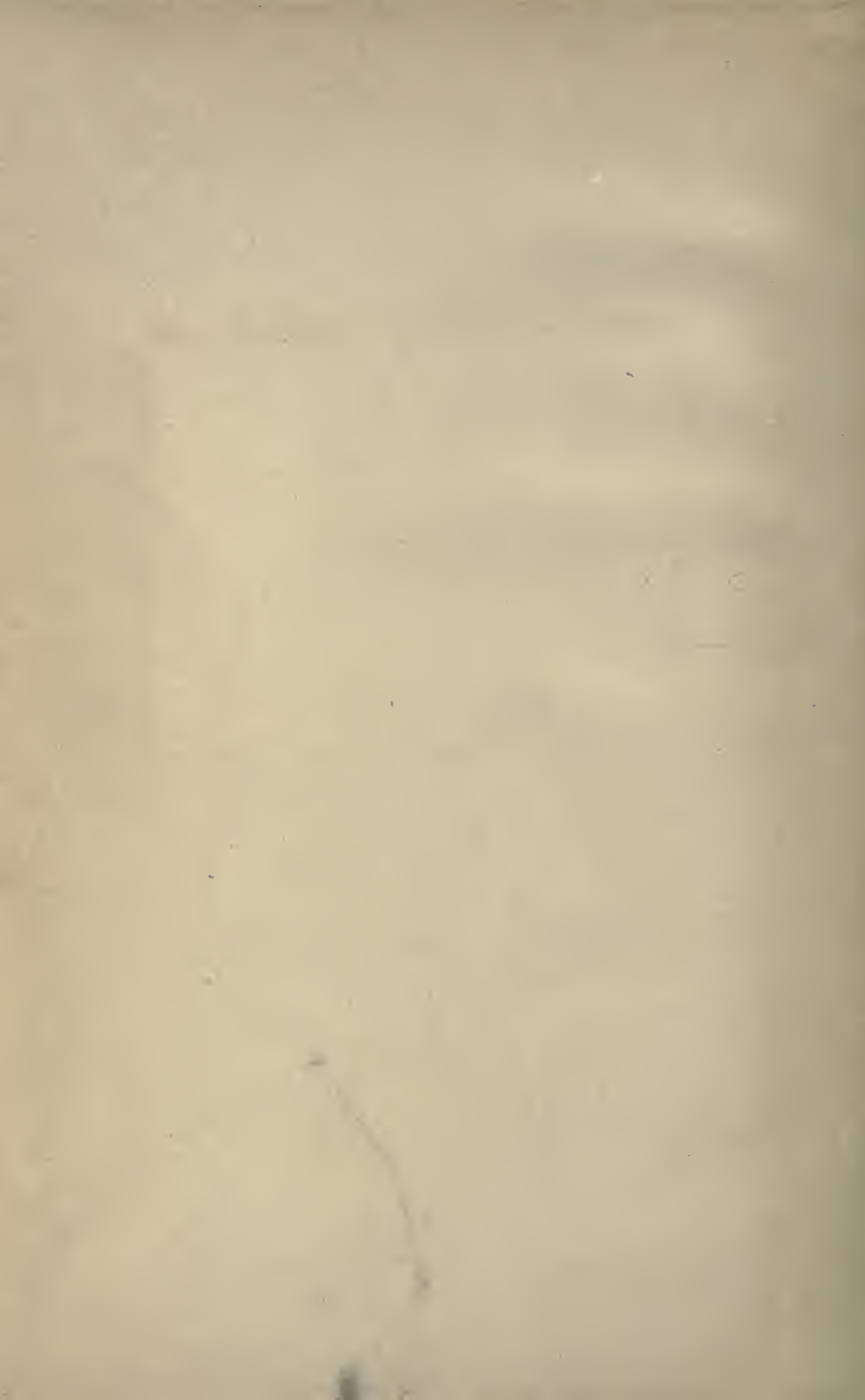
INDEX

Abbreviations	396	Corporations	
Abstracts		Definition of	253
Out-of-town banks' ledger	373	Directors of	254
Purchase ledger	288	Management of	255
Sales ledger	288	Officers of	255
Accounts, models for closing	289, 290	Organization of	254
Auxiliary books		Powers of	254
Customers' bill book	313	Reports of	256
Discount ledger	313	Stockholders of	256
Dividend book	257, 306	Correspondence clerk	
Installment book	256, 306	Duties of	332
Minute book	256, 306	Work for, 333-338, 351-356, 363-367	
Offering book	313	Credit exchange	378
Stock certificate book	258, 259, 306	Credit ticket	341, 377
Stock ledger	258, 306	Debit exchange	380
Stock transfer book	256, 306	Deposit ticket	322
Subscription book	257, 306	Discount clerk	
Balance ticket	380	Duties of	317
Bank, definition of	293	Work for, 308-313, 347, 348, 358, 359	
Bank accounting, books for	306	Discount register	
Banks		Description of	307
Expenses of	294	Model form of	308, 309
Kinds of	294	Discount tickler	
Profits of	294	Description of	307, 308
Utility of	293	Model form of	308, 309
Cash book, model forms of	272, 273, 344, 345	Dividends	256, 369, 372
Cashier's check	321	Draft register	335
Cashier's receipt	382	Exchange slip	375
Certificate of deposit	320	Franchise	256
Certificates of stock	255	General balance ledger	
Certified check	327	Description of	343
Certified check book	328	Model form of	343
Charge ticket	338	General bookkeeper	
Charging notes	330	Duties of	344
Check ticket	377	Work for	344-347, 358, 368-373
Clearing house		Individual bookkeeper	
Definition of	374	Duties of	340
Exchanges of	374	Work for, 340-342, 357, 358, 367, 368	
Officers of	374	Individual ledger	
Origin of	374	Description of	338, 339
Clearing-House proof	379	Model form of	339
Collection charges	317	Invoice register	
Collection clerk		Description of	274
Duties of	317	Model form of	272, 273
Work for, 314-318, 348, 349, 359, 360		Joint-stock companies	253
Collection register		Letters	
Description of	313, 314	Accompanying paper remitted for collection and credit	353
Model form of	312, 313	Accompanying paper remitted for collection and returns	356
Collection tickler		Advising that collections have been credited	331
Description of	314	Advising remittance of cash items for credit	334
Model form of	314, 315	Making remittance	366, 387
Corporations		Letters of credit	
Books peculiar to	256-259	Description of	383-385
Capital stock of	255		
Compared with partnerships and joint-stock companies	253		

Letters of credit			Protest	
Model form of	384, 385		Notice of	393
Manager's receipt	381		Protested paper	362, 368
Merchandise			Receiving teller	
Analysis of	292		Duties of	320
Classification of	288, 289		Work for, 322, 323, 349, 350, 360, 361	
National banks			Receiving teller's daily check sheet	
Capital stock of	295		and proof	
Circulating notes of	297		Description of	320
Clerks of	299		Model form of	319
Corporate powers of	298		Remittance register and out-of-town	
Distinguishing features of	294		banks' ledger	
Officers of	299		Description of	332, 333
Organization of	295		Model form of	332, 333
Redemption fund	297		Review questions	270, 304
Restrictions upon	299		Runners	330
Tax on circulation of	297		Settling clerk's statement	376
Note teller			Special agents	336
Duties of	329		State banks	
Work for, 330, 331, 351, 352, 362, 363			Compared with national banks	303
Opening entries			Contrasted with national banks	303
For corporations	257		Organization of	303
For national banks	300, 301		Statements, model forms of. 286, 287, 288,	
Pay roll	278		370, 371	
Paying teller			Stock	
Duties of	327		Common	255
Work for, 328, 329, 350, 351, 361, 362			Preferred	255
Paying teller's daily check sheet and			Treasury	255
proof			Watered	255
Description of	323, 326		Surplus fund	369, 372
Model form of	324, 325		Trust companies	
Petty cash book	279		Business of	302
Private banks			Organization of	302
Functions of	304		Trusts	353
Organization of	304		Undivided profits	372
Protection to creditors of	304		Voucher book	269
Protest			Voucher check	270
Certificate of	392		Voucher and check combined	268
Fees	368		Voucher system of accounting	266







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