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AN ELEMENTARY MANUAL OF BUSINESS METHODS

By JOHN KING GREBBY

LATE EXAMINER IN "HANDWRITING AND CORRESPONDENCE" AND ALSO IN "BUSINESS TRAINING" TO THE ROYAL SOCIETY OF ARTS; FORMERLY PRIVATE SECRETARY TO THE LATE SIR COURTENAY BOYLE, K.C.B.; AUTHOR OF "MODERN COMMERCIAL CORRESPONDENCE"

EIGHTH EDITION

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A NEW WORK ON ENGLISH COMPOSITION.

The English Way; A Text-book on the Art of Writing By B. L. K. HENDERSON, D. Lit.Lond. Crown 8vo, 376 pp Price **7/6** net. This book deals in a very fresh way with the all-important subject of English Composition. The author, apart from his high academical qualifications, is specially equipped for writing such a book since he has been teaching and lecturing upon the subject for the past twenty years. The scope of *The English Way* renders the book suitable for students preparing for Matriculation, the Oxford and Cambridge Locals, the Institute of Bankers, the Preliminary Professional Examinations, and the Examinations of the Lancashire and Cheshire Union, the Royal Society of Arts, the London Chamber of Commerce, etc.

INTRODUCTION

THE foundation of success in Business lies in the possession of good moral character, coupled with mental and physical vigour; in the ability to write, neatly and plainly, simple, grammatical English, and in a thorough grip of Elementary Arithmetic and Geography. Any youth possessing these qualifications will be gladly welcomed by business men, even though he is quite ignorant of the methods and machinery of business; and the same qualities and attainments which make him an acceptable recruit will, if strengthened and extended, fit him to occupy creditably the higher positions open to him.

The Next Step. The junior with intelligence and ambition will wisely seek every possible aid in his business career. It would take years for him to acquire by experience alone the knowledge possessed, say, by a man competent to control a large counting-house. During those years he would be occupied with the business in its isolated parts. Each successive promotion could bring a further extension of his knowledge, but some years would elapse before the isolated parts would become related in his mind, and he would be able to take a comprehensive view of a large business as an organized whole. There is therefore every reason why the junior should begin to make acquaintance with the entire machinery of business while he occupies a lowly position, or while he is still at school or college. Such knowledge will give him a more intelligent interest in the particular work in which he is actually, or shortly to be, engaged, enable him to grasp promotion, and, having grasped it, to retain his hold.

Ever a Student. The junior must not, therefore, be content with the knowledge already acquired, but, by continuous and systematic study, enlarge his knowledge (*a*) generally, (*b*) specifically, in accordance with the requirements of the particular branch of business in which he is concerned.

The Lines of Study. I have said that the junior must be a student; and I shall indicate here the lines upon which his studies

may profitably proceed. The Board of Education rightly discourages the isolated study of such subjects as shorthand and typewriting, and seeks rather to induce students to qualify in particular courses of study which, while they may include proficiency in shorthand and typewriting, aim at giving the student a thorough all-round knowledge, calculated to develop his mind and fit him, not merely for more or less mechanical posts, but for enlarged spheres of action. In this they are ably supported by the education committees throughout the country, and the many excellent private teachers who prepare candidates for the examinations held by the Royal Society of Arts, the London Chamber of Commerce, the National Union of Teachers, the Union of Lancashire and Cheshire Institutes, the Midland Counties Union of Educational Institutions, the West Riding County Council, the Bankers' Institute, the Institute of Chartered Accountants, the Society of Accountants and Auditors, the Chartered Institute of Secretaries, the Surveyors' Institute, &c.

I will assume that the student has progressed no further than is indicated in the opening paragraph of this book—that is to say, he is able to write a fair hand, possesses a good knowledge of English, geography, and arithmetic—and, further, that he will avail himself of the courses of study offered by the numerous schools and colleges in London and the provinces, or the assistance of some fully qualified private teacher, with a view of gaining a diploma from any of the examining bodies already mentioned. To take the subjects in some kind of order, I begin with Handwriting.

Handwriting. It is true that the pen does not play the exclusive part in office work that it formerly did, but it is well to remember that the greater proportion of clerical work is still done by its use. It is true, also, that the ability to write a good hand is now a common instead of a rare accomplishment; but large numbers of youths who could write well appear to consider it more consistent with their dignity to write badly. This is a foolish affectation. Nine out of ten successful applicants for junior posts are chosen because, amongst other things, their letters of application are well written. A bad writer would never be appointed to keep a ledger, or given the post of invoicing clerk, or, indeed, any post where good penmanship was a consideration. And an employer who could not promote an assistant one step at a time would require a good deal of persuasion to promote him two or three steps at a time. Every one, then, should strive to acquire good handwriting. Let it be free, bold, and plain, with short loops, on the lines of what is usually termed the Civil Service style.

Shorthand and Typewriting. A knowledge of these subjects is extremely useful in the early stages of a commercial career, and in many departments of business essential. Apart from their intrinsic worth as time-savers, which modern business could not dispense with, they are an undoubted aid to accurate spelling and punctuation, they foster habits of neatness and orderliness, and they bring to the junior's knowledge many kinds of commercial documents which in the ordinary way he would not handle. The shorthand-writer and typist is usually in close touch with his principal or manager, who is thus enabled to form a good judgment of his character and ability. Not infrequently the foundation of a successful business career is laid by the way in which the junior discharges these duties. In typewriting a speed of from 40 to 50 words, and in shorthand a speed of anything between 90 and 120 words per minute is, generally speaking, sufficient for commercial work.

Foreign Languages. French and German are the most widely used foreign languages in commerce, and the student would do well to acquire a knowledge of one or both these languages. He should learn to *speak* the foreign tongue as well as to *write* it. One frequently meets men perfectly competent to write a French or German letter of an ordinary type who are quite unable to carry on an effective conversation in the language. The question which foreign language the student should concentrate upon is, however, a relative one. It often happens that the foreign language most useful in a particular business is not either French or German, but Spanish, Russian, Portuguese, or an Eastern language—Japanese or Chinese. The discipline of acquiring this language, whichever it may be, would have an immediate beneficial effect, bracing the mind and developing the character of the student; and later, should the need for sending out a representative or establishing a branch abroad arise, such knowledge, other things being equal, would give the assistant who had had sufficient foresight and resolution to acquire it a good chance of being selected for the post.

Geography. The geographical knowledge of most use in business is geography that has a distinct commercial and economic bearing. It should include a knowledge of the trade routes of the world, the distances between different ports, the products shipped from them, the steamship and sailing-ship lines serving them, the average time of transit between different ports (*a*) for steamships, fast and slow, (*b*) for sailing vessels. The student should know the chief railway systems of the world and the districts served by them, and be able to give the towns

through which he would pass on a journey, say, from London to Aberdeen, Exeter, Dublin, or Cork, and the routes he would follow from London, say, to Vienna, Vladivostock, or Brindisi. He should know the courses of the great canals in the British Islands, and have a clear notion of the advantages and disadvantages of canal over railway or steamship transit. He should possess a good working knowledge of canal, railway, and steamship rates, and be familiar with the cable systems of the world and the variations of time in different parts.

English. There are few more important subjects than this, and yet few in which the ordinary junior more frequently fails. The student is recommended to practise composition by paraphrasing passages from the standard English authors, and by making *précis* of their contents. Another very valuable aid to proficiency in the kind of composition best suited to business letters is to read through and study a good collection of actual business letters, such as are given in books on commercial correspondence. Careful study of such a collection will enable the student to form a correct style of his own, and, further, serve to make him familiar with the terms and phrases and methods of business adopted in particular trades. Works such as Dr. Abbott's "How to Write Clearly," Trench "On the Study of Words," and Dr. Henderson's "The English Way," should be in the hands of every student and thoroughly mastered.

Arithmetic. The student should diligently practise himself in summing long series of figures, set both horizontally and vertically, termed "long and cross tots," and in *mental* arithmetic. Calculations requiring the aid of a pencil should be worked by short methods, which now find a place in text-books on arithmetic. These short methods are particularly advantageous in the case of interest calculations, and in expressing decimal parts of a pound in sterling. He should be acquainted with the monetary systems of the world and with the metric system of weights and measures, and be able easily to convert the currency of one country into the currency of another, and to express English weights and measures in terms of the metric system.

Book-keeping. This is probably the most important of all commercial subjects, and the student should not be satisfied till he has thoroughly mastered the principles of Double Entry, the preparation of Trial Balances, Cost, Trading, Profit and Loss Accounts, Balance-sheets and Income Tax returns, the methods of dealing with Branch, Consignment, Joint, Royalty, Partnership, and Companies' accounts, the procedure followed in

converting private businesses into Limited companies, and in winding up private and companies' businesses.

Further Remarks. I have indicated in the foregoing brief notes the lines on which the student should proceed to qualify for ordinary business positions, but as his responsibility widens fresh demands will be made upon him. If he is to win any of the *prizes* of commerce he will see the necessity for continuing his knowledge of the principles and practice of book-keeping into the higher regions of *Accountancy*, and into those specialized branches of commercial activity, such as, *e.g.*, *Insurance*, with which all business men are brought into contact. But add to his knowledge as he will, it cannot be too strongly emphasized that the great factor of success in Business Life is that of which I have spoken in the opening paragraph of this book, viz., good moral character. Experience in general amply demonstrates that failure in business is more frequently attributable to moral than to intellectual weakness.

In this connexion I may, perhaps, advocate the wisdom of adding some counterpoise to the strain of business by both mental and physical recreations. The relaxation of mind secured by the pursuit of some branch of study or rational hobby, and by regular outdoor exercise in any of the various departments of athletics, offers an ample reward in the resulting increased elasticity of mind. Many an unpleasant business episode which would otherwise rankle in the mind and produce a baneful harvest of jealousy, distrust, and peevishness of temper is thrown off and forgotten by what has happily been called " the expulsive power of a new affection."

CHAPTER I

ANSWERING ADVERTISEMENTS; RECORDING INWARD CORRESPONDENCE; COPYING AND INDEXING LETTERS

As a general rule the position of junior clerk is obtained by means of a written application in response to an advertisement in the public press. Perusal of the advertisement columns in the more considerable of the London and provincial dailies will reveal quite a number of advertisements worded in some such style as the following:

> Youth required in firm of wholesale tea-dealers. Must be good writer and quick at figures. One just left school preferred. Apply Box 3742, *Daily Telegraph* Office.

Seeing that the applicant's reply is the only ground on which the advertiser can form a judgment of his would-be assistant's fitness for the post, considerable care should be exercised in framing the letter. An application in which nothing is definitely stated but everything left to inference is certain to be unanswered. Such a letter as the following, for example, would be quite useless:

> DEAR SIR,
>
> In reply to your advertisement in the *Daily Telegraph*, I should like very much to get into a wholesale tea firm, and if you care to see me I will call on hearing from you.
>
> Yours respectfully,
> WILLIAM BROWN.

So, too, would be an impolite, illiterate, and immodest application like this:

> GENTS,
>
> Seeing your advt. in the *Daily Telegraph* to-day I think I would suit you as I am good at arithmetic and write better than I do sums as you will judge from this. Let me know when you can see me so as I can call.
>
> Yours ffy,
> ALBERT TOOGOOD.

The first thing to do is to read carefully through the advertisement, and note particularly the qualifications required by the advertiser. In this instance they are two in number: (1) Good writing, (2) quickness at figures. Assuming that the applicant possesses these qualifications, it should be remarked also that a boy who has just left school is preferred. Remembering, too, that an employer always desires some knowledge of the personal character of the applicant, or to be put in a position to make the necessary inquiries about him, and that the advertiser is a wholesale tea-dealer, we can proceed to draft a reply:

15 ARLINGTON ROAD,
TOTTENHAM, N.
July 15, 1932.

SIR,

I see in this morning's *Telegraph* that you advertise for a youth.

I am sixteen years of age, and left, only three weeks ago, the Higher Elementary School, Tottenham, where I stood third boy in the 7th Standard. I think I may say I am quick at figures, and this letter will enable you to judge my handwriting.

My late headmaster, Mr. W. Simcox, to be addressed at the school, has kindly promised to speak for me, and I think you will find that his reference will give you every confidence in my fitness for the post.

I may add that my father conducts a retail grocer's business at this address, and I have therefore some acquaintance with the tea trade.

Trusting to receive the favour of an appointment,
I am,
Yours respectfully,
ROBERT ALLPRESS.

There are a few other points to which I may direct the student's attention. He will note that I begin the letter, not with *Dear Sir*, but with *Sir*, as being more respectful, and that I conclude the letter with some formality for the same reason. He will also observe the comma after the salutation *Sir*, and the commas after the separate divisions of the complimentary close of the letter, *I am*, *Yours respectfully*. Lastly, I may express the hope that when the student himself comes to apply for a situation his letter will be as free from blots, erasures, misspellings, and other disfigurements, and be as accurately spaced and paragraphed as is the letter here printed.

Recording Inward Correspondence. In almost every business house inward letters, telegrams, &c., are recorded in a *Letters Received* Book. The record of each letter is naturally of the briefest possible character, but if accurately kept it is valuable; *e.g.*, in cases where the receipt of a letter is in dispute, reference

to the record would decide the point. Letters are usually opened by the Principal, the Manager, or Head Clerk, who stamps them and any enclosures with a rubber dating stamp; the junior then makes the record in the Letters Received Book at the dictation of the opener. The entries of such letters would appear somewhat as follows:

DATE	NAME	ADDRESS	PARTICULARS
1932			
Feb. 15	Henderson, James, and Son	Calcutta	Order and 90 d/s dft. for £115 10s. 6d.
	Woodland and Archer	London	B/L&Frt. a/c £3 10s. 7d.
	Forward Bros.	Bermondsey	Invoice £12 10s. 9d.
	Jones, Alfred	Leeds	Complaint *re* delivery

Copying Letters. An exact copy of all outward correspondence must be made prior to its despatch. This is necessary in order that full particulars of everything that has been said and done by the firm may at all times be accessible. A letter may form part of a written contract, and if a written contract is disputed the issue is decided by the terms of the letters or other documents embodying the contract. It is highly important, therefore, that all letters should be copied.

Letters may be copied in one of three ways, by:

(1) The Copying Press; (2) Carbon Paper;
(3) the Rotary Copier.

The Copying Press. This is the oldest method of copying letters, and compares unfavourably with Carbon or Rotary copying in that it is (*a*) more expensive, (*b*) less expeditious, (*c*) insanitary, and (*d*) offers less facility for reference. A copying outfit consists of (1) A Letter Book, composed of 250, 500, or 1000 tissue or buff porous leaves, numbered in rotation, and strongly bound, with an alphabetical index at the beginning of the book; (2) Oil Sheets; (3) Drying Sheets; (4) Water Well; (5) Damping Brush; (6) Copying Press.

To Copy a Hand-written Letter. An oil sheet is placed on the back of the last used leaf of the letter book, and the leaf following, on which the letter is to be copied, is turned on to the oil sheet. The brush, previously wetted in the water well, is then drawn lightly across the tissue leaf—care being taken to leave a dry space at the numbered corner and along the whole length of the

inner bound edge of the leaf—a drying sheet is placed over the wet surface, and over the drying sheet another oil sheet. The book is then closed and placed in the press (the back of the book is kept just outside the iron plates of the press to prevent injury to the binding), and the whole pressed sufficiently for the drying sheet to absorb the superfluous moisture. The book is then taken from the press, the drying sheet removed, and the letter, *which must be written in copying ink*, is placed face downwards on the back of the damp leaf. The whole is then pressed for a few seconds, and when the letter is removed from the book a clear facsimile copy will be found on the damp leaf. The oil sheets should be left in the letter book to keep the still damp leaf from contact with the other dry leaves, and care must be taken to have the tissue or buff leaf of the right degree of dampness. If too wet both the letter and the copy will be blurred ; if too dry the copy will be faint and difficult to read.

To Copy a Typed Letter. When copying a typed letter, which must be typed with a copying-ink ribbon or pad, the damping brush is discarded in favour of a *Copying Bath*, which consists of a tin tray containing a number of damp linen or rubber sheets. One of these damp sheets is placed upon an oil sheet, and the leaf of the letter book is allowed to fall on the damp surface. The letter to be copied is then placed face downwards on the back of the tissue leaf, and an oil sheet placed on the back of the letter, and the whole pressed as before for about two minutes. A typed letter requires longer and firmer pressure than a hand-written letter, as the ink is not so readily given off from a typed as from a hand-written letter.

Carbon Copying. This is a more modern method of copying letters than press copying. It is quicker, cleaner, and less expensive than press copying, permits a large number of copies to be made, and affords easier reference, as the copy, being loose, can be filed with the letter to which it is a reply. It is particularly useful where a copy of the same document has to be sent to a number of different persons—seven good copies being attainable at one operation. The process is very simple. The typist places a thin sheet of paper behind the letter heading on which the letter is to be typed, and between the two a sheet of blue or black carbon paper. The whole is then inserted in the machine, and the letter is typed in the ordinary way. The impact of the type bars is felt by the carbon behind the letter heading, and an exact duplicate of the letter is produced upon the thin sheet.

Rotary Copying. This is the most modern and the most

effective of the copying methods. The cumbersome apparatus necessary for press copying is entirely dispensed with, its place being taken by a compact machine. The paper on which the letters are copied is specially prepared—no water or drying sheets being required—and done up in rolls. The roll of paper is fitted into the machine, and the letters to be copied are fed into the machine by turning a handle. As the letters are copied they are returned at the foot of the machine to the operator, the copies being stored in a roll and afterwards cut off by a lever-knife fitted to the machine—the knife cutting as many as seventy sheets at once.

Indexing the Letter Book. To facilitate reference, all the letters copied in the letter book are indexed. The indexing may be done (1) in the letter book itself, or (2) by a card index.

Indexing in the Letter Book. In this case the alphabetical index at the beginning of the book is used, the entry consisting of the name of the correspondent and the number of the leaf on which the letter is copied. Assume that letters have been written or typed to the following correspondents:

> *Mr. Walter Wynne, Messrs. James Stewart and Brown, Armitage Robinson, Esq., Dr. Howard Williams, Sir James Crichton-Browne, Bart., the Right Hon. H. H. Asquith, M.P., the President of the Local Government Board, Messrs. Byrne Bros. and Co., F. Spenlove-Spenlove, Esq., Miss Marjorie Bowen, Messrs. E. Rice and Co., Mrs. Ridler, Messrs. Rickett, Smith and Co., Messrs. Spillers and James, Ltd., the General Manager, Great Western Railway Co., the Eureka Trading Co.*

The record in the index, under the appropriate initial letter, will appear as follows:

Asquith, Right Hon. H. H.	12, 18, 56 *
Byrne Bros. and Co.	13, 20
Bowen, Miss M.	14
Crichton-Browne, Sir J.	15
Eureka Trading Co.	16, 21
Great Western Railway Co.	17
Local Government Board	19
Robinson, Armitage	22, 43
Rice, E., and Co.	23, 85, 96

* The references will, of course, be the actual pages on which the letters to these correspondents are copied.

Ridler, Mrs.	24
Rickett, Smith and Co.	25
Stewart and Brown	26, 31, 34, 60, 68, 79
Spenlove-Spenlove, F.	27
Spillers and James, Ltd	28, 92
Wynne, W.	29, 83, 86
Williams, Dr. Howard	30

As the letters are recorded in the index a small tick or other mark in blue pencil should be made close to the number at the top of the page to show that it has been indexed. It will be noticed that the letters to Stewart and Brown are somewhat numerous, and if a particular letter were required, the date of which was not known, it would necessitate turning up the index entries in order before it could be discovered. To obviate, to some extent, such a loss of time, each letter to a particular correspondent is cross-referenced to the letters to that correspondent preceding and following it. This cross-referencing is in the form of a fraction, which, to be conspicuous, is usually written in large but neat figures with a blue or other coloured pencil. The cross-referencing on Stewart and Brown's letters would appear as follows:

Leaves on which the letters are copied	26	31	34	60	68	79
Cross-references	$\frac{\text{—}}{31}$	$\frac{26}{34}$	$\frac{31}{60}$	$\frac{34}{68}$	$\frac{60}{79}$	$\frac{68}{\text{—}}$

The blank in the last cross-reference would be filled in when the next letter to Stewart and Brown was copied and indexed; the blank in the first cross-reference would remain blank, unless letters to Stewart and Brown had been copied in a previous book, and then the reference would be to that book.

The index above described is of the simplest possible kind, the names being entered in accordance with the initial letter, all names beginning with A under A, all beginning with B under B. It will be readily seen, however, that if the entries in a particular index numbered many thousands, instead of something less than a thousand (the maximum capacity of the ordinary letter book), further subdivision would be necessary. Accordingly we find that in the case of directories, dictionaries, and other large indexes the entries under A proceed in the order Aa, Ab, Ac, &c., Aaa, Aab, Aac, &c., and so on throughout for each letter of the alphabet. Thus the word *Academician* would precede the word *Academy*, and in this instance the order of entry is arranged to

the seventh letter. Another system of indexing, mostly used in Government offices, is known as the *Vowel System*. Each letter of the alphabet is divided into six divisions, and entry is made in any one of the six divisions according as the first vowel after the initial letter of the word indexed is *a*, *e*, *i*, *o*, *u*, or the letter *y*, which has the force of a vowel. Thus, instead of one division to the initial letter A, there would be six :

Aa	Ae	Ai	Ao	Au	Ay
Abr*a*hams	Allpr*e*ss	Atk*i*ns	Ant*o*ny	A*u*monier	A*y*scough

and so on for the other initial letters :

Ba	Be	Bi	Bo	Bu	By
B*a*rrett	B*e*rtram	B*i*nyon	B*o*rrow	B*u*lmore	B*y*wood

Card Index. This is a better system than that of the index in the letter book, for if the separate cards are sufficiently large one card will provide an index to a dozen letter books. The card may also serve other purposes. It may not only be an index to the letter book—*i.e.* the outward letters—but to the letters, inquiries, &c., received, give the full address and other particulars of a firm, the folio in the ledger on which their account is kept, and the number of the folder in which their correspondence is filed for reference. Further, such an index is capable of indefinite expansion, and as firms drop away their cards can be removed and their places given to fresh cards recording particulars of new customers. A card index may consist of a single drawer of cards or a number of drawers, and the cards can be ruled for any set of particulars as required. The cards may either be loose in the drawers and kept in their places by an adjustable block, or threaded on a rod which passes through the drawer. They may be arranged (1) numerically, (2) alphabetically, (3) geographically according to countries, districts, counties, or towns. Whatever classification is adopted, reference to the cards is further facilitated by guide cards, which project above the ordinary index cards. A card index can be seen at any public library.

General Hints : the Care of the Letter Book. 1. Never tear spoiled leaves from the letter book, but cancel them with blue pencil, giving the reference to the unspoiled copy.

2. Repair torn leaves with gummed paper.

3. See that all the leaves are kept perfectly flat. Sometimes a letter book is closed hurriedly, and the leaves get crumpled, particularly the top corners of the leaves where the numbering is.

All crumpled leaves must be straightened out, or facility of reference will be much impaired.

4. The leaves of a letter book are only numbered on one side. See that all letters are copied on the back of the leaf, so that the letters are always read on that side of the leaf on which the numbering is.

TEST PAPER I

1. How is the position of junior clerk usually obtained ?

2. Frame an advertisement such as a merchant requiring a junior clerk would be likely to insert in a newspaper.

3. What precautions would you take when replying to an advertisement for a junior clerk ?

4. Reply to the following :

> Junior clerk wanted for engineer's cost office. Must be quick and accurate and with some little experience.—Address A. B., Box 254, *Manchester Guardian* Office.

5. Albert Toogood's letter (see p. 6) is described as " impolite, illiterate and immodest." Criticize the letter from these three points of view.

6. How is the inward correspondence recorded ? What purpose does the record serve ?

7. Why must all outward letters be copied ? Which is the best method of copying letters, and why ?

8. Describe the method of copying a letter by the copying press, the carbon process, and the rotary process.

9. Describe the methods of indexing a letter book.

10. Write a short essay on " Punctuality is the Soul of Business." (N.U.T.)

11. Reply to the following advertisement :

> Junior clerk wanted. Must be good at figures, good writer and have a knowledge of shorthand. State age, wages, and reference. Address A 195, *Birmingham Daily Post.* (Mid. Counties U.)

12. Letters have been sent to the following correspondents : Messrs. Arthur Tooth and Sons ; Messrs. Wood, Son and Co. ; the Rev. Gunion Rutherfoord ; the Assistant Secretary, London and Provincial Exchange ; Mrs. Emily Radford ; the Rix Smelting Co. ; Dr. John Abbott ; The Headmaster, St. John's College, Leatherhead ; John Powis-Foote, Esq. ; Messrs. Edward Gray and Fitch ; Messrs. Anthony Schröder and Son ; Messrs. Spellers and Bakers, Ltd. ; Messrs. J. Lyons and Co., Ltd. ; the Grafton Fur Co. Index them alphabetically as you would in a letter book index.

13. Index the following on the vowel system : Messrs. Byward Bros. and Ward ; Messrs. Bertrams, Ltd. ; Messrs. Babcock and Wilkins ; Messrs. E. Batger and Co. ; Mr. A. J. Baldwin ; Mr. C. Bannister ; Messrs. E. Benetfink and Co. ; Messrs. Bell and Bradfute ; C. J. Buvington, Esq. ; Messrs. Charles Bemrose and Co. ; Mr. John Bretts ; Messrs. Biddulph, Son and Sharman ; Messrs. Bingley and Follitt ; Messrs. Edward Binks and Son ; Lieut.-General Sir Bindon Blood ; Mr. John Birdsall ; Messrs Bidewell Bros. ; J. A. Boddy, Esq. ; the Bollo Hand Laundries, Ltd. ; the Bude Trading Co. ; Messrs. Barclay and Co., Ltd. ; Messrs. Byles and Roden ; Mr. John Biden ; the General Manager, Brennan Explosives Co.,

Ltd.; the Bultfontein Mining Co., Ltd.; the Bonanza Exploration Co.; Messrs. J. H. Barraclough and Sons.

14. Rule a form of inward correspondence book, and enter six communications.

15. In what ink must a letter be (*a*) written or (*b*) typed in order to be press copied?

16. How are carbon copies of letters obtained?

17. Mention a few points which the junior should observe in his care of the letter book.

18. What is a card index? Describe its advantages over other indexes.

19. Describe cross-referencing as applied to the letter book and illustrate your description by an example.

20. Make a vowel index for the following: The Effra Paper Mills, Ltd.; Mr. James Elkington; Lieut.-General Ewart; Messrs. Empson and Dudley; Messrs. Entwistle Bros.; Mr. B. Ewins; Mr. R. Engelbach; The Secretary, Empire Trading Co., Ltd.; Mr. G. Egton; Mr. Justice Eve; Mr. Seth Enoch; The Erasmic Soap Co.; The Publisher, *Eatanswill Gazette*; Dr. Edenbridge; Messrs. Eckroyd and Ampthill; Esmond's Dry-Cleaning Co., Ltd.; Messrs. Eggers and Co.; The General Manager, Ellangowan Spinning Co., Ltd.; Mr. Thomas Esson; Prof. Euler; Mr. Walter Emmanuel; George Eliot; The Rt. Hon. Lord Ebury; Miss Eyton; Mrs. Ebbsmith; Messrs. Erdmann and Schwann; Sir James Etty, Bt.; the Etruria Pottery Co., Ltd.; Messrs. Ennever Bros.; The Economic Furnishing Co., Ltd.; The Ensign Advertising Co., Ltd.; Col. Sir Robert Eames; The Ellerman SS. Lines, Ltd.; Miss May Edmundsen.

CHAPTER II

FILING CORRESPONDENCE AND MULTIPLYING COMMERCIAL PAPERS

Filing Correspondence. The best system of preserving correspondence is one that brings both outward and inward correspondence together—*i.e.* one where the answer to a letter is filed with the letter to which it is an answer. The system of *Filing* fully provides for this juxtaposition, but as many firms still adopt the older method of *Docketing* for inward communications, this also must be mentioned. There are, then, two systems of preserving commercial papers:

(1) Docketing.
(2) Filing, divided into (*a*) Flat, (*b*) Vertical filing.

Docketing. This method, notwithstanding its antiquity, is still widely used, especially in professional and the smaller commercial offices. Assuming that letters, invoices, and paid statements are all treated in this way, two or three nests of pigeon-holes will be required—one nest of twenty-four for the letters, and either one set for invoices and paid statements combined, or one set for each. The letter is folded in the direction of its length, to open from right to left, once for 8vo, twice for 4to and three times for foolscap size, so as to reduce all to a common dimension of width. On the outside at the top are neatly written (1) the name of the correspondent; (2) the town; (3) the date, with (though this is frequently omitted) (4) the briefest possible note of its contents. *E.g.:*

Howard and Sons		*Adams and Hyslop*
London, Mar. 14, 1935	or	*Leeds,* 15/4/1935
Order		*re Damaged Goods*

This is the docket. The docket on an invoice or paid statement is somewhat different; *e.g.:*

Howard and Sons *London*, 14/5/1935 £10 0 6	Invoice docket	*Adams and Hyslop* *Leeds* *Jan.–June*, 1935 £116 10 6	Paid statement docket

When the letters, &c., have all been docketed they are distributed amongst the pigeon-holes in their respective nests—A under A, B under B, &c. In cases where much correspondence passes to and fro, as, *e.g.*, between a firm and its traveller, a special pigeon-hole could be assigned for its reception. At stated periods, once a month if the correspondence is fairly heavy, but otherwise at longer intervals, the pigeon-holes are cleared and the letters, &c., sorted both alphabetically and in order of date, and then tied up into bundles between thin paper-covered boards or stout cards a little wider than the folded letters, &c., to prevent the string or tape from cutting their edges. The contents of each bundle are then clearly marked on the outside, and the bundles stored away in boxes, on the outside of which the contents are also indicated. This marking should be done in block letters—*i.e.* in letters of the same height and thickness; *e.g.*:

LETTERS A—L Jan. to Mar. 1935	PAID STATEMENTS 1935	INVOICES Jan. to June 1935

The student will at first find this block lettering a little troublesome, but if he will devote an hour or two in odd moments to copying the following model he will soon gain proficiency:

A B C D E F G H I J K L M
N O P Q R S T U V W X Y Z
1 2 3 4 5 6 7 8 9 0

Filing: Flat System. This is a great advance upon docketing as it not only permits much readier reference, but the outward correspondence, which has either been duplicated by the carbon process and then copied in the letter book, or copied on a rotary copier, can be filed with the inward correspondence to which it relates. There are many makes of flat files, of which, perhaps, the *Pilot* and the *Shannon* may be taken as typical examples.

The Pilot File. This file consists of a stout binding case, from the lower cover of which project two small hollow tubes about

3½ inches apart. The letters or other papers to be filed are punched with two circular holes, the same width apart as the hollow tubes, by means of a small machine made for the purpose, and threaded upon the hollow tubes. The file is then closed by a steel staple, the prongs of which fit into the hollow tubes. The papers are secured by a movable spring attached to the staple, which is pressed into position when the staple has been fitted into the tubes, and the whole is then further secured by a small catch which moves freely along the horizontal bar of the staple and fits into a metal slot permanently fastened to the back of the binding case. This file opens like a book, and the alphabetical divisions are indicated by stout manilla covers lettered on the outer edge like the index of a letter book or ledger. The letters are filed alphabetically, dictionary-wise (see p. 12), in order of date; *i.e.* the most recent letter sent to or received from a particular correspondent appears at the top of that person's correspondence. Letters can easily be referred to, added to, or removed from the file without disturbing the order of the papers. The number of files required varies with the size of the business. They can be used singly, one for the whole alphabet for letters, one for accounts, one for invoices, &c., or the alphabet can be divided between three, six, twelve, twenty, thirty, fifty, or more files.

The Shannon File. This file consists of a cabinet of from four to sixty-four compartments, standing upon a strong base, which is used as a cupboard for storing old papers that have been removed from the file. Each compartment contains a file in the form of a drawer, which can be completely removed from the cabinet. The papers are punched and threaded upon two spikes projecting from the base of the file, the divisions of each file being indicated by manilla covers lettered on the outer edges as in the case of the Pilot. When the papers have been filed and the file is to be closed, a stout cardboard cover hinged to an eyeletted metallic plate (so that it can be thrown back when reference is being made to the file) is threaded upon the spikes and a double arched spring, fitted to the base of the file, is pressed over the tops of the spikes. The drawer is then placed in the cabinet. A metallic frame is fitted to the front of each drawer, into which a card indicating the contents of the drawer is slipped. A filing cabinet of twenty-four drawers might be arranged as follows:

Letters
- 1 drawer each for A, B, C, D, E, F, G, H, K, L, M, N, S, T.
- 1 „ „ I & J, O & P, Q & R, U & V, W to Z.

1 drawer each for Invoices, Statements, Travellers' Correspondence, Business Statistics, and Management.

Upright Filing. This system marks a still further advance in the filing of commercial papers. A cabinet is used as in the case of the Shannon, but the drawers are much deeper, as the papers do not lie horizontally in them, but vertically. A stout manilla cover, termed a *folder*, is given to each customer. The back of the folder is a little higher than the front, so that the customer's name lettered upon it shows above the level of the front part of the folder and the papers enclosed in the folder. All the letters received from, and the copies or carbons of letters sent to, a particular correspondent are placed, in order of date, in that correspondent's folder. The folders may be arranged in the drawers alphabetically, geographically, or in any other convenient order (see p. 12), but they are more frequently numbered in rotation and arranged numerically. Where the numerical arrangement is followed a card index is used (see p. 12), and the index may be so arranged that the number given to a particular customer's folder is the number of the folio on which his account appears in the ledger. All filing cabinets can be, and usually are, fitted with locks, or roller shutters and locks, so that privacy is secured for the papers contained in them.

MULTIPLYING COMMERCIAL PAPERS

In most businesses the need arises from time to time for multiplying copies of a particular commercial document, *e.g.* a circular, price list, or special offer, &c. This, when the printing press is not used, is usually done either by (*a*) the Hectograph, or (*b*) the Stencil Process.

The Hectograph. This is an old-fashioned method which, from the point of view of effectiveness, is least to be recommended. The apparatus consists of a metal tray, a tin of gelatine, and a bottle of hectograph ink. The gelatine, melted by putting the tin into boiling water, is poured into the tray and allowed to cool off into a solid mass with a firm and smooth surface. The circular, written or typed, in the special hectograph ink, upon non-absorbent paper, and unblotted, is placed face downwards on, and pressed upon, the surface of the gelatine. The gelatine absorbs the ink, and when the original is removed and a sheet of paper is placed on and pressed upon the gelatine, either by hand or a roller, a facsimile copy is given off. Care must be observed when taking the impressions not to leave the

paper on the gelatine for too long a time. When sufficient copies have been obtained the ink should immediately be washed off the surface of the gelatine with a sponge and warm water. To ensure clean and legible copies the gelatine should be periodically remelted. From forty to sixty good copies can be obtained, but for a greater number the gelatine should be washed and the writing of a fresh original impressed upon it. The foregoing method of multiplication is used chiefly by secretaries of societies for informing members of meetings, &c., or by large firms for staff announcements.

The Mimeograph. This is a much more effective process than the hectograph, and is largely used by business houses for circularizing customers, and for multiplying such things as market reports, &c. The machine consists of two parts: (1) a writing frame, and (2) a printing frame. The essential feature of the mimeograph is the *stencil*. A stencil may be (1) hand-made or (2) typed. If the stencil is to be hand-written a sheet of wax paper is stretched over the file-like surface of the writing frame and the matter to be reproduced is written upon the wax surface by means of a metal stylus. The stylus, travelling over the hard file-like surface on which the wax paper rests, cuts through and expels the wax, so that when the ink is applied to the surface it passes through the places scored by the pen and forms the letters and words on the paper placed beneath it. *When the stencil is to be typed* the ribbon or pad must be removed from the machine and the face of the type thoroughly cleaned. Then take the oiled tissue sheet, which acts as a protector to the wax sheet, and place it in front of the wax sheet; behind the wax sheet place the sheet of perforating silk, and behind that again the backing sheet, fold the sides and top of the tissue and wax sheets over the backing sheet, and then place the whole into the machine—tissue sheet toward you—and type the matter to be reproduced as you would an ordinary letter.

The stencil—either hand- or type-written—having been obtained, it is stretched and fastened into the printing frame of the machine. A sheet of paper is placed under it, the frame holding the stencil is then brought down upon the surface of the paper, resting upon the bed of the machine, and when an inked roller is played over the surface of the stencil and the frame is raised, an exact facsimile will be found upon the paper. The sheet is then taken out, a fresh one inserted, and the process repeated till a sufficient number of copies has been obtained. Before printing, the stencil should be well inked and trial impressions taken till the impression is found to be perfectly uniform in outline.

Rotary Multiplier. This is a machine which may be worked either by hand or by a small electric motor. A stencil is made as already described, and placed over a linen ink-pad stretched upon the outer surface of a perforated cylinder supported by a metal framework. The pad is inked by a rubber roller resting in an ink reservoir suspended between the two sides of the framework. By means of a lever the roller is brought into contact with the inside of the cylinder and supplies the necessary ink. The handle of the cylinder is rotated, and as the sheet of paper is fed into the machine it is gripped by a rubber roller, pressed against the stencil, carried round the revolving cylinder, and returned printed from the other side of the machine. From sixty to eighty copies of a circular can be produced per minute by hand, and over 100 per minute by motor, and some 5000 copies from a single original may be printed. The speed of the machine is very much accelerated in some models by an automatic arrangement for feeding the paper into the machine.

TEST PAPER II

1. Mention the different methods of preserving commercial papers.
2. Which system of filing would you recommend, and why ?
3. Give specimen dockets for the following : Invoice, Paid Statement, Letter.
4. Write the word *Estimates* in block letters, and show how you would label a bundle of paid accounts which had been rendered between the dates January 1 and March 31, 1925.
5. Describe a system of filing you would recommend for introduction into a large office.
6. Scheme out the way you would divide up a Shannon file of thirty-six compartments.
7. In what order may letters be arranged in a filing cabinet ?
8. Mention a few points that should be observed in connexion with the care of the letter book.
9. What is a Folder ? In what connexion is it used ?
10. Mention the ways, other than by printing, in which commercial papers are multiplied.
11. Whether is the Hectograph or the Mimeograph the better multiplier ? Describe the Mimeograph machine and the way you would use it.
12. Show how the following would be indexed in the letter book : The Rt. Rev. the Bishop of Wells ; Admiral Lord Walter Kerr ; General Kelly-Kenny ; Messrs. Arthur Tooth and Sons ; the Secretary, Madresfield Agricultural Society ; the Co-operative Wholesale Society, Ltd. ; Mr. J. Cornford Cope ; Messrs. C. M. Crompton, Sons and Co. ; Bovril, Ltd. ; the Saxe Trading Co. ; Price's Patent Candle Co., Ltd. ; Chief Accountant, Bank of England ; the Lamson-Paragon Supply Co., Ltd. ; the Editor, *Daily Telegraph ;* Mr. C. E. Martin-Edwards ; the President, C. M. Corkran Corporation ; Messrs. Horsfield, Sons and Mackrell Bros., Ltd. ; Messrs. Chas. Scribner's Sons ; Dr. W. Pitt-Payne ; Mr. Justice Scrutton ; the Rt. Hon. the Earl of Rosebery, K.G.

13. Take the first opportunity to inspect a filing cabinet and a nest of pigeon-holes, and then make a rough drawing of both from memory.

14. Reply to the following advertisement: "Junior Clerk required in the counting house of a large firm of Wholesale Druggists. Preference will be given to applicants having practical experience of counting-house work. Apply, stating age, salary required, and full particulars, to Box 6978, *Daily Telegraph*."

15. Write a letter to an imaginary friend instructing him how he should answer advertisements for situations.

16. Write a brief essay on the subject of "Preparation for Business Life."

CHAPTER III

ADDRESSING ENVELOPES; MAKING UP, RECORDING AND DESPATCHING LETTERS, PARCELS, AND TELEGRAMS; THE TELEPHONE

Addressing Envelopes. Few things are more annoying to business men than letters returned undelivered through being incorrectly or insufficiently addressed, or, as is sometimes the case, through not being addressed at all. Envelopes must be plainly and boldly written, the size of the writing, of course,



Messrs. Robert Falconer & Co.,
129 South Castle St.,
Liverpool.

being proportioned to the size of the envelope. In addition the words and abbreviations should be properly punctuated, and the lines accurately spaced, indented, and cut off by commas. *E.g.:*

James Randall Paterson, Esq.,
13 Brocklesby Chambers,
Victoria Street,
Westminster,
S.W.

Messrs. Woodland and Harper, Ltd.,
Woollen Manufacturers,
18–20 *Queen Street,*
Bradford,
Yorks.

Modes of Address. A tradesman should be addressed as, *e.g.*,

Mr. James Henderson,
Draper,
115 *High Street,*
Godalming,
Surrey.

A firm as, *e.g.*,

Messrs. Joseph Parker and Sons,
Woollen Manufacturers,
42–48 *Darley Street,*
Dewsbury,
Yorks.

A limited company as, *e g.*,

Messrs. J. and P. Coats, Ltd.,
Paisley,
Scotland.

NOTE. "Messrs." should never, however, be written before the name of a firm trading under an impersonal title, *e.g.*, *The Vulcan Iron Co.*, *The Grosvenor Press, Ltd.* Firms of lady milliners and dressmakers prefer, as a rule, to be addressed *Mlle.* in the French style, as, *e.g.*, *Madame Rayner*, or *Mlle Rayner*, *Mesdames Smith and Willoughby*, instead of *Mrs. Rayner*, *Miss Rayner*, or *The Misses Smith and Willoughby*.

A private gentleman or graduate of a university should be addressed as, *e.g.*,

Arthur Winterburn, Esq.,
Old Hall,
Manningtree,
Essex.

or

Charles Capper, Esq., M.A., L.LD.,
Balliol College,
Oxford.

A professional man as, *e.g.*,

Dr. Robert Montgomery, or *Robert Montgomery, Esq., M.D.*

or

Professor Scott-Elliott,
The Newton,
Maxwelltown.
by Dumfries,
Scotland

A clergyman as, *e.g.*.

The Rev. W. Parkinson, M.A.; The Very Rev. the Dean of Ripon, The Right Rev. the Lord Bishop of Durham; His Grace the Archbishop of Canterbury.

A knight as, *e.g*,

Sir Richard Scourfield (sometimes *Kt.* is added).

If possessed of any order this also should be added, as, *e.g.*,

Sir Richard Scourfield, K.C.B., K.C.M.G.

A baronet as, *e.g.*,

Sir James Abercromby, Bart.

and the orders (if any) after *Bart.*

A French tradesman should be addressed as, *e.g*,

M. Edouard Richet,
10 *Rue du Sentier,*
Paris,
France

A French firm as :

MM. Henri Rochefort et Cie,
24 *Rue de la Charité,*
Lyons,
France.

A French limited company as :

La Société Anonyme Internationale de Transports
9 *bis, Quai du Canal,*
Marseilles,
France

A German tradesman as

Herrn Max Weyland,
13 *Mittelstrasse,*
Hamburg,
Germany.

A German firm as, *e.g.*,

Herren Hollander und Schmitt,
17 Obernstrasse,
Bremen,
Germany.

An Italian tradesman as, *e.g.*,

Sig. A. Hoepli,
12–16 Galleria de Cristoforis,
Milan,
Italy.

An Italian firm as, *e.g.*,

Spett. Ditta Bocca Fratelli
94 Piazza S. Claudio,
Rome,
Italy.

An Italian limited company as, *e.g.*,

Spett. Societa Anonima Tensi,
14 Via S. Paolo,
Milan,
Italy.

A Spanish tradesman as, *e.g.*,

Sr. Don Miguel Ramirez,
25 Alcala,
Madrid,
Spain.

A Spanish firm as, *e.g.*,

Sres. Arturo Beyer y Cia,
5 Rambla de Cataluna,
Barcelona,
Spain.

A Spanish limited company as, *e.g.*,

La Compañia Anónima de Seguros Aurora,
14 Gran Via,
Bilbao,
Spain.

Address Book. It is customary in some offices to keep an address book, in which the names and addresses of all the firm's correspondents are recorded. The book is indexed throughout, and the names are entered under the proper initial letter. All changes in the address or style of a firm should be indicated in the address book immediately they become known.

Enclosures. Before putting the letters into the envelopes the junior should see whether or not a letter refers to any enclosures, and take care that any such are included with the letter. Enclosures are usually indicated by the typist, who types at the foot of the letter the word " Enclosures," or " Enclos.," with a figure representing the number of them. Some firms, however, have the word printed on their letter headings, and then only the number is inserted ; others adopt the device of gumming on to the letter a small circular printed label, usually red in colour.

Postage. The junior must be acquainted with the Postal Regulations relating to letters, postcards, halfpenny packet and newspaper post, and he should, at this point, read carefully and memorize the important parts of " Post Office Information " (see Appendix) : dealing with : I. Inland Correspondence ; II. Registration of Letters ; III. Express Delivery Services ; IV. Railway Letters ; V. Late-fee Letters ; VI. Private Boxes and Bags ; VII. Redirection of Letters ; VIII. Poste Restante ; IX. and X. Return of Undelivered Letters and Prepayment of Postage ; XI. Postcards ; XII. Printed Papers Post ; XIII. Newspaper Post; XIV. Imperial and Foreign Correspondence; XV. Registration of Imperial and Foreign Correspondence ; XVI. Postcards ; XVII. Printed and Commercial Papers ; XVIII. Canadian Magazine Post ; XIX. Sample Post.

Hand Delivery. If a letter is to be delivered by hand the word " Hand " should be written in the top left-hand corner of the envelope, and if an immediate answer is required the words " Wait answer " should be added. In all cases of hand delivery the junior should, when giving the letter to the messenger, repeat verbally the instructions on the envelope.

Register of Outward Letters, Parcels, &c. When the junior has prepared all the letters, postal packets, &c., for the post he must enter them, with particulars of the postal charges incurred, in the *Post Book*. The ruling of the Post Book varies with different firms, but the following is a form in actual use (see page 27).



The student will see that the first columns are used for entering the amount of the postage received from the cashier. He may receive the postage in stamps or money. In large firms where the postage bill is heavy, the stamps, to prevent pilfering, are perforated with the firm's initials as here shown. These stamps are not bought direct from the Post Office, but from firms who undertake the perforating work. In such cases it is the junior's duty to go through

his stock of stamps at the end of the week and hand to the cashier a requisition list for the following week's supply. The cashier draws a cheque for the amount requisitioned, and sends it with the order to the firm supplying the perforated stamps.

POST BOOK

£	s.	d.	DATE	NAME	ADDRESS	£	s.	d.
			1935					
3	2	6	Jan. 15	Stamps in hand				
			" "	Broadbent, J.	Carlisle			1
				Whiteside and Sons	Sydney, N.S.W.			3
				Armitage and Ibbetson	Leeds			1½
				500 Circulars	Spring Novelties	1		10
				Perry, T.	Liverpool			1
				Boyveau and Chevillet	Paris			3
				Langenscheidt and Söhne	Vienna			4
				Ford, J.	Birmingham			7½

Parcel Post Register. In addition to entering the postage expended on packets sent by parcel post in the post book a receipt must be obtained from the Post Office for all such parcels. Where parcel post packets are few in number the receipts may be obtained on the official forms; but where many parcel post packets are sent out in the day it is customary to enter them in a special Parcel Post Book. The receiving clerk stamps the book with the P.O. dating stamp, adding in words the number of the packages, and his initials.

PARCEL POST REGISTER

DATE	NAME AND ADDRESS	POSTAGE		SIGNATURE
1935				
Jan. 5	Fullalove and Sons, 15 High Street, Stamford	1	0	Two
	J. Bedford and Co., 12 Union Street, Aberdeen	1	0	C. F.

At this point the student should read and memorize the important parts of "Post Office Information" (see Appendix),

dealing with Inland Parcel Post and Imperial and Foreign Parcel Post.

Addressing Parcels. The writing of labels for parcels is similar to the writing of envelopes, except that the labels are usually printed with spaces for the date and the method of despatch.

Despatching Telegrams and Cables. The junior is not charged with the writing of telegrams and cablegrams, but he is usually responsible for their despatch. It should be almost unnecessary to add that even though he is not instructed to that effect, all telegrams and cablegrams should be taken immediately to the post or cable company's office, and not be allowed to remain till the usual posting time comes round.

The Telephone. The telephone has proved a most powerful aid and stimulus to business. It has great advantages over every other means of communication between business men at a distance from each other, for it cheaply and quickly brings them practically face to face, and enables them to settle intimate and important matters as easily as at an interview. It is the work of the junior to receive and transmit telephone messages. The use of the telephone can only be properly demonstrated by an actual object-lesson. It is easy enough to understand, and no useful purpose is served by a verbal description. In small offices the junior must deliver the messages for whom they are intended and receive the replies in person, but in large offices, where officials are located on different floors, a system of inter-office telephones is usually installed. This enables the junior to connect the particular person with the caller.

Calling out Numbers. A hint as to the correct way of calling out double or treble numbers may be useful. *E.g.*,

7720 should be rendered *Double seven two o.*
2888 „ „ „ *Two eight double eight.*

and in all cases the name of the exchange should be given before the number, thus: *Gerrard : Double seven two o.*

TEST PAPER III

1. Mention the points to be observed when addressing envelopes, and write specimen envelopes to the following: Any firm of boot and shoe manufacturers; the general manager of any steamship company; the secretary of any hospital; any draper; coal merchant; the headmaster of your school.

2. When should the courtesy title "Messrs." be omitted? How would you address envelopes to the following: A doctor of medicine, a clerk in holy orders, a bishop, a knight, a baronet, a private gentleman?

3. What is a parcel post register? Rule a specimen page for one, and make six entries therein.

4. What is a postage book? Rule a specimen page for one and enter the following: 1925, July 15, 50 Statements (Inland); 25 Invoices (Inland); Telegram to J. Whitehead, 1s.; Parcel to John Brown and Co., Leicester, 4 lb.; Letters to the following: Ford and Co., Battersea, 2 oz.; Duncan and Sons, Timaru, N.Z., 3 oz.; Beijers and Zoon, Amsterdam, 2 oz.; Arbuthnot and Co., Shanghai, 4 oz.; Allenby and Co., New York, 2 oz.; John Malcolm and Co., Glasgow, 10 oz.; Wheeler and Co., Allahabad, 2½ oz.; Kobe Canning Co., Kobe, Japan, 2 oz.; Eggers and Co., Moscow, 2 oz.; John Marples, Cape Town, 4 oz.; Jardine and Co., Freetown, Sierra Leone, 2 oz.; Hammond and Co., Valparaiso, 2 oz.; Dunn and Co., Melbourne, 2 oz.; Coombes Bros., Perth, 2 oz.; Allcock and Co., Dunedin, 2 oz.

5. What is an address book used for? Describe one.

6. How is the fact that a letter is to be accompanied by enclosures indicated, and what steps would you take to be sure that all enclosures were included in a letter?

7. What is meant by "inland correspondence," and what are the classes into which it is divided?

8. What is the rate of postage for inland letters, and what are the limits of size for inland letters?

9. Mention the articles that may not be sent by letter post. Would you post a letter containing coin or jewellery in the ordinary way? If not, why not?

10. What is the object of registering letters? What is the fee for registration, and what the procedure when (1) making up, (2) posting a registered letter?

11. What compensation is paid for the loss of a registered letter? Supposing you wished to post a letter containing valuables worth £200, and to guard against loss to the full amount, what registration fee would you pay? What is the limit of compensation? Could you register a packet containing coin to cover a loss of £50?

12. Name the three ways in which delivery of letters by the P.O. may be expedited.

13. What do you understand by a railway letter? Address one to "The Editor, *Sheffield Daily Telegraph*, Sheffield," (*a*) to be called for, (*b*) to be posted on arrival at Sheffield.

14. What is late-fee postage? Till what time of making up the provincial mail can a letter be posted and included in that mail? What extension of time for posting does the late fee afford?

15. What are the P.O. regulations governing the redirection of letters?

16. What is the meaning of Poste Restante, and for what purpose is this accommodation provided?

17. Suppose you had, say, 5000 circulars or letters to be sent by post how could you avoid the labour of stamping them, and what are the rules you would have to observe?

18 What is the use of the printed papers post? How can typewritten documents be sent by this post? State what kind of written wording (with examples) is allowed on the documents sent by this post.

19. State the procedure necessary in sending a 3-lb. parcel by parcel post from Bradford to (*a*) London, (*b*) Jersey, (*c*) New Zealand, (*d*) Paris, (*e*) Hong-Kong, (*f*) U.S.A. Give in each case the cost and also the limit of size.

20. What are the methods of ensuring safe delivery of (*a*) an inland

parcel, (*b*) a foreign parcel? Is any compensation granted in the case of loss of (*a*) an unregistered inland parcel, (*b*) an insured foreign parcel? State the limit of compensation in each case.

21. What do you understand by the Canadian magazine post? State the conditions necessary for transmission, and the limits of weight and size.

22. What kind of articles can be sent by sample post, and what is the general limit of weight for (*a*) British possessions, (*b*) foreign countries? Are there any exceptions to these limits?

CHAPTER IV

THE COMPOSITION OF LETTERS AND TELEGRAMS

Letters. In order to compose good business letters, the student must have a sound working knowledge of the ordinary rules of grammar. He must know, too, the meanings of the words he uses, and possess the logical sense by which he is able to marshal his facts in correct order. But a careful and intelligent study of good models is also an undoubted aid to the student in the formation of style, and, at the same time, it familiarizes him with a variety of commercial documents and business terms and phrases used in commerce. On pp. 38–41 I give several examples of commercial letters taken from my book, "Modern Commercial Correspondence," and for the purpose of demonstrating some of the points which distinguish a good from a bad business letter, I proceed to give two examples—answers to examination questions—to which I append brief notes by way of criticism.

EXAMPLE I

We beg to acknowledge yours of even date, but you do not state the signature of who received the goods, which we require for identification, and cannot give credit without we are sure they were returned and oblige

Yours faithfully,

p. JAMES SAUNDERS AND SONS,
E. B.

NOTES: (*a*) Beyond the words "yours of even date," E. B. gives no clue to the subject-matter of the letter. He should clearly state to what particular subject his letter refers.

(*b*) "Signature of who received the goods." These words are too elliptical, and, as they stand, ungrammatical. Who usually receives goods? A receiving clerk. Then why does E. B. not use the words "receiving clerk"?

(*c*) "Which" is a relative pronoun agreeing with an ante-

cedent. The antecedent here is the word "goods," but E. B. evidently intends it to be the word "signature."

(*d*) The words "and cannot . . . returned" should form a fresh sentence, as they have no logical connexion with the rest of the letter. Further, the word "without" is used wrongly. Strictly, "without" = not with. E. B. should have used the word "unless."

(*e*) It is remarkable how frequently the tag "and oblige" finds its way into business letters. The use of it should be avoided. Its appearance here is most ludicrous.

(*f*) E. B. should remember that curtness is always objectionable. As he will probably have to write and apologize for the absence of the necessary credit, he should have given his letter a politer tone, and have written somewhat in the style following:

We have to acknowledge the receipt of your letter of to-day's date claiming credit, £3 2s. 7d., for returns stated to have been made on the 24th June last, but we regret to say that we cannot trace their receipt. If you will be good enough to send us a copy of your returns note, and also quote our receiving clerk's signature for the parcel, we shall, in all probability, be able to trace it, and pass you the required credit. Apologizing for troubling you,

We remain,
Yours faithfully,
p. JAMES SAUNDERS & SONS,
E. B.

NOTE: "Yours of even date" is archaic.

EXAMPLE II

Re your invoice just to hand. We do not accept any responsibility for the insertion of our advt. in your issues of the 14th and 21st inst. seeing you received our stop order on the 12th inst. and cannot pass same as we hold your receipt for it. A credit note for £3 17s. 6d. will oblige, or we will deduct it from your account, whichever you prefer.

Yours faithfully,
p. BATESON & PORTER,
F. C. H.

NOTES. (*a*) The same objection applies to the opening of this letter as to that of Example I. There is no formal and explicit reference to the subject of correspondence.

(*b*) The words " cannot pass same " are both tautological and ungrammatical. F. C. H. has already said that his firm " do not accept any responsibility," and no good purpose is served by labouring the point. To what does the word " same " refer? Obviously to the " stop order," but F. C. H. means it to refer to the invoice. But the whole passage " We do not . . . receipt for it " is confused and ungrammatical and must be recast. The words " hold your receipt for it " refer to the stop order and should, for that reason, be closely connected with the words " stop order."

(*c*) To what does the pronoun " it " in the last sentence refer? The credit note? But F. C. H. has received no credit note. Pronouns such as " he," " she," " it " require careful handling, or confusion is sure to ensue.

(*d*) A little reflection should serve to show F. C. H. that though he is perfectly right in refusing, on behalf of his employers, to pay for advertisements inserted contrary to instructions, yet his case is so strong that he can afford to temper his letter of repudiation by some expression of regret that his correspondents should not have paid more careful attention to the orders issued to them. The following letter would have served his purpose better.

Your invoice £3 17s. 6d. for advertising in the " Iron Trade's Gazette " issues dated the 14th and 21st inst. is to hand, but we would point out that you received on the 12th inst. our stop order, for which we hold your receipt, signed H. D. We very much regret that you should have inserted our advertisement in the face of this stop order, and that we cannot pass your invoice. Kindly send us a credit note for £3 17s. 6d., or, if you prefer it, we will return the invoice.

Yours faithfully,
p. BATESON & PORTER,
F. C. H.

From the foregoing criticisms the student will see that the commercial letter requires:

1. Correct beginning. It should begin in such a way as to recall immediately to the correspondent:

(*a*) The letter or letters to which it is a reply.
(*b*) The subject-matter to which the letter refers.

Frequently business letters are headed by a reference number. *E.g.*:

In reply please quote $F \frac{B}{1927}$. *Reference:* $\frac{\textit{News Dept.}}{\textit{I. A. L.}}$

The quotation of this reference number at the head of the reply enables the person receiving it to turn up the previous correspondence connected with it, but even though the reference number be quoted, the reply should give clear indication of its history for the sender's own benefit.

The beginning of a letter is usually of a formal character. Here are a few common examples of such formal beginnings:

We beg to acknowledge the receipt of your letter of the 18th inst.
We have pleasure in acknowledging the receipt of . . . .
In reply to your letter of the 17th inst.,
With reference to / *Referring to* / *Replying to* } *your letter of the 17th inst.,*
In response to your inquiry of the 30th July.

2. Correct ending. The formal words ending a letter are termed the complimentary close. The most usual form in business letters is

Yours faithfully,

Some business men, however, especially when soliciting orders or submitting samples, prefer the humbler forms:

Yours respectfully, Yours obediently,

This complimentary close must be preceded by the words

I am, or *I remain, ; We are*, or *We remain,*

after participial phrases such as:

Awaiting the favour of your esteemed orders,
Assuring you of our prompt attention to your commands,
Apologizing for the error,
Trusting you will be able to accord us a favourable reply
Regretting that we are unable to accept your offer,
Recommending the draft to your kind protection,
Soliciting a continuance of your orders.

3. Precision of Phraseology. An order conveyed in language such as this:

Please send us another lot of your Lightning Cleanser same as last but send by carrier and not by rail,

would involve much turning up of papers on the part of the receiver, and conduce to delay or mistakes for which, should either occur, the writer alone could be held responsible.

State exactly what goods are wanted, when they are wanted, and how they are to be sent. When figures are used confirm them by writing the amounts, weights, or measurements in words also ; *e.g.* :

> *Please send us at once, by Pickford,* 112 *lb.* (*one cwt.*)
> *Lightning Cleanser, terms as usual.*

An order couched in some such words as the following is to be deprecated :

> *Please send* 2 *pcs. Blue Diagonal Serge, as near as possible to pattern enclosed. Price from* 15⅞*d. to* 2*s.* 3*d. per yd.*

The correct course in a case of this kind would be to send the sample, asking for patterns as near the sample as possible, with quotations, and then, selecting the suitable pattern, order as follows :

> *Please send by return per Bean* 2 (*two*) *pcs.* 09177
> *Blue Diagonal Serge @* 1/9 (*one shilling and ninepence*)
> *per yd.*

When fixing appointments name, if possible, a definite date ; *e.g.*, not *any day next week*, but *Friday, the* 10*th inst., at* 12.30 *p.m.* Payment of overdue accounts should be requested, not *within a week or two*, or *as early as convenient*, but, *e.g.*, *on or before the* 31*st of this month.*

Reference should be made to interviews, offers of service, estimates, inquiries, not in the vague formulæ *Some time ago*, or *About August last*, or *We remember that in the spring of this year* but by quoting the particular date when the interview took place, or the offer of service, estimate, or inquiry was made. *E.g.*

> *On the* 14*th August you wrote to us offering*, &c.
> ,, ,, *you estimated to supply us with*, &c.
> ,, ,, *you inquired if*, &c.

4. Freedom from Ambiguity. The main causes of ambiguity are :

(*a*) Bad arrangement of words and phrases.
(*b*) Misuse of words.
(*c*) Tautology.
(*d*) **Faulty punctuation.**

(*a*) *Bad Arrangement of Words and Phrases.* Nothing conduces more to ambiguity of meaning than this. A treatise could, of course, be written on the subject, but the mention of a few of the most important rules must here suffice:

(1) Words closely connected in the expression of the thought should be placed as near each other as possible. *E.g.*, auxiliary verbs should not be separated from the principal verb by long, intervening phrases as in the following example:

> *We have pleasure in informing you that we have been, owing to the large increase of business which has taken place in several important departments, compelled to take additional premises at 52 Wood Street, E.C.*

A better arrangement would be:

> *We have pleasure in informing you that, owing to . . . departments, we have been compelled to take,* &c.

Adverbs and adverbial phrases should be in close proximity to the words they modify, and relatives should also closely follow their true antecedents. *E.g.:*

> *One clerk only came in late yesterday.* "Only" should come before "one," not "came." Again: *I looked up the article "Shipbuilding" in the Encyclopædia Britannica, which was written by him.* This construction seems to imply that the person referred to wrote not only the article "Shipbuilding," but the whole of the Ency. Brit.

(2) The pronouns, *he, she, it, they,* &c., require careful use when different persons are referred to. *E.g.:*

> *Mr. Williams told his ledger clerk that it would not be his fault if he did not succeed.*

This is very ambiguous. "His fault" may mean Mr. Williams' fault or his ledger clerk's fault. The same remark applies to "if he did not succeed."

(3) Avoid placing a noun which can also be used as an adjective just before another noun; *e.g., In business worries are frequent.* A much better arrangement of such a sentence would be *Worries are frequent in business.*

(*b*) *Misuse of Words.* Often words are thought to be synonymous, whereas they express quite different meanings. *E.g.*, compare such words as *transpire* and *happen, allude* and *mention, expect* and *suspect, aggravate* and *irritate.* The only way to get

to understand the correct meanings of words is to note carefully their use by good authors, and whenever an unfamiliar word is met with to look up its exact meaning in a standard dictionary.

(*c*) *Tautology—i.e.* useless repetition of the same idea in different words. Tautology occurs chiefly from a defective knowledge of the exact meaning of words, as in the following sentence :

> *If you can guarantee us a minimum trade of £200 per month, we are prepared to give you the entire monopoly for the city of Birmingham.*

Here the writer fails to grasp the fact that the word " monopoly " involves the meaning of " entire."

Other common examples of tautology are :

" Equanimity of *mind*." *Equanimity* = evenness of mind.
" World-wide recognition *by all*." *World-wide* = *by all.*
" *Surrounding* circumstances." *Circumstances* = things that surround.
" *Continue to* remain." *Remain* = continue in a place.
" Returned *back*." *Return* = come back.

(*d*) *Faulty Punctuation.* The chief object of punctuation is to make the grammatical construction and the sense more easy of comprehension. It is obvious, therefore, that punctuation is subject to rule, and must not be done in a haphazard way. A good method for the beginner to follow is to write out the letter first and to punctuate it afterwards, and, further, to punctuate only in such places as will make the meaning clearer. *E.g.*, the following sentence is ludicrous as it stands :

> *Sir Charles Quartermain says the Central News is suffering from nervous breakdown.*

Commas after " Quartermain " and " News " are absolutely necessary to preserve the passage from being nonsensical.

Again :

> *The question of financing the operation, too, simple as it seems, really requires considerable study.*

The insertion of a comma after " too " alters the meaning of the word from " more than sufficiently " to its other meaning of " also."

5. Courtesy. A discourteous letter is probably more detrimental than is personal discourtesy. The stigma of the latter attaches to the particular person guilty, and *may* be forgotten,

but the discourteous letter reflects upon the firm as a firm, and, as the old Latin tag says, the written word remains.

SPECIMEN BUSINESS LETTERS

[NOTE. In each case the salutation and complimentary close have been omitted.]

With reference to your advertisement in to-day's *Daily Telegraph* for a junior clerk, I beg to offer myself for the post. My age is 16. I was educated at King's College School, where I passed the Junior Cambridge Local Examination, and also obtained an Intermediate Certificate in Commerce, and a second class in Advanced Arithmetic from the Society of Arts.

Since leaving school, nine months ago, I have attended Typewriting and Shorthand classes, and have now attained a speed of thirty-five and ninety words respectively.

I am very anxious to get into a merchant's office in order to fit myself for a commercial career, and should my application be successful, I will do my best to give you satisfaction. The salary I should require would be 20s a week as a start.

I beg to say that the business carried on by me for the past thirty years at the above address has been purchased by the old-established firm of Messrs. W. Roberts and Co., who will transfer it, as a new department, to their own well-known premises at 15 Wood Street, E.C., as from the 1st of July.

Messrs. W. Roberts and Co. have taken over the whole of my liabilities, stock, and book debts, so that I must ask you to forward to them all amounts due.

Trusting that you will favour them with the same generous support that you have always accorded to me, and wishing you every success,

---

We have pleasure in announcing that, owing to the large increase in the volume of our trade with the North of England, we have decided for the convenience of our customers to open a New Branch in Liverpool and have appointed as Manager our Mr. Alfred Fortescue.

Mr. Fortescue, who has been with us for the last twenty years, has been granted Power of Procuration, and we shall feel obliged if, instead of sending your kind inquiries and orders direct to our London Works, you will, in future, place them with him. He is, of course, quite conversant with all the details of manufacture, and will be able to answer all inquiries.

Thanking you for your valued support in the past, and hoping for its continuance.

I beg to inform you that I shall have pleasure in calling upon you on Monday next, the 15th inst., when I hope to receive your valued inquiries and orders.

We beg to inform you that our Representative, Mr. Wilfred Macdonnell, will have the pleasure of waiting upon you on Tuesday, the 9th inst. when the favour of your orders will be esteemed.

We shall be obliged if, for the purpose of our Half-Yearly Stock-taking, you will send, not later than the 2nd July, a statement of account up to and including the 30th June.

We are in receipt of your inquiry for 250 yds each Black, Tan, Brown, and Drab Moleskins @ 2*s.* 6*d.*, for which we thank you. We have none of this particular make in stock at the moment, and, owing to great pressure at the mills, we are afraid we cannot guarantee delivery within less than three months of receipt of order. We note, however, that your patterns are sulphide-dyed. We also use sulphides, but only for the cheaper makes of moleskins. All our moleskins above 1*s.* 8*d.* are aniline-dyed, which gives a much faster colour, and in other respects a more satisfactory result. If you can see your way to take our aniline-dyed we can deliver from stock on receipt of order. The extra cost is not more than ½*d.* per yd. Trusting to be favoured with your commands,

---

Our Autumn Season Samples have just been completed, and we shall esteem it a favour if you will kindly call upon us to inspect them.

They include goods in Leather, Leatherette, Oak, Fancy Mouldings, Aluminium, and various other materials such as cloth, felt, silk, &c.

Hoping that you will be able to visit us,

We are on the look-out for the following, and should be obliged if you would send samples after to-day's Indian sale :

(1) A thick liquoring Dooars @ 1*s* 6*d.* to 1*s.* 6½*d.*

(2) A fine flavoury Ceylon Broken Pekoe—tippy leaf, but not too small—@ 1*s.* 6½*d.* limit.

(3) A pungent thick Assam Souchong at about 1*s.* 6*d.*, to follow a Hapjan. Must be good liquor and must mill well.

We shall also be tasting Coffee on Friday next, and are open for a Vera Paz or Costa Rica, limit 160*s.* Bold handsome berry, if possible, but good cup essential.

Please quote us your very lowest price for 10 tons Strawboards, assorted substances from 1½ lb. to 4½ lb., and 5 tons in substances, 6 oz. to 20 oz., and say how soon you can deliver.

We should also be glad to have a sample sent of your various box-making papers, with lowest prices.

We shall shortly be wanting 2 tons of Ochre-lined Strawboards and shall be obliged if you will send sample and price for this line also.

We are in receipt of your p.c. of the 3rd inst., and beg to inform you that we have sent you a sample of Spelter Ashes and also a sample of Aluminium Waste, and we should be glad if you would quote us your best prices for these. We have about 1 ton of Spelter Ashes for sale, and, as near as we can tell, we shall have 8 to 10 cwt. of Aluminium Waste.

We have received and tested the sample of Zinc Ashes referred to in your letter of the 6th inst., and for the 20 tons we can offer you £6 4*s.* 0*d.* per ton, dry weight, delivered free at our works, subject to the bulk being equal to the sample submitted. Early delivery, and net cash payment

after receipt of the material at our works, and verification of weight and quality.

For your wire acceptance to-morrow.

With reference to your quotation of the 19th inst. and your postcard of the 24th inst., inquiring about it, I thank you for the trouble you have taken in the matter but regret that I am unable to pass you the business or make a counter offer—the prices you have quoted being very much higher than I have been able to buy at elsewhere.

We write to confirm having this day sold to you—

Quantity : 5000 (Five thousand) Prime New Zealand Lambs.

Brand : SX.

Price : 10½*d.* per lb. ; c.i.f. Colonial Weights.

Shipment : First week June next.

Payment : Cash against documents on arrival of vessel in London.

Any dispute arising out of this Contract to be settled by Arbitration in London in the usual way.

In reply to yours requesting Credit Note for £2 10*s.* 7*d.* for 37⅛ yds. of quality C Pale Blue Crepoline Dress Material @ 16½*d.* alleged missing from the parcel of goods sent by us on 15th May, we beg to say that, upon receipt of your debit note we wrote you on 30th May, that the piece of Crepoline in question was duly sent by us along with the other goods charged on the same invoice.

We are certain that there has been no mistake at our end, as it was the only piece of Crepoline sent out by our Foreign Dress Dept. on this date.

We feel sure that if you make further inquiries of those assistants through whose hands this Crepoline would be likely to pass, you will be able to trace its receipt.

We shall be glad to hear further from you.

In reply to your inquiry of yesterday's date as to our rate for a £20,000 Floating Policy A.A.R., on general merchandise in wood only per Cunard and White Star S.S. from Liverpool or Southampton, to Boston or New York, we can quote you 2*s.* 3*d.* per cent. This is an exceptionally low rate, and we trust you can pass us the business. On shipments in wood and zinc, per Talbot Line sailers, from Liverpool to St. John's, N.F., the extra premium would be 5*s.* 9*d.* per cent.

In reply to your letter of 12th inst., we shall be willing to accept the insurance of all your shipments of Champagne by regular liners to Australia on all risks, conditions with label clause, and including breakage and pilferage, from the United Kingdom to a direct Australian port, at an all-round rate of 12*s.* 3*d.* per cent., less 5 per cent. discount, and 10 per cent. brokerage, on the understanding that a good proportion of the shipments are by mail steamers.

We understand that the policies would be issued and the premiums payable here, claims to be made payable here or in the Colonies as desired.

We shall be glad to hear from you in due course.

Permit me to remind you that my account rendered to 1st June last, amounting to £37 10*s.* 8*d.*, is still outstanding and to request an early settlement.

I beg to remind you that I have received no reply to my letter of the 13th inst., asking for settlement of account, £37 10*s.* 8*d.*, due 1st July last. Please be good enough to let me have your cheque by return.

We are still without settlement of our account rendered, £18 10*s.* 6*d.*, notwithstanding our letters of the 15th and 30th June, and must for the third time request you to give your immediate attention to this matter. Further, the remittance must be made in full, as the settlement discount is contingent on payment within ten days from date of rendering.

The first half of our financial year ends to-morrow, and I shall be glad if you will have our Pass Book made up by Monday morning and the Balance brought down, first debiting us with all cheques presented and cashed to-morrow.

I shall also be glad if you will furnish us with a certificate of the balance brought down for our Auditor's inspection.

Signing Letters. As a general rule a principal signs all important letters, and he does so by writing his name immediately after the complimentary close of the letter, or by writing his name or placing his initials beneath the name of the firm, which is either typed, written, or impressed by means of a rubber stamp. *E.g.:*

Armstrong and Williams
J. Williams.

or

Simpson and Sons,
J. A. S.

But frequently some part of a principal's authority is deputed to a manager (Mgr.) or chief clerk, who signs on behalf of his principal. This deputation of authority may be effected (1) by a formal instrument known as a *Power of Attorney* (P/A), which is a legal document appointing a person an *Attorney* or *Agent* (Agt.)—the words are synonymous—for another person, to act, either generally or specially, as the document may direct; or (2) it may arise through custom, the observance of which gains the force of legal sanction. In such cases the manager or head clerk is said to sign *per procurationem, per pro.*, or *p.p.* = *by procuration*, as follows:

p.p. Armstrong and Williams,
J. H. Howard Mgr.

or

per pro. Simpson and Sons,
B. Hill.

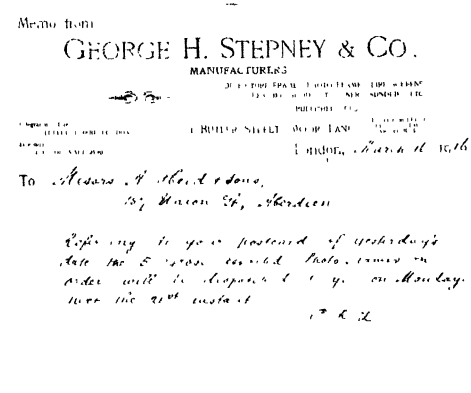
Every clerk is more or less an agent for his principal, but unless he has been appointed to sign "per procurationem" he is only entitled to the use of the word "per" or "for," and to sign as follows:

per [or *p.*] *Armstrong and Williams,*
W. B. F.

or

for Simpson and Sons,
B. H.

Memorandum Forms. These printed forms, used for brief, unimportant communications, are not usually signed, though it is customary for the clerk responsible for them to add his initials. An illustration of a common style of memo. form is appended.


Memo from

GEORGE H. STEPNEY & CO.

MANUFACTURERS

To

Copy to you as postcard of yesterday's date that 5 gross assorted photo frames on order will be dispatched to you on Monday next the 21st instant

Contraction of Dates. When replying to letters it is frequently necessary to refer to communications received, as, *e.g.*, "*Your letter dated the 25th of May is to hand*"; or to arrange dates for interviews, &c., as, *e.g.*, "*Our Mr. Walters will be pleased to go into the matter with you if you will be good enough to call on Wednesday next, at* 10.30 *a.m.*" Instead, however, of mentioning the month, the following contractions are used: *inst.* for *instant* (= the present month); *ult.* for *ultimo* (= the last month); *prox.* for *proximo* (= the next month). Thus, if you were writing on May 10 your reference to a letter received

on April 25 would be to "*yours of the 25th ult.* [or *ultimo*]"; your reference to a letter received on May 8 would be to "*your letter* [or *your favour*] *of the 8th inst.*"; while if you were arranging for delivery of goods to be made, say, on June 2, you would write: "*Delivery not later than the 2nd prox.* [or *proximo*]." These expressions, though still common, are becoming old-fashioned. *Inst.* will soon, probably, be the only survival.

Telegrams (or Cablegrams). The accurate and economical writing of telegrams is an important part of a clerk's duties. Much money may be wasted by lack of condensation, and much valuable time lost by ambiguity in the wording. In telegram-writing grammatical form is not of much account, but *clearness is essential.* As every word costs money, the clerk who has to write telegrams should learn to express himself in the fewest possible words, but on no account must *clearness be sacrificed to brevity.*

The first thing to do in telegraphing is to pick out the *essential* words and to wire those only. For example, suppose you have to telegraph an order which, if written, would appear as follows:

Please book me for immediate delivery:
500 *No.* 58 *Rockingham Quilts at* 15/6 *each.*
150 *No.* 62 *Derby* ,, *at* 22/9 *each.*
Less 2½ *per cent. discount, delivered free.*

The essential words and figures that need be telegraphed are:

Send 500 *No.* 58 *Rockingham Quilts* 15/6 150 *No.* 62 *Derby* 22/9 *less* 2½ *free delivery immediate.*

(It might not be necessary to wire even the word "quilts")

Take another example:

We regret to say that the 2 tons Copper Rods ordered by us on the 6th July for delivery within one week are not yet to hand. If you cannot deliver at once please cancel the order, as we shall be compelled to buy elsewhere. Kindly let us know by return.

The words necessary for telegraphing would be:

Two tons Copper Rods ordered sixth July for delivery within week not received if not ready cancel order wire reply.

NOTE. It is always better to express figures, where possible, by words, especially in wiring market prices, where the correct transmission of the exact figures is most important; *e.g., Fifty-*

three is much less likely to be altered in transmission than the figures 53, which a careless telegraphist at the other end might make to look more like 35 than 53. Of course, when the telegram is a long one and the figures numerous such a course may add considerably to the expense.

Duplicating Telegrams. All telegrams should be duplicated or triplicated before they are sent off. In some offices they are press-copied, while in others a carbon copy or copies are taken. But frequently in large offices a *manifold telegram book* is used, by which three copies are written at once, one copy for the P.O., a duplicate for enclosure in the confirmatory letter sent off the same day as the telegram, and a triplicate which remains in the book for reference purposes.

Confirming Telegrams. As stated above, all telegrams should be confirmed the same day as despatched. This confirmation may be effected by merely sending the duplicate from the manifold book, which bears a printed heading: "*A Telegram as follows was despatched to you at*.....$^{\text{A.M.}}_{\text{P.M.}}$ *this*.....*day of* .....19...," or by enclosing the duplicate in a letter amplifying the purport of the telegram.

Imperial or Foreign Telegrams (or Cablegrams). An Imperial or foreign telegram may be written in any one of nine languages, viz. English, French, German, Spanish, Italian, Portuguese, Dutch, Scandinavian, or Latin. A word may consist of fifteen letters. If composed of more it is counted as two words. In addition to being written in *ordinary language*, a telegram may be written in *code*, each word not exceeding ten letters, or in *cypher*, when no group of figures or letters may exceed five in number. An Imperial or foreign telegram may be written either on the P.O. forms or on the forms provided by the different telegraph companies.

Telegraph Codes. A telegraph code consists of many thousands of words. Formerly, these words were required to be pronounceable according to the rules of certain languages, but artificial words are now permitted. Modern codes consist of five-letter code-words arranged in alphabetical order, as in an ordinary dictionary. To each of these code-words a phrase or sentence is attached, and coding consists of writing the five-letter words for the phrases and joining them up to make words of ten letters for transmission. The reason for joining the code-words is that the Post Office and the cable companies count as one word artificial words of ten letters. Proper names

are not allowed in a code message except in their proper sense. There are several telegraph codes in use, *e.g.* the ABC, Lieber's, Bentley's, Marconi's, Peterson's, etc., and below we give as an illustration a few entries taken from the ABC code, 6th edition :

DECK CARGO

EPSEK	Endeavour to get a deck cargo at ship's risk.
EPSIO	Endeavour to get a deck cargo at shipper's risk.
EPSNU	Exclusive of deck cargo.
EPSOV	Expect it will have to go on deck.
EPSSY	Expect the former will go on deck.
EPSUA	Expect the latter will go on deck.
EPSYE	Has deck cargo been ——
EPEAI	Has the following cargo on deck, arrange for immediate delivery on arrival at consignee's risk and expense, avoiding delay.

How to use a Telegraph Code.—Suppose a firm wished to cable to a customer the following message : " We offer, subject to being unsold on receipt of your reply, 100 cases Tate's No. 1 Cubes. Price, 45*s.* per cwt. f.o.b. Liverpool. Cash against documents." Examining the ABC Code, 6th Edition, in the *Offer Table of General Merchandise*, one finds the word WUAUK, which indicates, " We offer, subject to being unsold on receipt of reply." Then, turning to the *Index of Commodities*, under the heading " Sugar " we find that the code-word for " Tate's No. 1 Cubes " is GRYLZ. Turning to the heading " Hundredweight," it will be seen that PYNPA is the code-word for " At —— per cwt.," and under the heading " Currency " we find that IMIHD indicates £2 5*s.* Then, under the heading " Free on board Ports," we find that OROYO stands for " f.o.b. Liverpool," and under the heading " Cash," we see that ERHEI indicates " Cash in exchange for documents." The whole message is now coded, and if the above code-words are joined together the cable message will read :—

WUAUKGRYLZ PYNPAIMIHD OROYOERHEI

By using the code, the whole message of 26 words is sent at the cost of three words. This illustrates the great value of codes to those mercantile houses who have much cabling to do, particularly if it be to those parts of the world to which the cable rates are high.

The recipient of the above message would look in the telegraph

code and transpose it into clear language. This operation is called *decoding*.

Those students who have occasion to use telegraphic codes will have noticed, generally at the end of the code-book, a terminal arrangement of the code-words. The object of this is to enable the receiver of a message to check any error that may have been made in transmission. The mistake, if any, is usually in the prefix, and so, in practice, it is found that the last two letters generally form the basis on which an error in transmission may be detected. But this is not so in all cases.

As students may be aware, messages are transmitted by the Morse code. In compiling a telegraphic code, combinations of letters which might lead to error owing to the way the letters are denoted in Morse are carefully avoided. The possibility of error is, therefore, reduced to a minimum.

Indication of Codes used. Firms using codes indicate the codes used upon their stationery just as they indicate their telephone number or numbers, or their telegraphic address. A *telegraphic address* (T/A) may be registered at the General Post Office (G.P.O.), at a charge of £2 per annum, but cable companies will register telegraphic addresses free of cost. The Registration of telegraphic addresses is a further means of curtailing expense in telegraphing.

The student is referred at this point to Post Office Information (see Appendix), relating to Inland Telegrams and Foreign and Colonial Telegrams.

TEST PAPER IV

1. Correct the errors in the letters Exs. I and II given on pp. 31–32, and without reference to the corrected versions redraft them in your *own* words.

2. How ought you to begin a letter when replying to a correspondent? Give a few samples of formal openings.

3. Name the five characteristics of a good letter given in this book. What are the most frequent causes of ambiguity?

4. You conclude the text of a letter with the words "Trusting that you will find everything to your satisfaction." How would you finish the letter?

5. A coal merchant has quoted you 46*s.* per ton for coal which you can buy elsewhere at 43*s.* 6*d.* Write a letter in answer to his reminder that he has received no order from you.

6. Distinguish between the words *Transpire* and *Happen*; *Allude* and *Mention*; *Expect* and *Suspect*; *Aggravate* and *Irritate*, and show their meaning by examples.

7. Correct the following where necessary:

I was sorry to lose him as he was peculiarly adapted to accountancy work.

While I differed with his opinions I agreed with his proposals.

I was as angry with the occurrence as if I had personally suffered from it.

The answer was different to what I expected.

Divided between a dozen or more it means 3*s.* 9*d.* apiece.

The work of one Counting House is similar with the work of all Counting Houses.

I was averse to raising his salary or even accommodating him to a change of posts.

8. What is a P/A ? How does a clerk sign letters in the ordinary way and how would he sign if he possessed Power of Procuration ?

9. What are memo. forms used for, and are they usually signed ?

10 Give the meanings of ult., inst., prox., and show their use by examples.

11. What are the chief points to be observed when writing telegrams ? Reduce the following to suitable Inland telegraphic form, and say how much the message would cost :

Unless Brown's order reaches us not later than Wednesday next the 25th inst. we cannot guarantee delivery until after Christmas. The orders in hand are already sufficiently extensive to keep us fully employed till the 2nd week in January. Please inform all customers and take no orders for delivery prior to 18th January.

12. How are telegrams duplicated ? What is a triplicate telegram book and what purpose does it serve ?

13. What is meant by confirming a telegram and when is it done ?

14. In what languages may Imperial and foreign telegrams be written ? What is a Coded Telegram ?

15. Name three Telegraph Codes. What purpose does a Code serve ? Illustrate your answer.

16. How much would it cost to send a message of ten words to Sydney, New South Wales, to Valparaiso, to Bombay, and to New York ?

17. What purpose is served by registering a T/A. How much does it cost : (*a*) through the G.P.O. ; (*b*) through a Cable Company ?

18. What are the advantages of the Telephone to business men ? In what particular does this means of distant communication excel all others ?

19. What is a trunk line ? How much would it cost to speak to a customer in Paris ?

20. What do the abbreviations p.p. and p. stand for ?

21. A customer should have paid his account, £10 7*s.* 6*d.*, on February 15. It is now the 28th, and though you wrote on the 20th asking for the cheque no notice has been taken of your letter. Draft a further letter to him in the light of these facts.

22. Condense the following into telegrams not to exceed twelve words each : (1) " I was not able to keep the appointment to-day, but will meet you to-morrow, same time and place, and will bring samples with me." (2) " The goods which you ordered are not now in stock, but we hope to be able to supply them in a day or two."

(*N. Union of Teachers Elem.*)

23. Print in block letters about a quarter of an inch long the word " consignments." (*Midland Counties Union Elem.*)

24. Draft a telegram from Scott and Co., Leek, informing Brown and Sons, of Coventry, that, owing to a somewhat serious breakdown in the mill, only half the order has been forwarded ; that the reaminder of the order cannot be delivered before April 20 ; also expressing regret at delay. (*Midland Counties Union.*)

25. Write a letter to the Secretary of the Midland Hardware Company, Ltd., Church Street, Stafford, applying for the position of Junior Clerk.
(*Midland Counties Union Elem.*)

26. Mr. Bailey Browne of Barnsley has written to you to say that he is commencing business as a newsagent and stationer and asking your advice as to the best method of preserving his incoming correspondence. Write a suitable reply. (*West Riding C.C. Elem.*)

27. Make a fair copy of the following and set it out as you would in a letter. To Wright and Co Liverpool Dear Sir in reply to your letter of the 2nd inst the goods ordered by you on the 26th ult were despatched as instructed on the 27th by L and Y Goods Train and should have reached you not later than the 29th on inquiry we are informed that a serious breakdown occurred at Clitheroe on the 28th and that the work of clearing the line is still proceeding we understand however that traffic is resumed so that by the time this letter reaches you the goods will probably be in your hands Yours truly J. Broadbent and Sons per C. Finch

CHAPTER V

INVOICING; THE CARE OF INWARD AND OUTWARD INVOICES

Invoice. The invoice is one of the commonest documents used in business. It is an account sent by a seller of goods to the buyer, either with the goods, or separately by post, setting forth (*a*) the nature of the goods, (*b*) the quantity (weight, measurement, or volume), and (*c*) the price of the goods. Frequently other particulars are added, *e.g.*, the terms of settlement, and the means of conveyance of the goods. The following is a Paper-maker's invoice:

TELEPHONE NOS.
BANK 274 (3 LINES)
CENTRAL 1826

112 UPPER THAMES ST.,
LONDON, E.C.

No. 8706

TELEGRAMS
CODES: Western Union, A B C, 5th edition

Feb. 1, 1935

Messrs. Macdonald & Evans, London

Bot. of DUNCAN McGOWAN & CO.

Wholesale and Export Stationers and Paper Makers

MILLS: AUCHMILL, ABERDEENSHIRE

TERMS
5 % 1 *Mo.*

MARKS	BALES	REAMS			£	s.	d.
		2½	*Dbl. Crown Bare M.F.* 40 *lb.*, 516's . . .	8/4	1	0	10
		16	*Ant. Ld. D/E quad Fcap.* A.M. 64 . . .	16/-	12	16	0
		19	*Crmy. Ptg. Quad Crown* 100 *lb.* . . .	20/10	19	15	10
		37½	*J.A. Qd. Demy* 36 × 46 144 *lb.*, 516's . .	27/-	50	12	6
					84	5	2
			19 *Pairs Boards* . .	4/- *net*	£3	16	0

The circumstances under which the invoice on p. 49 has arisen may be stated as follows: Duncan McGowan & Co.'s representative called upon Macdonald & Evans and, having submitted samples of particular papers, received an order for the goods mentioned in the invoice. Duncan McGowan & Co. duly forwarded the goods ordered, and thereupon sent to Macdonald & Evans an invoice showing the quantity, description, and price for each class of paper and stating, in addition, the terms on which the goods were bought, viz., "monthly account, less 5 per cent. discount." As soon as they received this invoice Macdonald & Evans checked off the particulars with the carbon copy of the order in their order book, and found both to be in agreement. They also checked the goods with the invoice and again proved agreement. The quantities and description of the papers having been found correct, the extensions and casting of the invoice were checked, and the invoice was thereupon entered in their Purchases Book and then filed for future reference.

Purposes of Invoices. From the foregoing it will be seen that *from the buyer's point of view* an invoice:

(*a*) Serves the buyer as an advice of the despatch of goods and also shows him the exact amount the seller is charging for the goods.

(*b*) Enables the buyer to compare the invoice with his order, and to check off the goods themselves with the record of them on the invoice, and thus satisfy himself that the goods agree both with the order and with the invoice quantities and descriptions of them.

(*c*) Invoices furnish the buyer with a complete, detailed record of his purchases, and enable him to keep his books of account correctly.

From the seller's point of view:

(*a*) An invoice serves as an advice to the buyer of the despatch of the goods and of the exact amount the seller is charging for them. It gives the buyer an opportunity of disputing the charge should it be incorrect. If the buyer accepts the invoice without comment he practically admits the correctness of the seller's charge.

(*b*) Invoices furnish the seller with a complete detailed record of his sales and enable him to keep his books of account correctly.

Duplicating Invoices. The method of dealing with outward goods, *i.e.* goods sold, varies with different firms. (1) In some firms all orders are entered as received in a Sales Book, and the invoices are afterwards typed or written out from the Sales Book —the separate entries in the Sales Book being posted to the

debit of the personal accounts in the Goods Sold or Debtors' Ledger. (2) In others, the invoices are typed or written out from the orders, and then press-copied in an Invoice Book—the invoice book being used as a Sales Book. (3) Some firms, again, use carbon manifold Invoice Books—the separate Invoice Books containing the carbon copies being used as Sales Books. (4) Others again type all invoices in duplicate, numbering them in rotation, sending the originals to the customers, and filing the duplicates in numerical order between stout covers—the filed copies forming a kind of Loose Leaf Sales Book. All invoices should be sent out the same day as the goods are despatched, and checked before they are sent out. In small firms the checking is done by the person who makes out the invoices, but in large firms the checking should preferably be done by another clerk. In many trades the invoice is enclosed in the parcel containing the goods, but in others, those *e.g.* dealing in bulky goods packed in bales, crates, or cases, or sent loose, protected by straw or other soft material, in open trucks, the invoice is sent separately. In addition to the invoice, a note called an *Advice Note* or *Despatch Note* is commonly sent to buyers advising despatch of the goods bought and giving the conveyance.

Care of Inward Invoices. Inward invoices for goods bought should immediately be checked both against the goods and the orders for them, and the prices, extensions, and castings verified as before described. If the invoices are found to be correct, or being originally incorrect, have been subsequently corrected, (1) they may, as is the practice in some firms, be entered into a Purchases Book—the different items in the Purchases Book being subsequently posted to the credit of the personal accounts in the Bought or Creditors' Ledger, and the invoices themselves either docketed or filed in a filing cabinet. (2) Another way of treating them would be to number them in rotation as received and file them in numerical order between stout boards, thus forming a Loose Leaf Purchases Book—the different invoices composing it being posted to the Bought Ledger. (3) They might be folded and pasted into a *Guard Book*, which is a book composed of leaves of cartridge paper, numbered in rotation and ruled on the right-hand side with columns, one for the folio of the ledger to which the invoice is posted, and one for £ *s. d.* for recording the amount of the invoice. (4) They may be provisionally filed alphabetically and in order of date in a filing cabinet and periodically (say once a month) removed from the cabinet—the invoices of each separate firm being tabbed together with a statement at the top showing the dates, amounts, and

total of the invoices in each tabbed bundle. The totals only of the monthly packets are entered in the Purchases Book and subsequently posted to the credit of the personal accounts in the Bought Ledger. The tabbed bundles are afterwards filed in a filing cabinet.

Checking Invoices. In many firms the inward invoices, on receipt, are stamped with a rubber stamp somewhat as follows:

Invoice checked by

.....

Entered by

.....

The checking clerk initials the first line, and the clerk who enters the invoice the second, the latter taking care that no invoice is entered and filed unless the first line has been duly initialled.

Pro Forma Invoices. (1) It sometimes happens that a trader gives up possession of goods to another before they have actually been sold, *e.g.*, a merchant may consign goods to an agent who is to sell them on the merchant's behalf and account to him for the proceeds when the goods have been sold. In such cases the merchant sends a specialized form of invoice, termed a Pro Forma Invoice, to the person to whom he consigns the goods. This form of invoice states the actual quantities and description of the goods consigned, but the priced particulars are merely formal particulars designed to give the consignee (*i.e.* the person to whom the goods are consigned) an indication of the price that would be satisfactory to the merchant who entrusts him with the sale of the goods, or the minimum price at which the agent may sell them. The actual prices realized on sale may be more or less than the pro forma prices and are only known to the owner of the goods when his agent sends him the *Account Sales* (see p. 117) which gives the actual prices obtained for the goods.

(2) A merchant who contemplated handling a line of goods with which he was unfamiliar, or who had been asked to estimate for goods, might make out an order, send it to a manufacturer, and ask him to submit a pro forma invoice. In this case the pro forma invoice would give accurate priced particulars and show the discounts and any other deductions or charges involved in filling the order. The receiver of such a pro forma would thus be enabled to see whether he could profitably handle the goods and the probable extent of his profit. This sort of pro

forma differs in no way from an ordinary invoice except that it is marked " Pro Forma," but it is not, of course, entered to the debit of the person to whom it is sent as would be the case if an actual sale had taken place.

(3) A firm receiving an order from another firm with whom they had not previously done business, or receiving an order too small to be entered in the books of account, would address a polite note to the firm sending the order stating the facts and enclosing with it an invoice marked " pro forma," meaning thereby that the goods as invoiced would be forwarded on receipt of the amount. In this case also no debit would be made in the books of the firm sending the pro forma.

In both (2) and (3) a duplicate of the pro forma would be kept for reference purposes by the firm sending it, to ensure that, if a definite order for the goods were subsequently received and the customer omitted to return the pro forma, the invoice would be an exact copy of the pro forma.

Debit Notes and Credit Notes. It frequently happens that mistakes are made when making out invoices. The price may be wrong ; items may be incorrectly extended ; goods invoiced may not have been sent ; the invoice may be incorrectly cast, &c. Again, goods invoiced may be subsequently returned by the buyer to the seller (*a*) because they have been damaged in transit, or (*b*) because they do not correspond to the description of goods ordered, or (*c*) because the arrangement between buyer and seller permits of their being returned should they not be sold. In all such cases, it is the practice to leave the original invoice as it stands, and to adjust the clerical error, or to allow to the customer the value of returned goods, by means of Debit Notes, or Credit Notes. If the original invoices were corrected, confusion might arise in the books of account. The employment of Debit Notes or Credit Notes, as the circumstances require, obviates this danger.

A *Debit Note* is sent by the seller of goods to the buyer in order to rectify an *undercharge, i.e.* in cases where the invoice is, from any cause, *less* than it should be.

A *Credit Note* is sent by the seller of goods to the buyer (*a*) in order to rectify an *overcharge, i.e.* in cases where the amount of the invoice is, from any cause, *more* than it should be, or (*b*) to allow to the Customer the value of the invoiced goods returned to him by the buyer. Credit Notes are sometimes printed in red to distinguish them from Debit Notes.

The following is a Debit Note for 6*s*. sent by Messrs. Johns, Son & Watts to Messrs. S. W. Forsyth & Co. because, in the

invoice for goods sent to Messrs. Forsyth & Co. on May 1, 1935, 12 tins of biscuits were charged at 1s. whereas they should have been charged at 1s. 6*d*.

DEBIT NOTE

14–16 CHARTERHOUSE SQUARE,
LONDON, E.C., *15th May*, 1935

Messrs. S. W. Forsyth & Co., Birkenhead

Dr. to JOHNS, SON & WATTS

To 12 tins mixed biscuits charged on Invoice 1/5/35 at 1/- should be 1/6. Difference . . .	6

The following is a Credit Note for £3 16s. sent by Messrs. Duncan McGowan & Co. to Messrs. Macdonald & Evans in respect of the 19 Pairs of Boards, charged on their invoice dated February 1, 1935 (see p. 49), which Macdonald & Evans have returned to them.

CREDIT NOTE

TELEPHONE NOS. No. T 771
BANK 274 (3 LINES) 112 UPPER THAMES ST.,
CENTRAL 1826 LONDON, E.C.
TELEGRAMS 3 *Mar.* 1935
CODES: Western Union, A B C, 5th edition

Cr. by DUNCAN McGOWAN & CO.

Wholesale and Export Stationers and Paper Makers

MILLS: AUCHMILL, ABERDEENSHIRE

TERMS—*net*

		£	s.	d.
By 19 Pairs Boards returned direct	4/-	3	16	0

Debit Notes are usually entered in a book called the Returns Outwards Book, and the individual items are subsequently posted to the *debit* of the proper personal accounts in the Ledger. Credit Notes are entered in a book called the Returns Inwards Book, and the individual items are subsequently posted to the *credit* of the proper personal accounts in the Ledger.

Selling Weights. Only the actual weight of the goods sold is charged for on an invoice. If the student will look through the specimen invoices in this section see for *e.g.*, the invoice of

Masters & Stewart (p. 59), he will see that 9 chests of tea have been invoiced, the actual weight of which, as packed, is 9 cwt. 3 qr. 14 lb.; the chests themselves, *i.e.* the chests without the tea, weighed respectively lb. 19, 18, 18, 18, 16, 15, 17, 16, 15 = 1 cwt. 1 qr. 12 lb. These separate weights are known as the *tare* of the chests. In addition to the tare it is the custom in the tea trade to allow 1 lb. per chest for draft = 9 lb. Thus 1 cwt. 1 qr. 21 lb. have been deducted from the *gross* weight of the chests of tea, *i.e.* the weight of the tea plus the weight of the empty chests and packing material used, and only 8 cwt. 1 qr. 21 lb., *i.e.* the *net*, or actual, weight of the tea is charged for.

Tare is the weight, when empty, of the case, bag, wrapper, or vessel in which goods are contained for purposes of transport. The expression is also used to signify the weight, when empty, of the van, railway truck, or other vehicle used for transporting goods.

Gross Weight is the weight of the goods plus the tare.

Net Weight is the weight of the goods minus the tare.

Net Selling Weight is the *net* weight of goods charged by the seller to the buyer, *i.e.* the weight after deducting the *tare* and, where it is customary to do so, the *draft*.

Draft is an allowance over and above the tare, made by the seller to the purchaser of goods, to compensate for leakages in handling and possible inaccuracies in taring, &c. The amount of draft allowed varies with different trades, *e.g.* in the wool trade 1 lb. per bale is allowed to cover loss attributable to atmospheric conditions. In the tea trade 1 lb. is allowed for every chest or half-chest. In the case of coffee 2 lb. per bag is allowed; raisins, 1 lb. for every 20 quarter-boxes; currants, 1 lb. for every 10 quarter-cases.

Discount. Goods are bought at List Prices, *i.e.* at prices advertised by the sellers in the price lists which they send out to their customers and others. These list prices are, in the case of many trades, merely nominal prices, but in others they approximate very closely to the actual prices which the buyers must pay to the sellers. It is, however, customary in most trades to make a greater or less reduction from the list prices. This deduction is termed a Trade Discount, and it is made by manufacturers or wholesale merchants for the purpose of inducing traders to deal in their goods. If A's goods are equally as good as B's, and A can offer 25 per cent. from an article listed at £1, whereas B can offer no more than 20 per cent. from the same article, then in all probability A will do more trade in that article than B will.

In the case of wholesale firms dealing in produce, *e.g.*, dried fruits, trade discount is not allowed, or only a very small discount, *e.g.*, one per cent. on coffee, but in manufacturing concerns the trade discount varies from 1¼ per cent. to 75 per cent., or even more, according to the custom of the particular trade. Another reason for this system of trade discounts, besides that given above, is that in most manufacturing trades the prices of the raw material from which the goods are made are subject to fluctuations; or, if the price of the raw material is stable, the prices of the manufactured articles themselves are subject to fluctuations, caused either by the excess of the demand over the supply, or the excess of the supply over the demand. It is obvious that to alter prices of a large number of articles to meet every fluctuation would involve the continual issuing of new trade lists. To obviate this labour and expense a manufacturer simply attaches a notice to his list drawing customers' attention to the rise or fall in prices, and announcing an increase or a decrease in the rate of trade discount. In this way the fluctuations in price are easily adjusted. The student may remember to have seen printed upon price lists a notice to the effect: *These prices are the prices in force at the time of going to press, and are subject to alteration without notice according to the fluctuations of the market.* See also Jones, Pearson and Co.'s invoice (p. 63), where 10 per cent. is added to cover the cost of the rise in raw material. Trade discounts are always deducted from the invoices so that the amounts posted to a particular customer's debit in the Ledger are not the *List* or *gross selling* prices, but the *net selling* prices.

Cash Discount. When one trader buys goods from another terms of payment are arranged between them. In the retail trade goods are usually sold for *cash, i.e.* they are paid for at the time of sale, but in the wholesale trade goods are usually sold *on credit, i.e.* a stated time is allowed by the seller before payment of the goods is required from the buyer. It is usual also if the buyer pays promptly at the expiration of the agreed period of credit for the seller to allow him a discount or allowance from the amount due. Sometimes, however, goods are sold *net, i.e.* subject to no Cash Discount whatever.

The following are some of the arrangements made: *Cash with Order (C.W.O.); Cash on Delivery (C.O.D.); Spot Cash; Net Cash within* 3, 7, *or* 14 *days, one month, three months, six months, &c.; Cash less* 1, 1¼, 2½, 3, 4, 5, 7½, 10, 12½, 15 or 20 per cent. *for payment within* 3, 7, *or* 14 *days, one, three, or six months; Monthly, Quarterly, or Half-yearly Accounts less* 1 *per cent. or*

any greater discount, prompt; Monthly, Quarterly, or Half-yearly Accounts less 1 *per cent. or any greater discount for payment within* 3, 7, *or* 14 *days, one or two months, after rendering.*

Cash with Order (C.W.O.) means that the goods must be prepaid; **Cash on Delivery** (C.O.D.), that the goods must be paid for on delivery; **Spot Cash**, that payment must be made on taking possession of the goods; **Prompt Cash** is a somewhat elastic term, but it is generally understood to mean that payment must be made within fifteen days from the date of the invoice; **"1 per cent. 3 Days,"** means that a discount of 1 per cent. will be allowed from the amount of the invoice if payment is made within three days of its date; **"1 per cent. monthly, prompt,"** means that a discount of 1 per cent. will be allowed from the amount of the monthly statement if it is paid within from three to fifteen days of rendering; **"1 per cent. monthly, due 30 days,"** means that 1 per cent. will be allowed from the amount of the statement if it is paid within thirty days of rendering. Thus, when a trader sells to another trader goods to the value of £20 for "Cash less 5 per cent. within 7 days" he virtually says to his debtor, "if you will pay the amount of my invoice within seven days of its date I will accept £19 instead of £20 in full discharge of your debt." A cash discount, then, is an allowance made by one trader to another to ensure payment of an invoice or statement within a specified period of time. Another method of attaining the same object is shown on Ayton, Smith & Collier's invoice (p. 58), where the student will note the announcement that "Interest at the rate of 5 per cent. is charged on overdue accounts." I give below a few specimen invoices obtained from representatives in various trades.

TELEPHONE: 1875 GERRARD
TELEGRAMS: WOODBURY, LONDON

LONDON, 31 *Mar.*, 1935
14 OLD BURLINGTON ST., W.

Messrs. Macdonald & Evans, London.

To **WOODBURY'S, LIMITED**

Photo Engravers, Designers, Colour Printers, &c.

TERMS NET. QUARTERLY ACCOUNT.

		£	s.	d.
10 *sets of* 3 *colour blocks*	£10.	100	0	0

N.B. NOT RESPONSIBLE FOR LOSS BY FIRE. PROOFS ATTACHED are for the purpose of identification only, and should always be returned with invoice when any question of error arises.

REGISTERED TELEGRAPHIC ADDRESS
"AYTON" LONDON
REGISTERED TELEPHONES { NO. 2731 AVENUE
NO. 5319 CENTRAL

HEAD OFFICE, 147 MINCING LANE,
LONDON, E.C.

11th Sept. 1935

Messrs. Capel, Morris & Co., 26–29 John St., Leicester

Bought of **AYTON, SMITH & COLLIER, Ltd.**

LONDON, CALCUTTA & COLOMBO

Oblige by giving Nos. and ship or date of invoice with clearing orders to avoid delay

All Teas and Coffees in our keeping are protected from loss by fire and held as security for current accounts. Public Sale Conditions

Interest at the rate of 5 per cent. charged on overdue accounts

All Cheques sent by post should be crossed "Credit of Payee's account only"

		£	s.	d.
11 Bags Vera Paz Coffee				
157 1 2 18	*3/2**			
8	*17*			
9	*19*			
60	*22*			
1	*19*			
2	*19*			
3	*19*			
4	*19*			
5	*19*			
6	*20*			
7	*19*			
18 1 14				
1 27				
17 3 15	at *152/–*	*135*	*18*	*4*
1 Mo.	Less 1 per cent.	*1*	*7*	*2*
	£	*134*	*11*	*2*

* This signifies 3 lbs. tare and 2 lbs. draft per bag.

121 GREAT TOWER STREET,
LONDON

8th Jan. 1935

Bought by Mr. James Glover,
High Street, Leeds

Of MASTERS & STEWART

Payment: Prompt 3 Months.

All Warrants in our hands are covered by our insurance, and held as security for current accounts.

RGS
HAP

9 Chests Assam Fannings
× *City of Benares*

4609	*1*	*0*	*15*	*19/1*			
10	*1*	*0*	*12*	*18*			
1	*1*	*0*	*12*	*18*			
2	*1*	*0*	*15*	*18*			
3	*1*	*0*	*9*	*16*			
4	*1*	*0*	*6*	*15*			
5	*1*	*0*	*12*	*17*			
6	*1*	*0*	*10*	*16*			
9	*1*	*0*	*7*	*15*			
	9	*3*	*14*				
	1	*1*	*21*				
	8	*1*	*21*	*@ 1s. 6d*	£	*70*	*17*	*0*

TELEGRAPHIC ADDRESS:
"BELLONA, LONDON."
TELEPHONE NO. 359 HOP.

SOUTH LAMBETH,
LONDON, S.W.
18th Jan. 19..

Messrs. Hocking & Sears, Mayfair.

Bought of WORRALL & JOHNSON

Wine Importers and Spirit Merchants

12 Doz. Brown Seal Port @ 60/-		*36*	*0*	*0*
12 ,, Yellow Tarragona @ 25/-		*15*	*0*	*0*
12 ,, Mauve Port @ 30/-		*18*	*0*	*0*
6 ,, Red Burgundy @ 60/-		*18*	*0*	*0*
	£	*87*	*0*	*0*

TELEPHONE NO. 5824 BLACKFRIARS
TELEGRAMS, "COLLSON, MANCHESTER"

16 CANNON ST.,
MANCHESTER.

1st Dec. 1935

Messrs. Richardson, Whittaker & Co., Ltd.

Bought of **W. C. COLE & SONS, Ltd.**

Manufacturers of the Royal Turkish Towels

Turkish Towels, all descriptions in Cotton and Linen, Turkish Bath Blankets, Terry Cloth, Bath Gowns, Huckaback, Honeycomb and Fancy Towels and Towellings, &c

			£	s	d	£	s.	d
o/X27260	Item W. H. E.							
	4 Doz. 3X1 White Cotton Turkish Towels . .	3/3		13	0			
	7 Doz. 340 White Cotton Turkish Towels . .	13/3	4	12	9			
	2 Doz 203X Cairo Cotton Turkish Towels . .	23/6	2	7	0			
	2 Doz. 6X White Cotton Turkish Towels . .	11/3	1	2	6			
	2 Dox. 6X1 White Cotton Turkish Towels . .	13/6	1	7	0			
	6 Doz XCK Grey Sultan Cotton Towels . .	7/3	2	3	6			
	2 Doz 932 Grey Sultan Cotton Towels . . .	12/6	1	5	0			
	1 Pce. YC Grey Cotton Rollering, 39 yds. . . .	4¾		15	5			
						14	6	2
							7	2
		2½%						
					£	13	19	0

Sent by L.M.S. carriage paid to Warehouse

TELEPHONES { 7456 / 7457 BLACKFRIARS
TELEGRAMS: FELTONS, MANCHESTER

66 OLDHAM STREET,
MANCHESTER

3/12/35

Messrs. Crossley & Bros. Ltd., London

Bought of **THE FELTING ASSOCIATION, LTD.**

Felt Manufacturers, Dyers and Printers

						£	s.	d.
0/38206	Item D E.K.							
	8/4 S718	Superfine Felting	4432½	CH 103	29			
		1 damaged	4345	4	29			
		1 „	3987	19	30			
		1 „	7467	44	29			
		2 „	7774	70	29½			
			2327½	7	29½			
		1 „	0169	83	31			
			4673	13	30½			
		1 „	4952½	93	30			
		1 „	3890	15	31			
					298½			
		Less 8 damages ¼ yd. each			2			
					296½	1/7½	24	1 10
		Less 3% prompt cash						14 6
						£	23	7 4

One case sent to office country packed,
Carriage Paid on case, returnable

TELEPHONE:
NO. 34 HALIFAX
TELEGRAMS: DARNER

London Warehouse: 17 Moor Lane, E.C.
Glasgow Warehouse: 882 Graylen Street

TENTER CROFT MILLS, HALIFAX

3rd December 1935

Messrs. Duckworth & Smith Bros. Ltd.

Bought of GOODAIR & DEARDEN, LTD.

Manufacturers of Bee Hive and White Heather Scotch Fingerings, Wheelings, Knittings and Fancy Wools, Bee-hive and Capstan Soft Knittings, Manufacturing and Hosiery Yarns.

			£	s	d			
0/3453	H.528							
	In ½ Spindles. Net weight tickets							
	Case 4/10 × 2/7 × 3/- 3-0-17	13/-		13	0			
	1 Spdl. 51 Petticoat Fingering	40/-	2	0	0			
	10 Spdl. 51 . 52 . 353 . 73 4-ply Soft Merino	16/6	8	5	0			
	7½ 1 ½ 1							
	23½ „ 52 . 51 . 53 4-ply Fingering	25/-	29	7	6			
	15 7½ 1							
	3 Boxes 51 Lady Betty Fleecy	5/6		16	6			
	1 Box 900 Ivorine	4/4		4	4			
	3 Boxes 51 Shetland	5/6		16	6			
	2 Boxes 51 Andalusian	5/6		11	0			
			42	13	10			
		10%	4	5	4			
			38	8	6			
		2½%		19	2			
					£	37	9	4

One case sent to office country packed,
Carriage Paid on 1 case, returnable

London Office and Show Rooms
BATH HOUSE
21 HOLBORN VIADUCT, E.C.

SUMMER HILL GLASS WORKS
STAFFS., 13*th Dec.* 1935

Messrs. Thompson and Davies, Ltd.

Bought of **JONES, PEARSON & CO.**

N.B. We guarantee all our goods to be BEST ENGLISH LEAD GLASS

			£	s.	d.			
40 6″.	33468.	Crystal Vases.	Per Dozen	6/–	1	0	0	
72 8″.	„	„	„	8/–	2	8	0	
80 6″.	38117½	„	„	6/–	2	0	0	
80 8″.	„	„	„	8/–	2	13	4	
40 6″.	No 37820.	„	„	6/–	1	0	0	
80 6″.	37821.	„	„	6/–	2	0	0	
80.	No. 33994.	Flint Vases	„	2/3		15	0	
80.	25959.	„	„	2/3		15	0	
80.	26783.	„	„	2/3		15	0	
80.	26088.	„	„	3/–	1	0	0	
					14	6	4	
		Plus 10 per cent.			1	8	7	
					15	14	11	
		Discount 5 per cent				15	9	
		„ 2½ „			14	19	2	
						7	6	
					14	11	8	
		Casks, 2 at 12/6			1	5	0	
								15 16 8

Per G.W.R. to your Warehouse

Net wt.	Gross wt.	Measurement.
141 lbs.	3.1.20	28 × 42
183 „	3.2.0	48 42

Casks returnable and credit allowed in full

T.A. "NUCLEUS, LONDON,"
TEL. 1492 HOP

16 SPA ROAD, BERMONDSEY
LONDON, S.E.
January 20th, 1935

Messrs. Albert Smith and Co., Leicester

Bought of **THOS. BROWN & CO.**

LEATHER MERCHANTS

		£	s.	d.
10 doz.	Black Box Calf Stout 1287 ft. @ 13*d.* per ft.	69	14	3
4 ,,	Coloured Box Calf Stout 469¾ ft. @ 14*d.* ,,	27	8	0
20 ,,	Pat. Calf @ 57/- per doz.	57	0	0
10 ,,	Waxed Calf II 30 lb. av. 296 lb. @ 4/6 p. lb.	66	12	0
		220	14	3
	2½%	5	10	4
	£	215	3	11

TEST PAPER V

1. Define an Invoice. State why Invoices are used in business.
2. Explain three methods of dealing with Invoices for Goods Bought.
3. Explain three methods of dealing with Invoices for Goods Sold.
4. What are Credit Notes and Debit Notes? Under what circumstances are they used?
5. Give the particulars usually stated in an Invoice.
6. What is a Pro Forma Invoice? State the conditions under which such an Invoice would arise.
7. Explain Tare, Gross Weight, and Net Weight.
8. What is Draft? Is it an invariable quantity?
9. Explain Trade Discount and show how Trade Discount differs from Cash Discount.
10. Explain C.O.D., C.W.O., Prompt Cash; net 30 days; Quarterly % less 5%; 30 days. 1½%; Spot Cash.
11. In what ways are Invoices sent to customers? How much does it cost to send an Inland Invoice?
12. Calculate the following: 1½% on £98 10*s.* 6*d.*; 2½% on £37 10*s.* 3*d.*; 15% on £58 5*s.* 11*d.*; 12½% on £196 8*s.* 8*d.*
13. Suppose you buy the following goods from Messrs. Barrett and Hopwood, 15 Eastcheap, London, E.C.: 5 cases Tomatoes—2 doz. each case, @ 9*s.* 6*d.* per doz.; 6 cases Sardines—100 tins each case, @ 10*s.* 6*d.* per doz.; 5 boxes French Plums, 28 lb. per box, @ 75*s.* per cwt.; 10 ½-boxes Valencias, net weight 17 cwt. 2 qrs. 5 lb. @ 60*s.* per cwt. Make out an Invoice for the goods and deduct 1% for prompt cash.
14. Suppose in the example above that 20 tins of sardines were found to be "blown," *i.e.* unfit for consumption through decomposition. Write a letter to Barrett and Hopwood pointing out the fact and claiming credit for the blown tins.

15. Make out a Credit Note such as you would receive from Barrett and Hopwood for the 20 blown tins.

16. Explain the purpose of an Invoice.

17. Condense the following into a telegram and state the cost of forwarding it to each of the three persons whose names and addresses are given, "I can offer you 50 cases of Tate's No. 1 Cube Sugar at 40*s.* 6*d.* per cwt., f.o.r. Liverpool, subject to being unsold on receipt of your reply." (Signed), "Sweeter." To Brown, 57 High Street, Nottingham; to Symes, 36 Fleet Road, Nottingham; to Steel and Flint, The Broadway, Nottingham. (*West Riding C.C. Elem.*)

18. On March 2 A. Brown of Kidderminster purchases from Silver and Co. of Nottingham the following: 191 yds. Black Velvet at 1*s.* 4*d.* per yd.; 321 yds. Coloured Velvets at 1*s.* 5*d.* Make out in business form the invoice for the goods. Write a letter from Brown to Silver and Co., complaining of the quality and unsatisfactory finish of the goods and stating that the goods will be returned unless an allowance is made. On March 4 Brown returns 28 yds. Black Velvet at 1*s.* 4*d.* to Silver and Co. Make out Brown's debit note for the returns.

(*Midland Counties Union Elem.*)

19. Arrange the following letter in proper form, correcting all mistakes: 26 princes rd chelsea. To Mr. Baker Dere Sur imeditely i got your letter i set about the work you ordered me to do but i find i shell not be abel to get it dune in the time you sed has their are meny more alterations nesesary than you think yours truely G. Clark.

(*N. Union of Teachers Elem.*)

20. Make out an Invoice for the following, and deduct 5% discount: ¼ doz. shirts @ 20*s.*; 5 doz. half-hose @ 12*s.* 6*d.*; 50 yds. lining @ 6*d.* per yd.; $1\frac{1}{2}$ doz. blouses @ 30*s.* (*N. Union of Teachers Elem*)

21. Explain the abbreviations R/P.; T.C. What would be the charge for the following telegram: "Phipps-Hornby, Oxford Place, Newport (I. of W.) Consols $57\frac{1}{2}$–$57\frac{5}{8}$. Canpacs $194\frac{1}{16}$–$194\frac{5}{16}$. Cautious London."

22. W. H. Bell and Co., Manchester, send goods to Forward Bros., of London, value £10 10*s.* 9*d.* They find that 5 doz. Brass Door Handles have been invoiced at 57*s.* per doz. instead of 63*s.* Show by a document ruled in proper form how they would correct the error.

CHAPTER VI

INVOICING (*continued*)

IN the previous chapter I explained the meaning of a few abbreviations used when invoicing goods, *e.g.* C.O.D. and C.W.O. It will be useful at this point to explain other abbreviations constantly met with in connexion with invoices.

Goods are sold either to traders at home or to traders abroad, *i.e.* the goods form part either of (*a*) the Home Trade or (*b*) the Export Trade. It is a fundamental principle when goods are sold that the cost of the removal of the goods from the seller's address to the buyer's address should be borne by the buyer. Consequently a seller's price is always a price for the goods at the place where they lie at the time of sale. But, frequently, it is convenient to the buyer that the seller should defray the cost of removing the goods to the buyer's address, and charge the expense incurred by so doing to the buyer. When that is the case, the seller either merges this cost of carriage in the price he quotes or charges to the buyer, or he adds it separately to the amount of the invoice. The consequence of this is that we have a variety of prices, some of them used in the Home and others in the Export Trade.

The following five expressions indicate that the price is solely a price for the goods :

Loco Price	= Price *Loco* = (from the place).
Ex Warehouse	= From the warehouse.
Ex Ship	= From the ship.
Ex Quay	= From the Quay.
Carr. Fwd.	= Carriage Forward, *i.e.* carriage to the buyer's address to be borne by the buyer.

The following indicates that the price for the goods includes the cost of carriage to the buyer's address, and that this cost has been merged in the price.

Carr. Pd. = Carriage Paid.

The following indicates that the price for the goods includes a part of the cost of carriage to the buyer's address, viz. that part incurred for putting the goods into railway trucks at the station nearest to the seller's address, and that the cost of this operation has been merged in the price for the goods.

F.O.R. = Free on Rail.

The following quotations are used in connexion with the Export (or the Import) Trade.

F.A.S. This stands for Free Alongside Ship, and means that the price either includes the cost of conveying the goods to the ship lying in the river, or moored outside the port, or that the cost will be charged separately on the invoice.

F.A.Q. = Free Alongside Quay, and means that the price includes the cost of conveying the goods to the vessel lying in the docks.

F.O.B. = Free on Board. This means that the price includes the cost of putting the goods into the hold of the carrying vessel, *i.e.* that the price is made up of (1) cost of goods, (2) cost of conveying them to the ship's side, (3) cost of slinging them into the hold.

C. & F. = Cost and Freight. *Freight* is the name given to the charge made by the owners of a vessel for carrying goods. Therefore this price is (1) a price for the goods + (2) a price for conveying them to the ship + (3) dock charges, *i.e.* the sum charged by the dock company for loading them on to the steamer, + (4) the cost of conveying them to the port of destination.

C.I.F. = Cost, Insurance, and Freight. This price includes all the elements that go to make up a C. & F. price with, in addition, the cost incurred for insuring the safety of the goods while they are subject to the " perils of the sea."

It will be noted, from the foregoing, that if a merchant were asked to quote for a particular line of goods F.A.S., F.A.Q., F.O.B., C. & F., and C.I.F., then his price F.A.S. and F.A.Q. would be about equal, but the other prices would show a progressive increase, culminating in the C.I.F. price, which would be the highest of all.

There is one other price a merchant is sometimes asked to quote, and that is a price Franco = Free. A *Franco* price not only includes all the expense necessary to get the goods safely to their port of destination as in a C.I.F. price, but it also includes the cost of (1) delivering the goods from the port of destination to the buyer's address, and (2) the duty (if any) on imported goods payable to the Government of the importing country. Thus if a London merchant quotes a citizen of Chicago £5 as

the franco price for particular goods, it means that for that price the London merchant will have them delivered at the door of the Chicago buyer and that the latter will not be called upon to pay the duty, which, like all the other extra charges, must be borne by the seller because it is included in the price.

E.E. or E. & O.E. These abbreviations are sometimes seen at the foot of invoices. They mean, respectively, Errors Excepted and Errors and Omissions Excepted. They are used by way of safeguard should mistakes have been made in the invoices on which they appear, but it is not clear that they have any legal force.

TEST PAPER VI

1. A merchant may quote a price for goods f.a.s., which means that the price includes the cost of conveying the goods to the ship's side. Mention five other kinds of prices commonly quoted for goods, give their commercial abbreviations and explain exactly what the prices mean.

(*R.S.A. Commercial Correspondence and Business Training.*)

2. If you were an English buyer of Banca Tin, and one merchant quoted you £250 per ton F.O.B. Amsterdam, and another the same price ex warehouse, London, which offer would you be likely to accept and why ?

3. What is the difference between a C. & F. price and a C.I.F. price ?

4. Explain the meanings of the following terms : (1) Freight, (2) Dock charges, (3) Franco, (4) E. & O.E.

5. Suppose that there was a strong probability that the U.S. Tariff was about to be drastically altered, explain why it might be inadvisable for a London merchant to quote a Franco price for goods to be shipped, say, to a merchant in St. Louis.

6. Which is the greater, an F.O.B. price or a C.I.F. price for the same goods ? Explain your answer fully.

7. Explain the difference between an F.A.S price and an F.O.B. price.

8. Taking a loco price as a basis, name what additions would be required to make this into (*a*) a C.I.F. price ; (*b*) a Franco price ?

(*Lancs. and Ches. Union Senior.*)

9. A merchant has an inquiry from an Indian importer for a parcel of goods to be quoted C.I.F. Bombay. The merchant finds that he can buy the goods at £50 per ton F.O.B. London. The insurance rate to Bombay is 13s. per cent., and the freight is £2 5s. per ton. What would be the C.I.F. Bombay price, allowing for a profit of £5 per ton to the merchant ?

CHAPTER VII

LETTERS, INVOICES, AND ACCOUNTS—AN OBJECT-LESSON

THE methods of dealing with Letters, Invoices, &c., have already been described generally, but inasmuch as these methods are somewhat modified in practice, an actual exposition of the way such documents are dealt with in a modern manufacturing business may be helpful to the student. I will accordingly describe the methods used in the office of Messrs. Fellowes Bros. and Co., manufacturers of enamels, paints, and varnishes.

Post Inwards. All letters are opened by a principal and sorted into piles—(1) Letters, (2) Orders, (3) Invoices, Credit Notes, and Accounts, (4) Receipts, (5) Cash. The letters and orders (the latter are numbered in rotation as received) are stamped with a rubber dating stamp, and the piles are distributed amongst the clerks responsible for dealing with them. As

RECD. JULY 1, 1935

ATTENDED TO BY.....

the principal opens the letters he dictates the names of the correspondents and details of the letters, &c., to a correspondence clerk, who records them in a book kept for the purpose, the ruling of which is as shown on p. 70. The student will note that the Correspondence Book is also used as a postage book for recording the despatch of letters, telegrams, cablegrams, and parcels, the entries being so arranged that the record of each day's outward correspondence and parcels is confronted by the record of each day's inward correspondence. The money received, and the amount expended for each day's postage, is

CORRESPONDENCE BOOK (left-hand page)

Monday, June 3rd, 1935.

FROM	INQUIRIES	ORDERS	MISCEL.	CASH £	s.	d.
J. Abbot & Sons	White Zinc Pt.					
Wilson & Co.			Cheque	165	4	3
G. Elliot & Co.		1				

CORRESPONDENCE BOOK (right-hand page)

Monday, June 3rd, 1935.

£	s	d.		£	s.	d.
8	10	7	Brought forward	6	5	8
			Brought forward			
			J. Abbot & Sons 2*d.*; Wilson & Co. 1*d.*; C. Jones, 1½*d.*			4½
			500 Statements, £1 0s. 10*d.*; 5 Advices, 2½*d.*	1	1	0½
			23 Invoices			11½
			Registered Letters—			
			Baylis			4½
			Telegrams—			
			James & Co		1	0
			Parcels—			
			J. Abbot & Sons, 6*d.*, W. Thompson 10*d.*		1	4

totalled at the end of the day and carried forward, day by day, for a week. It is then balanced, the balance in hand being made up on the "imprest" method (see p. 79) to a round sum with which to begin the new week.

Outward Correspondence. The letters requiring attention are placed together on a Shannon File. The correspondence clerk goes through the letters, notes on special forms the particulars required in order that each may be answered, and sends these forms to the Works Department, the Warehouse, the Forwarding Department, or the Laboratory, according to the nature of the information wanted. These forms, with the particulars attached, are duly returned to the Correspondence Department and the clerk then dictates the replies.

Assume that one morning Messrs. Fellowes, Bros. and Co. receive the following order :

ORDER

No. 6189
June 10*th*, 1935

From

JOHN ABBOT & SONS
18-20 Panton Street, Moss Side
Manchester

TELEGRAMS: "GLACIAL, MANCHESTER"
TELEPHONE: 15906

To Messrs Fellowes Bros. and Co., Bermondsey, London, S.E

QUANTITY	DESCRIPTION
	Please supply the undermentioned goods:
50 *cwt.*	80 *per cent. Reduced White Zinc Paint*
50 *cwt.*	60 " "

As per your quotation dated 6*th June*, 1935, *and samples submitted*

REMARKS:
This order must be executed within three days of receipt, otherwise it is cancelled.
All goods to be forwarded by L.M.S.R., and consigned to our works, Meadow Lane, Moss Side, Manchester.
Advice Notes to Meadow Lane. Invoices to Panton Street

per JOHN ABBOT AND SONS,
J. H.

This is numbered in rotation and handed with the other orders to the Order Clerk, who goes through the filing cabinet to ascertain the previous order, or the price paid, or whatever particulars are required for the Works Department and the Invoicing Department. All such memoranda are pencilled on the order, and the Invoice Clerk hands the order to the typist for the invoice to be made out. Invoice (1), Charge Sheet (2) (Messrs. Fellowes use loose-leaf ledgers, and these charge sheets, which are really duplicate invoices, are filed to form a day book), Commission Sheet (3), Geographical File Copy (4), Warehouse Order (5), Works Department Order (6), Despatch Receipt (7), Receive Note (8), and Traveller's Advice (9)—nine documents in all—are typed at one operation on an Elliott-Fisher Billing Machine. These nine forms are lightly glued together at the left-hand edge, and punched with two circular holes to fit over the studs projecting from the bed of the Billing Machine. Every

morning the junior clerk insets a number of these pads of forms with carbon ready for the typist. The forms are not all of the same size, and only *Forms* 1, 2, 3, and 4 contain priced particulars —the carbon insets being of varying sizes and placed in correct positions for Duplicating. When the forms have been typed, Nos. 1–4 are separated from Nos. 5–9, care being taken not to break the glue which holds Nos. 1–4 together, as they have to go into the machine again. *Form* No. 5 is sent to the warehouse for the order to be executed. *Form* No. 6 is sent to the Works Department putting up the particular class of goods required. When the goods are ready they are sent to the warehouse accompanied by a duplicate Works Advice Form. The Head Warehouseman compares this Works Advice Form with Warehouse Order (Form 5), and if it agree, fills in the name of the carrier, gross weight, tare, date of despatch, and sends it with the Warehouse Order to the Order Department. The typist has now all particulars to complete Forms 1–4.

Form 1. The Invoice is checked by the Checking Clerk, who initials it if correct; and hands it to the Postal Clerk to be sent off.

Form 2. The Charge Sheet is filed between stout leather covers from the lower of which project two steel rods, over which the punched charge sheet is passed, the whole being kept in place by the upper removable cover, hinged 2½" from the left-hand edge to permit it being thrown back so that the charge sheets can be referred to. The charge sheets thus filed to form a kind of loose-leaf Sales Book are posted by the Ledger Clerk direct to a loose-leaf Ledger. Every month the total of the charge sheets is carried to a Sales Account in the Ledger.

Form 3. The Commission Sheet is used for calculating the traveller's commission, the traveller's initials being typed in upon the form. These forms are filed under the particular traveller to whom they relate.

Form 4. The Geographical File Copy is filed away in an Amberg Cabinet under towns. When a change of traveller occurs, or a traveller's district is enlarged, or the principal of the firm is going into a district where the firm is not represented, it is an easy matter to see what business is being done in a particular district, and to send such letters and advices as are necessary. The travellers always receive carbon copies of all letters addressed to the particular customers on whom they call, and also advices of the despatch of goods (Form 9).

Form 5. The Warehouse Order, with the Works Advice attached, is filed in the Order Department according to the

Order No. on a similar plan to that used for the charge sheets. This file is indexed under buyers' names—the Order No. being the folio—and serves as an "Orders Received Book" for office reference.

Form 6. The Works Department Order is filed by the Works Department in a similar manner to that adopted for Form 5.

Form 7. The Despatch Receipt is handed to the carman, who gets it signed by the customer or customer's agent receiving the goods, as a receipt for the goods.

Form 8. The Receive Note is posted to the buyer as an advice of the despatch of the goods.

Form 9. The Traveller's Advice is, as already explained, posted to the traveller responsible for getting the order, so that he may know his order has been executed.

Filing Letters. All answered letters are filed in an Amberg Filing Cabinet—a cabinet similar in principle to, though differing in some details from, the Shannon described on p. 17—with the material for answering the letter, and the copy of the answer attached. A carbon copy is typed with every reply, and the carbon copy is sent to the traveller in whose district the correspondent resides. Periodically the Amberg File is cleared and the papers transferred to binding cases, which are dated and numbered and ranged in chronological sequence on easily accessible shelves.

Copying Letters. All letters are copied on a Roneo Rotary Copier.

Inward Invoices. All invoices are stamped on receipt as follows:

GOODS RECEIVED

Quantity checked by .....

Price checked by .....

Working checked by .....

Entered.....Folio ....

The invoice is then handed to a clerk dealing with these invoices, who compares it with the Goods Inward Book kept by the Receiving Department.

GOODS INWARD BOOK

1935	QUANTITY	GOODS	WEIGHT	SENDERS	CARRIERS	DEPT.
June 19	2 Brls.	Linseed Oil	8.2.26	Baltic Oil Co.	Own van	Mill Room
	3 doz.	1 gal. Cans		J. Feaver	" "	A D
	6 Rolls	Copying Paper		France and Co.	L.P.D.C. Pd.	Office

If the invoice agrees in all particulars with the record in this book the clerk initials the line: *Quantity checked by . . .* and also ticks off the record in the Goods Inward Book. The invoice is then handed to the buyer who checks the price, and, if correct, initials the line: *Price checked by . . .* Afterwards a clerk checks the calculations, and, if correct, initials the line: *Working checked by . . .* Should any inaccuracy be disclosed, the invoice is returned to the senders for correction. Every month the invoices are sorted, all those emanating from the same firm being tabbed together with the amounts of each invoice stated and totalled on a slip of paper attached to the tabbed bundles. These totals are then entered by the Purchases Ledger Clerk into a Purchases Book, and from that book posted to the Bought Ledger. Thus instead of many entries there is only one per month for each firm. The invoices are then filed under the name of the firm in an Amberg Cabinet kept for invoices.

Accounts for goods bought are checked from the invoices and, when paid, filed in the two or three divisions of the Invoice Cabinet devoted to that purpose.

Unexecuted Orders. Sometimes an invoice cannot be completed on the same day as the order is given to the Works Department. All such invoices are entered upon an unexecuted order list, and every day the head of the Order Department goes through this list with the manager of the department, thus keeping touch with all unfilled orders, and preventing them from being overlooked, or their execution delayed. If any alteration b · made in an order after it has been issued to the Works and Warehouse Departments, the alteration is typed in duplicate upon a *green* form, and is sent to both departments. The green colour at once indicates that it is an alteration of an existing order, and the form is attached to the original.

Export Invoices. Export orders requiring more than one invoice are treated exactly in the same way as home orders, the extra copies of invoices being typed on No. 1 forms, on the back

of which the certificate of origin (see p. 113) has been printed by means of a Remington Duplicator.

Multiplication of Commercial Papers. This is effected by a hand-worked Roneo Multiplier as described on p. 20, the names and addresses of the persons to whom the circular, &c., is sent being afterwards added on a typewriter in the same coloured ink as that used for multiplying the document.

TEST PAPER VII

1. Make out an invoice as from John Dawson and Co., Leeds, to Smith, Brown and Co., Manchester, for the following goods:

No 2762, 1 piece, 56 in Coating, × 27. 50 yds. @ 6*s.* 3*d.* per yd.
2763 1 ,, ,, × 35. 48 yds @ 6*s.* 3*d.* ,,
2764, 1 ,, 28 in Trouserings, 274. 47 yds @ 4*s.* 0*d* ,,

Terms 2½% one mo. Per L & Y Rly. *(West Riding C C.)*

2 Condense the following market report into suitable telegram form: Woollen and Worsted Trades London, Friday At the reopening of the auctions here to-day buyers were in large attendance, and increasing animation was displayed all round, practically the whole of the catalogues being cleared on the full basis of values hitherto ruling The offerings comprised over 14,000 bales, made up chiefly of merino wool suitable for Continental consumption, and, with the exception of a few of the best greasy parcels which were secured for America, fell to bids mostly on French and German account. The large assortment of greasy merinos from Sydney and Queensland included some well-grown clips, the former realizing up to 6o*d.*, and the latter 5(6*d* per lb.

(Lanc. and Ches. Union, Junior.)

3 Make out the following invoices, &c., in proper style In extending the amounts of the separate items ignore all fractions of one penny < ½*d* and count fractions equal to or > ½*d.* as one penny. Use any convenient dates.

(*a*) BUYERS.—Jones and Wilson, High Street, Hanley
SELLERS.—Armstrong, Marshall and Co., Ltd., 127 Oldham Road. Manchester.

45 yds. 2 ft. Linoleum @ 1*s.* 7½*d.* yd.; 27 yds. 1 ft. Linoleum @ 1*s.* 8¾*d.* yd.; 40 yds. Linoleum @ 1*s.* 6½*d* yd.; 49 yds Linoleum @ 8*d.* yd.; 24 yds. 2 ft. 3 in. Linoleum @ 7*d.* yd.; 30 yds Linoleum @ 1*s.* 2*d.* yd. Deduct 5% Cash Discount.

(*b*) BUYERS.—Johnson, Brown and Co., Ltd, Old Trafford, Manchester.
SELLERS.—Neale, Wilson and Co., Ltd., Stafford.

5 prs. Patent Brown Shoes @ 2*s.* 2*d.* pr.; 4 prs. Glacé Boots @ 7*s.* 9*d.* pr.; 10 prs. Derby Boots @ 5*s.* 11*d.* pr.; 5 prs Box Calf Boots @ 5*s.* 3*d.* pr.; 6 prs. Youths' Box Calf Boots @ 4*s.* 9*d.* pr.; 3 prs. Dull Chrome Derbys @ 8*s.* 7*d.* pr. Deduct 15% discount.

(*c*) BUYERS.—The Chester Hardware Stores, Ltd., Chester.
SELLERS.—The "Renowned" Foundry Company, Ltd., 89 Gatacre Street, Birmingham.

3 Fenders (No. 1210) @ 5*s.* 9*d* each; 6 Fenders (No. 5928) @ 7*s* 11*d.* each; 5 Fenders (No. 3412) @ 2*s.* 11*d.* each; 4 Fenders (No. 1682) @ 5*s.* 6*d.* each; 8 Fenders (No. 2248) @ 3*s.* 11*d.* each; 12 Ashpans @ 2*s.* 7*d.* each. Deduct 2½% discount.

The Chester Hardware Stores found that the six fenders (No. 5928)

should have been charged at 6*s.* 11*d.* They accordingly asked the "Renowned" Foundry Company, Ltd., for a Credit Note for the overcharge. Make out the Credit Note.

(*d*) BUYERS.—Fortescue and Cross, Ltd., 326 Lime Street, Liverpool.
SELLERS.—The Wholesale Boot Company, Leicester.

5 prs. Shoes (M385) @ 1*s.* 7¾*d.* pr.; 6 prs. Shoes (M1084) @ 1*s.* 6¾*d.* pr.; 10 prs. Shoes (M976) @ 1*s.* 8½*d.* pr.; 8 prs. Shoes (M392) @ 1*s.* 6½*d.* pr.; 3 prs. Shoes (M886) @ 2*s.* 3¼*d.* pr. Deduct 1¼% discount.

The Wholesale Boot Company found that the 6 prs. Shoes (M1084) should have been charged at 2*s.* 5½*d.* pr. They accordingly sent Fortescue and Cross, Ltd., a Debit Note for the amount undercharged. Make out the Debit Note.

(*e*) BUYERS.—Mason and Cliff, Ltd., 151 George St. West, Wolverhampton.
SELLERS.—The Hull Provision Company, Ltd., Temple Street, Hull.

3 qr. 14 lb. Danish Mids (bacon) @ 77*s.* cwt.; 1 qr. 5 lb. Danish Smk. @ 83*s.* cwt.; 1 qr. 7 lb. Danish Smk. @ 83*s* cwt.; 3 qr. 3 lb. Rolled Smk. @ 80*s.* cwt.; 1 cwt. 1 qr. 7 lb. Wet draft @ 78*s.* cwt.; 1 qr. 27 lb Ham @ 9½ lb.

(*f*) BUYERS.—Morris, Garner and Sons, 98 London Road, Manchester.
SELLERS.—Gunn, Perkins and Co., Ltd., Fruit and Vegetable Market, Manchester.

5 Pots Cabbage @ 3*s.* 3*d.* pot; 2 Pots Broc. @ 3*s.* 6*d.* pot; 4 c/s Oranges @ 8*s.* c/s; 1 cwt. 1 qr. 10 lb. Bananas @ 14*s.* cwt.; 4½ H. = 450 Eggs @ 11*s.* 6*d.* h.; 2 cwt. 2 qr. 21 lb Bananas @ 13*s.* 9*d.* cwt.; 4 Hampers Broc. @ 2*s.* 9*d* hamper; 2 Box Lettuce @ 10*d.* box.

(*g*) BUYER.—James Stephens, 38 New Street, Stafford.
SELLERS.—T. R. Robinson and Son, Coal Dealers, Stafford.

2 tons 13 cwt. Selected House Coal @ 40*s.* per ton; 2 tons 17 cwt. Special Kitchen Coal @ 41*s.* 6*d.* per ton, 11 cwt Slack @ 35*s.* 3*d.* per ton.

CHAPTER VIII

COUNTING-HOUSE ROUTINE; PETTY CASH; OPENING, RENDERING, COLLECTING, RECEIPTING, CHECKING, AND PAYING ACCOUNTS

It is not proposed in this section to deal with the ledgers and other books used in the counting house, but only with the general principles upon which counting-house work is conducted.

Petty Cash. It is necessary in most businesses to keep a sum of ready money in the office in order to meet the small expenses inseparable from the conduct of every business. The money so kept is termed the *Petty Cash*. The control of the petty cash may either be in the hands of the cashier or a subordinate clerk. In large offices where the disbursements are numerous the petty cash is controlled by a subordinate, termed the *Petty Cashier*. The book in which the amounts received for petty cash and the sums disbursed are entered is termed the *Petty Cash Book*. This book is generally ruled in such a way that the sums paid away can be analysed under the various heads of business expense, and the amount which should be in the hands of the Petty Cashier at any moment can be seen at a glance. Sometimes small ledger accounts are paid from the petty cash. In such cases the Petty Cash Book includes a Ledger column. A form of petty cash book is shown on p. 78. Column T1 is used for recording cash received; Col. T2 for entering the disbursements. Columns A to I are used for analysing the entries in Col. T2. It will be noted that the totals of Cols. A to I are the total of Col. T2 and that the difference between Cols. T2 and T1 is the amount in hand. The Petty Cash Book is usually balanced by the cashier every month, the totals of Cols. A to H being posted to the debit of the relative Impersonal or Expense Accounts in the Ledger, and the separate items in Col. I being posted to the debit of the respective Personal Accounts in the Ledger. When the Petty Cash Book has been balanced the total of Col. T2 is paid over by the Chief to the Petty Cashier, thus bringing the

PETTY CASH BOOK

Dr.					Cr.																											
Date.	Details.	£	s.	d.	Date.	Details.	Total £	s.	d.	Tele-grams. £	s.	d.	Post-ages. £	s.	d.	Station-ery. £	s.	d.	Clean-ing. £	s.	d.	Fuel. £	s.	d.	Gas and Electric Light £	s.	d.	Tele-phone Charges £	s.	d.	Sun-dries. £	s.	d.	Ledger. Account	Amount £	s.	d.	Folio.
1922 Mar. 1	Cheque	50	0	0	19 Mar. 1	Postage	0	3	6				0	3	6																						
					,, 3	Brown & Co.	1	4	9							1	4	9																			
					,, 6	House-keeper, cleaning, and sundries	2	9	4										2	6	4									0	3	0					
					,, 8	H. Rose (extra discount paid him)	0	10	9																								H. Rose	0	10	9	896
					,, 18	House-keeper	6	0	2										5	4	2	0	12	0						0	4	0					
					,, 22	Telegrams	0	5	6	0	5	6																								
					,, 26	Postage	1	10	0				1	10	0																					
					,, 29	Gas Co. to 31/12/21	4	2	5																4	2	5									
					,, 30	Trunk calls for month	0	7	9																			0	7	9						
					,, 30	Sundry stationery	0	1	4							0	1	4																		
	Per-ward	£50	0	0		Forward £	16	15	6	£0	5	6	£1	13	6	£1	6	1	£7	10	6	£0	12	0	£4	2	5	£0	7	9	£0	7	0		£0	10	9	
		T1					T2			A			B			C			D			E			F			G			H			I			

NOTES.—If there were no further transactions during March, the following events would take place at the end of the month: (1) £16 15s. 6d would be drawn from Bank and paid into the Petty Cash, thus raising the Petty Cashier's balance to its original figure of £50. (2) The totals of Columns A to H would be debited to their relative Impersonal Accounts in the Ledger. (3) The separate amount in Column I would be debited to H. Rose's Personal Ledger Account. (4) The whole of the analysis columns would be ruled off and a balance of £50 would be brought down in the debit cash column, whereupon a fresh start would be made.

latter's balance, on the 1st of the new month, to the original amount with which he started. This arrangement of beginning the Petty Cash Book with a sum sufficient to meet probable requirements for a definite period of time (usually a month), and then at the end of the period balancing the Petty Cash Book and making good the amount expended during the period, so as to bring the balance up to the original sum—the imprest amount—is termed the *Imprest Method*, and affords some safeguard against the improper use of petty cash. In small businesses the Petty Cash Book is not so elaborately ruled as the example shown, the analysis columns being dispensed with. The Petty Cashier should take care to obtain receipts for all amounts paid away. He must, at any time, be prepared to produce the money he has received for petty cash, or in lieu of the whole, or any part of it, receipts or vouchers from the persons to whom he has paid it.

Opening Accounts. (1) When an order to be executed on credit is received from an unknown firm with whom no previous transactions have taken place, it will usually be found that the firm gives the names of one or more members of the same trade, of whom inquiry as to the financial standing of the new firm may be made. He may also give the name of his banker as a reference. In such cases the order is referred to the counting house, and is unfilled until the inquiries have been put through and satisfactory replies received. If no references are given, a polite note should be sent to the firm pointing out the omission.

The following specimen letters will illustrate the kind of correspondence appropriate to the matter of taking up references:

INQUIRY THROUGH TRADE

Private and Confidential

We have received an order from Messrs. James Howell and Co of Wheelergate, Nottingham, who have given your name as a reference. Messrs Howell state that they have had an account with you for a number of years, and we shall be obliged if you will kindly tell us, in confidence, whether or not you have found their account satisfactory, and if you would trust them to the extent of, say, £50 per quarter. We enclose stamped envelope for reply.

REPLY

Private and Confidential

In reply to your inquiry of we beg to say that we have done business with Messrs. James Howell and Co. of Nottingham for over ten years now, and have always found them punctual in the discharge of their obligations. We should have no hesitation in giving them credit to a much greater extent than the amount you mention.

INQUIRY THROUGH BANKER

THE MANAGER,
Lloyds Bank, Ltd.

We contemplate opening an account with Messrs. Larking and Spurr of 16 City Road, E.C. They refer us to the Head Office of the Midland Bank, Ltd. We should be obliged if you would kindly inquire if it would be safe for us to trust them to the extent of £500.

REPLY

In reply to your letter of the I have made inquiry of the Midland Bank, Ltd., regarding Messrs. Larking and Spurr and the reply is in the affirmative.

REQUEST FOR REFERENCES

We are in receipt of your valued order, dated the , but you omit to give the necessary references, which as a matter of routine we always require when opening new accounts. If you will kindly repair the omission we will at once put the work in hand.

PRO FORMA SENT AFTER INQUIRY (reply unsatisfactory)

With reference to your order dated the we beg to enclose herewith pro-forma invoice amounting to £ . The goods are ready for despatch and will be forwarded on receipt of your remittance.

The following is the kind of reply received when inquiry is made through a firm of mercantile agents who for a yearly subscription provide their subscribers with information as to the commercial status of firms.

MERCANTILE AGENT'S REPORT

Strictly Private and Confidential

Pautsch and Co., Liverpool — The sole proprietor of this firm is Mr. F. W. Pautsch. He started business in 1914 with a small capital and is considered to have made headway. Large credit is not advisable, but a small credit account up to £10 a month may be run with safety. His reputation with local traders is good.

Rendering Accounts. It is the duty of the ledger clerks to render periodically to the debtors of the firm statements showing the amount due from each. Statements of Account are necessary in order that a particular account as it stands in the Sales Ledger of the seller may be periodically compared with the *corresponding* account as it stands in the Bought Ledger of the buyer, and complications thus avoided. Accounts are made out from the Sales Ledger and rendered weekly, or monthly, or quarterly, or half-yearly, or at periods synchronizing with the traveller's calls, if it be the custom for the traveller to collect

the accounts on his journeys. *An account* is a columnar statement giving the date and amount of each invoice for goods bought by a customer during the period covered by the account. The separate invoices are totalled, any credits, for goods returned or allowances, being separately enumerated at the foot of the statement and deducted from the total of the invoices. If the amounts of the invoices are *net, i.e.* if no settlement discount is allowed, the statement is marked "net." If a settlement discount is allowed its amount and the time limit for its allowance are stated. Usually a rubber stamp is used for this purpose, worded somewhat as follows:

THIS ACCOUNT IS STRICTLY NET, AND MUST BE PAID ON OR BEFORE THE 15TH JULY.	SUBJECT TO 2½% DISCOUNT IF SETTLED ON OR BEFORE THE 10TH APRIL, OTHERWISE NET.

THIS A/C IS NET AND DUE
NOT LATER THAN 21ST JAN.
INTEREST AT 5% P.A. WILL
BE CHARGED ON ALL
OVERDUE A/CS.

Sometimes such wordings are printed upon the statements. In other instances the terms of settlement are written upon them by the clerk who renders them, *e.g.*:

5% 1 *mo.* 2½% 7 *days.* *Quarterly, net.*

The settlement discount varies with different trades, and even with different customers in the same trade. It may happen that a customer has not paid the last account when the time for rendering the statement again comes round. In such cases the first entry upon the statement is *To account rendered* £20 10*s.* 6*d.*, or whatever the unpaid amount may be.

It may also happen that the previous account has only partially been paid and an outstanding balance still remains for settlement. In such cases the statement opens with the entry: *To Balance Brought forward* £10 9*s.* 8*d.*, or whatever the balance may be.

When rendering accounts to dilatory payers it is customary

to gum on to the statement a small label, printed similarly to the specimens below.

THIS ACCOUNT IS MUCH OVERDUE. AND A SETTLEMENT IS REQUESTED BY RETURN.

AN IMMEDIATE REMITTANCE WILL GREATLY OBLIGE.

STATEMENT

TELEGRAMS: "LODOR, BIRMINGHAM"

196 CORPORATION STREET,
BIRMINGHAM.
April 1*st*, 1935.

Messrs. Wm. Appleby and Co.,
14 *Wood Street, London, E.C.*

Dr. to **HAYWARD & SIMPSON**

1935.		£	s.	d.
Jan. 10	*To Goods*	10	7	9
,, 18	,,	2	7	5
,, 25	,,	3	7	8
Feb. 14	,,	7	5	3
,, 23	,,	4	1	7
Mar. 29	,,	12	8	3
	£	39	17	11

SUBJECT TO 10% IF PAID NOT LATER THAN 15TH APRIL

STATEMENT

TEL. 1968 CENTRAL
TELEGRAPHIC ADDRESS :
" BENITO, LONDON "

18, 19, 20, 21, 22 TOTTENHAM COURT ROAD,
LONDON, W.C.
Jan. 1st, 1935.

Messrs. B. J. Sorley and Sons, 16 Above Bar, Southampton.

Dr. to **J. B. WOODHOUSE & BROTHER**

Terms 2½% Quarterly net.		2½%			NET.		
		£	s.	d.	£	s.	d.
1934.							
Oct. 1	*To A/c rendered*				14	10	9
,, 15	,, *Goods*	3	7	8			
,, 18	,,	2	4	1			
,, 31	,,	5	8	7			
Nov. 14	,,	8	5	6			
	1934	19	5	10			
	Nov. 3 :						
	By Rets. £1 5 6						
	Nov. 5 :						
	By Credit 3 1	1	8	7			
					17	17	3
				£	32	8	0

YOUR IMMEDIATE
ATTENTION WILL
OBLIGE

Accounts Rendered Book. When the Ledger Clerk has completed the work of making out the statements he enters them in a book, termed the *Accounts Rendered Book*, thus providing a record of the amounts due from debtors. This book is ruled as follows:

ACCOUNTS RENDERED

NAME	ADDRESS	AMOUNT			WHEN DUE	OVERDUE			FOL.	REMARKS
		£	s.	d.		£	s.	d.		
Appleton Bros.	Leeds	52	10	9	July 15				13	
Ashton & Sons	Newcastle	14	10	5	„	7	10	6	27	Wrote 1/7/35

As the accounts are paid they are ruled through in red or the word "paid" is written in the remarks column. In this way track is kept of all accounts rendered, and slow payers can be reminded of their obligations, without wading through the Ledger. When the due date for payment has passed, the Ledger Clerk goes through the Accounts Rendered Book and circularizes all outstanding debtors with a printed *First Reminder Form*:

> We have to draw your attention to our account rendered to June 30 last amounting to £ , which is now overdue, and to request the favour of an early remittance.
>
> Yours faithfully, &c
>
> Messrs. Shipley and Co.,
> Birmingham.

After an interval of about ten days a printed *Second Reminder* form worded somewhat stronger than the first reminder is sent to the remaining debtors.

> Permit us to remind you that our account rendered to last, amounting to £ , to which we drew your attention on , is still outstanding, and to request an immediate settlement.
>
> Yours faithfully, &c.
>
> Messrs. Shipley and Co.,
> Birmingham.

After a further interval of about ten days a printed *Third Reminder* form is sent to all remaining debtors.

> We regret that our account rendered to last, amounting to to which we drew

your attention on the and the last has not yet been paid. Unless a settlement is made not later than next we regret we must take steps to enforce payment.

After a reasonable lapse of time beyond the date fixed for payment in the third reminder a letter is sent to all outstanding debtors.

Being still without any reply from you with reference to our account rendered to last, regarding which we have sent you three reminders, we are reluctantly compelled to say that we have now placed the account in other hands for collection.

Giving Receipts. When accounts are paid by customers remitting through the post they go in the first place to the Cashier, who enters on the Dr. Side of his Cash Book (1) the name of the customer remitting, (2) the amount of the payment, (3) the discount, if any. Having entered these particulars he retains the remittance, marks on the statement the amount of the cheque and the discount, and hands it to a clerk to be receipted, directing him in all cases where there is any discrepancy between the amount of the remittance plus the discount, and the total of the statement, to consult the ledger clerk in whose ledger the account appears, and failing a reconciliation of the discrepancy to send a receipt *On Account*. Receipts are usually given by impressing upon the statement a rubber stamp, or upon small numbered adhesive forms printed in much the same style as the rubber stamp here illustrated, and bound up with counterfoils in book form. Both the counterfoil and the receipt are filled up, the receipt is detached from the counterfoil and stuck upon the account, and the counterfoil remains as a record of the amount received and other details of the settlement. The adhesive form of receipt is much used by travellers and collectors of accounts, who must give receipts in the offices where the money is paid. But they are also in general office use, and frequently one sees statements of account bearing

RECEIVED WITH THANKS.
BY CHEQUE £14 10 9
BY DISCOUNT 8 10
TOTAL £14 19 7
DATE MARCH 15, 1935
p. CHARLES FORDER & SONS

Charles Adamson

STAMP

a direction to the effect that *all receipts are given on printed adhesive forms and none other can be recognized as valid.*

Stamping Receipts. All receipts for sums of £2 or over must bear a 2*d.* stamp, either embossed or adhesive (or two 1*d.* stamps). An adhesive stamp must be obliterated at the time of giving the receipt, otherwise the receipt is not valid and is inadmissible as evidence of payment. A penalty of £10 attaches to one who gives an unstamped receipt where a stamped receipt is required. The obliteration is effected by the clerk who gives the receipt signing his name across the face of the stamp.

Receipt on Account. When the remittance received is the full amount due a receipt is given as on p. 85 This is called a *clean receipt.* But when the amount received is less than the amount due as shown by the statement of account, the words " on account " are used as an indication that the amount received is not accepted as a settlement of the whole of the amount due, but only of a part of it. Such a receipt is called a *qualified receipt.* If the amount received is more than the amount due the formula used is " which amount we have duly passed to your credit."

QUALIFIED RECEIPT

RECEIVED WITH THANKS OF *James Pearson and Sons, Ltd.*, THE SUM OF *Nine* POUNDS *Twelve* SHILLINGS *Six* PENCE *on account.*

p. CHARLES FORDER AND SONS

March 15, 1935.
£9 12*s.* 6*d.*

Charles Adamson

STAMP

RECEIPT FOR MORE THAN THE AMOUNT DUE *

RECEIVED WITH THANKS OF *James Pearson and Sons, Ltd.*, THE SUM OF *Twenty-five* POUNDS — SHILLINGS — PENCE, *which sum we have placed to your credit.*

p. CHARLES FORDER AND SONS

Charles Adamson

March 15, 1935.
£25 0*s.* 0*d.*

STAMP

* This form of receipt could also be used in place of the qualified receipt shown above.

Checking Inward Accounts. As the accounts for goods bought come in, they go to the Cashier's Department to be checked. They may be checked from the Bought Ledger if the amounts of the invoices are separately enumerated there, or from the Bought Journal, or the invoices themselves if the entries in the Bought Ledger are in monthly totals. When checking accounts care must be taken that only the net invoice amounts, *i.e.* the gross amount less the trade discount (if any), appear on the statement, that the casting of the account is accurate, and that the full settlement discount, if any, is deducted. Should any invoices be found to be wrongly entered upon the statement, or items charged for which no invoices have been received, or items omitted to be charged, the account must be returned to the senders, the discrepancies pointed out, and a corrected statement asked for. Care must also be taken to see that the full term of credit agreed upon is allowed. It may happen that a quarterly account has been arranged for, and the account is sent in at the expiration of a month. In all cases where payment of an account is requested before the due date some *quid pro quo* in the shape of an extra discount ($1\frac{1}{4}$ or $2\frac{1}{2}$ per cent) for the term of the credit waived should be obtained. As soon as an account is checked, its accuracy is certified by the checking-clerk, who impresses it with a rubber stamp and fills in the blank. It is then handed to the cashier to await its turn for payment. Checked accounts are best kept in a Satchel File until such time as the date for payment comes round.

PASSED FOR PAYMENT
DATE .....
CERTIFIED BY
.....

Remittances. Money, in whatever form, sent through the post is termed a *remittance*. Some London firms remit in payment of all their accounts, but others only remit provincial accounts and have stated *Pay Days* for the payment of town accounts. Representatives of the various Town creditors call on these pay days, and the amounts due are paid to them in person upon presentment of their firm's card, and correct particulars of the account rendered being given. Remittances are usually entered in a remittance book, ruled in the following way:

REMITTANCE BOOK

DATE	NAME AND ADDRESS	CHEQUES £	s.	d.	P. ORDERS £	s.	d.	NOS.	STAMPS
1935									
July 12	Bonsor & Finch, Walsall	18	18	9					
	Strong, Dunton & Co., Liverpool	165	0	6					
	F. Dunning, Oldham					12	10	1 D 620690	
	Geddes & Co., Edinburgh								10

As the receipts come in the entries are ticked off or ruled through in red. If a receipt is unduly delayed, the firm is written to. In this way timely notice is obtained of any remittances that have gone astray, and inquiry can be made of the Post Office close upon the happening of the loss. Care should be taken that receipts for the payment of money are always promptly obtained, as where no receipt can be produced no payment can be admitted, unless other proof is forthcoming.

Cheque with Receipt Form attached. Some firms, and the practice is growing, have printed on their cheques, either at the foot or on the back of the cheque, a form of receipt which must be signed by the person in whose favour the cheque is drawn. All paid cheques are in due course returned to the drawer so that the returned cheque itself is a receipt, and discloses the full history of the payment. Such a cheque with receipt form at the foot is here illustrated.

No. $\frac{T}{I}$ — 1990786. LONDON, *March* 15, 1935

THE MIDLAND BANK, LTD.

PAY *Messrs. Robert Smith and Co.* OR ORDER

Ninety Pounds Ten Shillings and Sevenpence 2*d.*

SUBJECT TO THE RECEIPT AT FOOT HEREOF BEING DULY SIGNED

£90 10 7 *James Gardner and Sons.*

RECEIPT

RECEIVED THE ABOVE-MENTIONED SUM.

DATED THIS 16 *March*, 1935. *Robert Smith & Co.*

STAMP

LETTER ACCOMPANYING CHEQUE

LONDON, *March* 15, 1935.
113 NEWGATE STREET, E.C.

To Messrs. Robert Smith and Co.
57 Briggate, Leeds.

DEAR SIRS,

Enclosed we beg to hand you *cheque* value *Ninety Pounds Ten Shillings and Sevenpence* in settlement of your Account rendered to 31*st December* last.

Yours faithfully,
JAMES GARDNER AND CO.

	£	s.	d.	£	s.	d.
Account rendered				100	5	7
Returns	—	—	—			
Allowances	—	—	—			
Carried forward o/s	5	7	6			
Discount	4	7	6	9	15	0
				£90	10	7

TEST PAPER VIII

1. Define Petty Cash and explain the Imprest System of keeping the Petty Cash Book.
2. What procedure is adopted when opening new accounts, (*a*) when references are given, (*b*) when references are not given ?
3. Define a Statement of Account. How would you begin a Statement on April 1, if (*a*) the account to the previous December 31 had not been paid, (*b*) there is a balance of £5 7*s.* 6*d.* still due on the December statement ?
4. Messrs. Silcock Bros. have sent you an order for £10 worth of goods and give Messrs. Waterhouse and Co.'s name as a reference. Write to the latter taking up the reference.
5. Write a letter to Stevens and Son, a new firm, who have sent you an order but given no references.
6. How often are accounts rendered ? What is an Accounts Rendered Book and what purposes does it serve ?
7. What are first, second, and third Reminders ?
8. Edward Pears and Co., Dewsbury, have sold goods to Mr. A. Birch of Nottingham as follows: Jan. 10, £3 7*s.* 6*d.*; Jan. 18, £5 8*s.* 10*d.*; Feb. 14, £10 11*s.* 2*d.*; March 16, £8 3*s.* 7*d.* On Jan. 24 Birch returned goods value £2 1*s.* 8*d.*, and on March 18 goods value £3 2*s.* 7*d.* Make out an account from Pears and Co. to Birch and deduct 7½% for payment within fifteen days. Receipt the account, assuming it to have been paid by cheque.
9. Suppose Mr. Birch carried forward an amount of £3 for "goods on hand." Show the form of receipt you would give in that case.
10. What is a receipt "on account" ? When is such a receipt given ?
11. Do all receipts require stamping ? How may receipts be sent through the post ?
12. What precautions must be taken when checking inward accounts ?
13. Suppose you had arranged for three months' credit and your creditor

asked for payment a week after date of the invoice. What in such a case would you be entitled to expect for waiving the full term of credit ?

14. What is a remittance ? How are remittances recorded ?

15. Ford and Co. have a quarterly a/c with James Hennessy Their a/c appears in Hennessy's ledger as follows : 1924, Jan.–March a/c, £6 1*s.* 10*d.* outstanding ; April to June a/c, £8 7*s.* 6*d* also outstanding ; July 12 goods £3 7*s.* 6*d.* ; July 18 goods £2 1*s.* 10*d.* ; Sept. 9 goods £2 5*s* 8*d.* On Sept. 11 Ford and Co. returned goods value £2 5*s.* 8*d.* Make out Ford and Co.'s a/c as it would be rendered by Hennessy's clerk on October 1, the terms arranged for the a/c being qtly. 5% 1 mo. Enclose with the a/c a letter such as you think the circumstances require—show the letter. Ford and Co. pay the balance due by cheque but deduct the full settlement discount from the whole amount. Show the form of receipt you would give for their cheque and the letter with which you would accompany the receipt.

16. Assume that you are a trader, Arthur Walsh, of 15 Houndsditch, London, and that you have extensive dealings with Robert Buchanan and Co., 56 Renfrew Street, Glasgow, who run a yearly account with you. Turn to the invoices given on pp. 57–64 of this book and let the dates and totals of them represent your sales to Buchanan and Co. Rule a form of statement and make out Buchanan's account. Deduct $3\frac{1}{2}\%$ prompt cash 15 days.

17. Show how you would enter the following in a Petty Cash Book : 1924, Jan. 2, Carriage, Parcel to Newcastle, 1*s.* 3*d* ; Postage stamps, 15*s.* ; Gum, 1*s.* 3*d.* ; String, 2*s.* ; Inkpot, 1*s.* 9*d.* Jan 3, Teas, 4*s* ; Newspapers, 6*d.* Jan. 4, Foolscap, 3*s.* ; Wax, 6*d* ; Blue lead, 10*d.* Jan. 5, Brown paper, 14*s.* 8*d.* ; Packing twine, 10*s.* 3*d.* Jan. 6, Truck repairs, 3*s.* 6*d.* ; Delivery book, 2*s.* ; Rubber stamp, 2*s* 6*d.* Extend the items into the money columns, sum them and show balance remaining from the sum received, £10 *(Lanc. and Ches. Union.)*

CHAPTER IX

PACKING AND FORWARDING GOODS

Packing. The packing of goods is usually done by a special class of persons called *Packers*, but every one ought to learn to pack a parcel of moderate dimensions neatly and securely. The main object of packing is, of course, to ensure the safety of the goods during transit, but regard should also be had to appearance, as a clumsy-looking parcel leaves a bad impression on the mind of the receiver. The student will see later that a carrier is not responsible for injury to goods through faulty packing, so great attention must be paid to this point.

Labelling Parcels. Business houses invariably use labels printed with their name and address, which are affixed to the parcels by paste. The label should show in plain bold writing the name and address of the consignee, the date when the parcel was despatched, the route to be followed, and whether carriage is paid or not. Where parcels are frequently sent to a particular consignee it is a good plan to print the consignee's name and address, so that nothing need be added but the date, the route, and particulars as to carriage, *e.g.*, whether Carr. Pd., or Carr. Fwd.

Delivering Parcels. Goods may be delivered by (1) messenger, (2) Parcel Post, (3) carrier, (4) rail, (5) aeroplane. The last method of delivery is the most expensive, and is only suitable for valuable articles of small bulk.

Delivery by Messenger. Generally the messenger is a servant of the firm delivering. He must see that the parcel is delivered to the correct address, and into the hands either of the addressee, or of some person ostensibly authorized to receive goods for the addressee. He must obtain a signature for the parcel. The signature should be in full, not merely the initials of the receiver. Where many deliveries are made in this way, the messenger is provided with a *parcels book*, ruled with spaces for (1) date, (2) name and address, (3) contents, (4) signature, somewhat as follows:

PARCEL BOOK

DATE	NAME	ADDRESS	PARTICULARS	SIGNATURE
1935				
Jan. 15	*Anderson, R., Esq.*	15 *Buckingham Gate, S.W.*	1 *box containing Dress Suit*	*James Ayres*
,,	*Smith, R., Esq* ...	459 *Sloane Street, S W*	1 *parcel containing 2 pairs trousers*	*R. Smith*
,,	*Jones, E. Esq.* ..	705 *Knightsbridge S W*	1 *parcel containing 1 overcoat*	*Ellen Wright*

Instead of a parcels book some firms use a *Delivery Sheet* ruled in much the same way. Others use a *Delivery Book*, consisting of printed *Receive* and *Received Notes*. The Receive note is detachable, and the particulars written upon it are reproduced by means of carbon paper on the undetachable Received note underneath. The Receive note is handed with the goods to the addressee, who signs the Received note by way of receipt. Sometimes the two notes are arranged side by side—the Receive note to the right hand—and both sets of particulars are written upon them separately. The receiver of goods, before he signs for a parcel, should be careful to see that the particulars in the parcel book, or on the Receive note, accord with the contents of the parcel, and that the contents are in good condition. If he is not authorized to open and check the parcels, he should protect his employer by adding to his signature the word "unexamined," or if the parcel is torn, wet, or in other condition suggesting damage to the contents, by stating the facts against his signature. It is unnecessary to add that all parcels should be opened and examined as quickly as possible, so that, should it be necessary to make a claim, the claim may not be impaired by delay.

Delivering by Parcel Post. The P.P. is mainly used by firms where goods of small compass have been sold against cash, and the buyer has prepaid carriage, or where rapid delivery is necessary, or where P.P. is the cheapest and most convenient mode of forwarding. Parcels sent by P.P. are restricted in size, weight, and contents; whereas the restrictions by carrier and rail apply to contents only. It has already been pointed out (see p. 27) that signatures should be obtained for all parcels sent by P.P. in a book specially kept for the purpose.

Delivery by Carrier. There are several descriptions of carriers, *e.g. Local Carriers*, who operate within restricted areas connecting

market towns with outlying villages; *Railway Carriers*, such as Sutton, Hayden, Billing, Bean, Pickford, Carter Paterson, Sanderson, Davies, &c.; *Special Carriers*, those, *e.g.* connected with particular trades, such as the meat and fish trades; and *Bonded* or *Licensed Carriers*, employed in connexion with the docks. In the book trade, drapery trade, in fact in most dry goods trades, retailers' parcels, unless they individually exceed a certain weight, are almost invariably forwarded by carriers. Heavy goods, such as hardware and large consignments, are usually forwarded by rail.

Delivery by Rail

Railway Rates.* The rates which a railway company *may* charge are controlled by Act of Parliament. Merchandise is divided into twenty-one classes, indicated by the numerals 1 to 21. Maximum rates have been fixed in respect of each class, and every railway company must keep in each of its stations, accessible free of charge to the public, a copy of this classification, and also a list of the maximum charges for each class. These maximum rates are for haulage. A railway company is entitled to charge in addition for station facilities, for loading and unloading, for covering and uncovering, and for collection and delivery. Class 1 is the lowest rated, and the charges increase progressively, class 21 being the heaviest rated.

Company's Risk and Owner's Risk. A Person or Company who undertakes to carry goods for any one is called a *Common Carrier*. Thus Railway Companies, Shipowners, Parcel Delivery Companies, &c., are common carriers. A common carrier cannot, unless he has lawful excuse, refuse to carry goods, without laying himself open to an action for damages.

Generally, a common carrier is an insurer of the goods he carries. He must deliver them safely, and is responsible if the goods are stolen, or forcibly taken from him, or destroyed by fire, or if he deliver them to the wrong person. But he is exempted from liability where the loss or damage is attributable to: (1) *The Act of God, i.e.* any unusual natural occurrence, *e.g.* a tornado, (2) *The King's Enemies, i.e.* the forces of an hostile government, (3) *Inherent Vice, e.g.* the disposition of perishable articles to decay, (4) *Negligence of the Consignor, e.g.* faulty packing.

A common carrier may require his charges to be prepaid, and in default refuse to carry, but with business houses he generally runs an account.

* See also p. 98.

By law, a Railway Company must carry ordinary goods at "just and reasonable rates," and at its own risk. But a company may, if the offer and the acceptance be in writing, arrange with a consignee to carry goods at less than its ordinary "just" rates, and, in consideration of the reduction in rates, pass off a part of its responsibility for safe delivery on to the consignee. Consignees frequently make this kind of bargain with a Railway Company. Hence Railway Companies have two schedules of rates, one when the company bears the full responsibility for safe delivery, and a lower schedule when the consignee bears part of the responsibility. The first is called *Company's Risk Rate* (C.R.), the second *Owners' Risk Rate* (O.R.).

Insurance of Goods. Generally it is not necessary to insure goods forwarded by rail. But it is provided by the *Carriers Act*, 1830, that a common carrier by land shall not be responsible for the safety of certain small but valuable articles exceeding £25 per packet in value, unless the nature of the articles and their value are declared at the time of handing in the goods, and the carrier is paid an increased rate for the increased risk. Where such goods are duly declared, and the increased rate is paid, a carrier is fully liable for injury or loss; but otherwise he is not. In all such cases, a consignor should obtain a receipt for the parcel. A carrier must, if required, give a receipt for such goods. A list of the articles, and the increased rates applicable, are given on p. 95.

Carriage by Passenger Train. Railway Companies carry all kinds of goods by Passenger Train, but, by law, they are only bound to carry goods comprised within the following three divisions of "Perishable Goods." Div. I. Milk. Div. II. Fresh Butter, Soft Cheese, Cream, Eggs, Prime Fish, *e.g.* Salmon, Soles, Lobsters, Turbot, &c. Hot-house Fruit and Vegetables, Dead Game, Poultry and Rabbits, Fresh Meat. Div. III. Common Fish, Fruit (except that included in Div. II.), Ice. The rates are arrived at on the same principles as those which determine the rates per goods train. Unless goods are of a perishable nature, or are urgently wanted, they should be sent by goods train, as the rates for goods train are much less than those for passenger train. These rates are for goods carried at C.R. Certain kinds of goods may be carried per Passenger train at O.R. at lower rates, but the consignor must sign an O.R. Consignment Note before the company will accept them at those rates. The rates

INSURANCE CHARGES (to be prepaid). Irrespective of distance.

	Between all stations in Great Britain.				Between all stations in Ireland.				Between stations in Great Britain and (*a*) Irish Ports when carriage between British and Irish Ports is wholly by sea. (*b*) British Isles.				Between stations in Great Britain and (*a*) Ports in Ireland when the carriage between British and Irish Ports is partly by sea and partly by land. (*b*) Interior stations in Ireland.			
	Class 1.	Class 2.	Class 3.	Class 4.	Class 1.	Class 2.	Class 3.	Class 4.	Class 1.	Class 2.	Class 3.	Class 4.	Class 1.	Class 2.	Class 3.	Class 4.
	d.	*d.*	*s. d.*	*s. d.*	*d.*	*s. d.*	*s. d.*	*s. d.*	*d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Up to a value of £25 inclusive .	3	6	1 3	2 6	6	1 0	2 6	5 0	9	1 6	3 9	7 6	1 0	2 0	5 0	10 0
Exceeding £25 and not exceeding £50 additional .	3	6	1 3	2 6	6	1 0	2 6	5 0	9	1 6	3 9	7 6	1 0	2 0	5 0	10 0
And so on by increments of £25—for each £25 additional up to a value of £500 . .	3	6	1 3	2 6	6	1 0	2 6	5 0	9	1 6	3 9	7 6	1 0	2 0	5 0	10 0
Beyond £500 the insurance is subject to special arrangements.																

Class 1. Stamps, maps, silks, or goods mixed with silk, where silk is more than 30 per cent. of the value, furs, clocks, timepieces, plated articles, coins, gold and silver manufactured or unmanufactured, jewellery from or to manufacturers or factors (when not containing precious stones), watches, gold and silver plate, hand-made lace, engravings, trinkets, bank notes, title-deeds, bills of exchange, orders, notes or securities for payment of money, English or foreign. *Class* 2 Glass of all kinds except as named in (4), china from manufacturers or factors, precious stones set or unset, jewellery other than (1). *Class* 3. Pictures and paintings. *Class* 4. Plate glass (in plates exceeding 36 ft. super in size, cut). Glass stained, glass silvered, glass bent. China, other than from manufacturers or factors.

include Collection and Delivery within the usual limits where arrangements for these services are in force.

Delivering Goods to Railway Company. Goods are usually collected from consignors by the companies themselves, but they may, of course, be delivered by the consignors to the companies at any of their duly appointed receiving offices. The companies supply consignment notes, either detached, or in blocks of forms. A consignment note contains on the back the conditions upon which the companies carry the goods. It is the *contract* between the carrier and the consignor. There are several varieties of consignment notes: (1) The C.R. note, (2) the O.R. note, (3) the note used when damageable goods, improperly packed, instead of being refused, are accepted for carriage at O.R. instead of

LONDON AND NORTH WESTERN RAILWAY.

CONSIGNMENT NOTE London Station, March 31 1916

The London and North Western Railway Company are requested to receive and forward, as per address and particulars on this note, the undermentioned goods **on the conditions stated on the other side.**

Signature of Sender or his representative Brown Burbidge & Co *Address* 16 St Paul's Churchyard, E.C.

Witness

CONSIGNED. NAME	ADDRESS	No. of Articles	Description of Goods and Marks.	WEIGHT T. C. Qrs. Lbs.	Charges Paid or to be Collected £ s. d.	Who Pays the Carriage.
John Abbott	15 High Street, Peterboro'	3	Three Cases Woollens Addressed	12 2 13		Consignee

C.R., (4) the note for dangerous goods, (5) the note for the carriage of bullion, &c. Specimen of a consignment note is given above. The particulars to be filled in on the consignment note are name and address of consignee, number of packages, description of goods and marks, weight, and whether the consignor or the consignee is to pay the carriage; the consignor also signs his name and address. The carman receiving the goods on behalf of the company signs his name on the counterfoil, on which the consignor for his own use enters the details of the consignment. This is the procedure when forwarding by goods train. In the case of parcels sent by passenger train consignment notes are not necessary. The particulars of the parcels are entered in a parcels book, and the collecting carman signs for the number of parcels received.

Receiving Goods from Carrier. The same remarks apply to

signing for goods received from a carrier as have been given on p. 92. Should claims arise, they must be preferred with the utmost promptitude, and all papers and memoranda substantiating a claim should be preserved till it is settled.

Railway Clearing House. The through carriage of goods by a Railway Company frequently requires the use of another company's lines. When two or more companies co-operate in the carriage of goods, or of passengers, the charges must be equitably allotted between them. Very little reflection will bring home to the student the enormous mass of detail involved in this process. This work is greatly facilitated by the Railway Clearing House, an institution founded and maintained by the railway companies, much as the Bankers' Clearing House was founded and is maintained by the great banking houses. The claims of the different railways are adjusted and balanced one against the other; differences being paid, or received, as the case may be.

Lien. A carrier has a lien on the goods he carries, and may withhold delivery of them till his charges are paid. This lien is not a *general lien, i.e.* a carrier cannot withhold delivery of goods on which his charges have been paid because his charges on a previous consignment have not been paid. But this *particular lien*, which a carrier always has, may, by agreement with a consignor, be extended to a general lien, and, usually, when a carrier runs an account with a consignor he stipulates that he shall have a general lien on all consignments as security for the payment of his account.

Stoppage "in transitu." A seller who has not been paid for particular goods, and who has handed them to a carrier for delivery to the buyer, and who, after doing so, learns that the buyer has become insolvent, has the right, if the carrier has not delivered the goods to the buyer, to call upon the carrier to withhold delivery and return the goods, or, if the seller knows where the goods are, he may seize them. This right is called the right of *Stoppage "in transitu," i.e.* the right to stop delivery of goods in course of transit.

Checking Railway Accounts. No railway account should be paid until it has been thoroughly checked. Careful watch should be kept that all rebates due in respect of collection and delivery and terminal charges have been allowed. If not, claims must be preferred.

Rates Advisory Committee.—Before the Great War an enormous number of exceptional rates were being charged, about three quarters of the whole railway goods traffic being carried at these exceptional rates. They were in all cases lower than the maximum rates. This large number of exceptional rates was found to be extremely inconvenient, and under the provisions of the Ministry of Transport Act, 1919, a committee was appointed to consider the question of the classification of merchandise with a view of eliminating these exceptional rates as far as practicable. This committee, known as the Rates Advisory Committee, has completed an entirely new classification of merchandise which came into operation on January 1, 1928. This classification consists of 21 numbered classes as set out below, and for the assistance of the student the corresponding classes under the expiring system are also indicated.

CLASSIFICATION TABLE

(As fixed by the Railway Rates Advisory Committees.)

Old Classification	New Classification.	Quantities.	Wagons.
A	1	6 tons & upwards	In owners' wagons.
	2	6 „ „	
	3	6 „ „	
B	4	6 „ „	
	5	6 „ „	In railway companies' wagons
	6	6 „ „	
	7	4 „ „	
C	8	4 „ „	
	9	4 „ „	
	10	2 „ „	
	11	2 „ „	
1	12	Any quantity	
	13	„ „	
	14	„ „	
2	15	„ „	
	16	„ „	
	17	„ „	
3	18	„ „	
4	19	„ „	
5	20	„ „	
Special	21	„ „	

TEST PAPER IX

1. What is a Parcel Book? Rule a specimen page and make three entries therein.

2. Name the different kinds of carriers. When is it more advantageous to forward by P.P. than by carriers.

3. Define "a common carrier," and mention the particular circumstances which exempt him from liability in respect of loss or damage to goods carried by him.

4. What do you understand by Company's Risk rate and Owner's Risk rate?

5. Is it necessary to insure goods forwarded by rail? If so, when?

6. Explain what is meant by a "general lien" and a "particular lien" as applied to common carriers.

7. What precautions should be adopted by a person receiving goods from a carrier?

8. What are the functions of the Railway Clearing House?

9. Explain the method of using a Delivery Book with printed Receive and Received Notes. What other ways of entering outward parcels are in use?

10. Do railway companies carry goods other than by goods trains? If so, are the rates generally higher or lower? What is the best way to send perishable goods?

11. What is the nature of a Railway Consignment Note? Name five different kinds. When is a consignment note not necessary?

12. What is the name given to (1) a forwarder of goods; (2) the person to whom goods are forwarded?

13. State fully the position which railway companies hold as carriers. (*N.U.T. Adv.*)

14. Who undertake to forward or carry parcels besides the G.P.O.? (*West Riding C.C.*

15. Write out a specimen label giving the particulars necessary for forwarding goods by rail, the consignee paying the carriage

16. A box of goods is received from the railway company in a palpably damaged condition and compensation is claimed. Trace the steps to be taken until the matter is settled. (*West Riding C.C.*)

17. Explain "stoppage *in transitu*."

CHAPTER X

EXPORTING

THE export of merchandise is undertaken by three different types of Commercial Houses.

I. By a Manufacturer or Wholesale Merchant who exports his own manufactures or wares to buyers or branch houses abroad.

II. By Commission Agents who act as buyers for merchants abroad, assembling the different items of the indent or order received from their principals, and shipping them under their own invoice.

III. By Packing and Forwarding Agents, whose duty is generally confined to receiving, packing and forwarding the goods sent to them by different traders in this country—the orders being received by those traders direct from the principal for whom the packing and forwarding agent acts.

In addition to these three classes there are the Branch Houses of Foreign and Colonial traders acting under the immediate control of the parent house.

I will trace the procedure followed in the export of goods in each of the three cases mentioned above.

I. GOODS EXPORTED BY MANUFACTURER OR WHOLESALE MERCHANT

1. In response to a Price List or Special Offer, or through the agency of a traveller,

Messrs. James Finch and Sons, Boot Manufacturers, London, receive an order from Messrs. Adnitt and Sharpe, of Sydney, for an assortment of boots and shoes.

2. Full particulars are given upon the indent, or order, relative to price, shipping instructions, insurance, &c., as will be seen from a perusal of the indent on p. 101.

118–120 GEORGE STREET, SYDNEY.
August 11, 1935.

CODE—A B C.
CABLES—ADSHAR, SYDNEY.

GENTLEMEN,

Please supply the undermentioned goods.

ADNITT & SHARPE

J. C. Adnitt

Messrs. James Finch and Sons, London.

From List No. 1298, *Nov.* 19.

36 prs.	G 35 Split Kip Derby, plain fronts, whole back, wrought hobs @ 4/3 pr.
48 prs.	G 42 Split Kip Navvy Tights, double toggues, heavy nailed @ 5/11 pr.
36 prs.	G 73 Men's Box Calf Open Tab Bal., st cap lin. ld. welted, "Imprimis" @ 9/6.
24 prs.	G 230 Glacé Kid Bals, ¾ gol., pat. pk. cap, M.S. @ 8/11.
36 prs.	G 237 ,, ,, ,, self vamps, pat. st. cap., Louis heel @ 13/9.
36 prs.	G 307 Glacé Kid Oxford, pat. st. cap., French heel @ 7/11.
36 prs.	,, 303 ,, ,, Lorne, ,, ,, ,, Louis ,, @ 6/11.
2 doz.	,, 341 Patent A. C. Court Ladies' Evg. Shoes @ 12/9 per doz. pr.
3 ,,	,, 396 Grain Gusset Slippers, leather T.P.H., M.S. @ 28/6 per doz. pr.
72 prs.	,, 370 Glacé Kid, dual bar, jet beaded vamp and bars @ 6/11 pr.

Instructions.
Ship per first Mail Steamer.
Insure for 15% above invoice value.
Terms as usual—10% Qtly. a/c.
Draw at 60 d/s through Commercial Banking Co. of Sydney.

3. The goods are got ready for shipment, boxed and stacked in convenient sized square heaps (from the shipping point of view), on the floor of the warehouse, and the packing-case maker is instructed to send a man to measure up the cases. The following day 5 cases lined with oil baize are delivered to the warehouse, and the warehousemen proceed to pack the cases. As the cases are packed, the head warehouseman makes a note of the contents of each, and the packing-case maker's man proceeds to nail on the lids and hoop the cases. Then comes the marking. This is done by stencils cut in tin. A set of stencils comprises the letters of the alphabet, the numerals 0 to 9, set figures (such as hollow squares, diamonds, circles, or more complicated figures), and the names and addresses of firms to whom Finch and Sons regularly or frequently ship goods. Adnitt and Sharpe give no

instructions for particular markings, so the cases will be addressed to them and numbered according to Finch and Sons' own shipping book. The stencils are laid upon the top of the case and rubbed over with a hard, round, short-haired brush, the face of which has previously been lightly dipped in ink. Thus we now have five cases numbered, say, 610 to 614, addressed to Messrs. Adnitt and Sharpe, 118–120 George Street, Sydney, N.S.W.

SHIPPING NOTE

TELEGRAMS
" TANTAN, LONDON."
NO. 5916

TELEPHONE : 19986 HOP.

109–116 NOBBS LANE,
BERMONDSEY, S.E.
October 29, 1935.

To the Superintendent of the *Royal Albert Docks*

PLEASE TO RECEIVE AND SHIP ON BOARD
THE S.S. *Orotava*
FOR *Sydney*
the undermentioned packages, and charge to our account.

p. JAMES FINCH AND SONS
C.B.F.

Messrs. Adnitt and Sharpe
118—120 *George Street, Sydney*
610/614
} 5 *Cases addressed*

4. The head warehouseman hands in his note of the contents of the cases to the export invoice department, and the particulars are then transferred to the shipping book. From this shipping book a shipping note (see above) is made out in duplicate, addressed to the superintendent of the docks where the carrying vessel is loading. We will assume that the s.s. selected is the Orient Line S.S. Company's s.s. " Orotava," loading in the Royal Albert Docks. The cases are got aboard the van and duly delivered there, and the carman brings back as a receipt for the cases the duplicate shipping note signed by the receiving clerk at the docks. A set of four Orient Royal Mail Bills of Lading (three stamped with a *6d.* stamp and one plain) is then purchased from the stationer, and filled in by the shipping department clerks. When filled in, the bills are left with the shipping company, to be checked at the company's offices at the docks. If all is in order, they are signed by a clerk on behalf of the captain of the carrying vessel.

The captain keeps one unstamped copy, and returns the three other stamped copies to the shipping company, who make out a bill for the freight, called a *freight note*, and forward it to the shipper. The shipping company, on receipt of the amount shown as due in the freight note, return the three B/L to the shipper with the receipted freight note.

5. While the goods are in process of loading, the invoice clerks are engaged in invoicing the goods. The invoice is made out in triplicate, exactly as an inland invoice would be, but with the addition of the marks and numbers of the cases, the name of the vessel carrying the goods, and at the end of the invoice the following charges for (*a*) cases; (*b*) cartage; (*c*) freight and primage; (*d*) Bill of Lading; (*e*) dock charges; and (*f*) insurance; which are all added to the charges for the goods. (See p. 108.)

The original and duplicate invoices, one of the bills of lading, the insurance policy and, in this case, a certificate of origin, are all fastened together, and posted with a covering letter to reach Adnitt and Sharpe at the same time as the arrival of the goods. By the following mail, the triplicate invoice and the remaining Bill of Lading, termed the Secunda Via, are posted to Adnitt and Sharpe.

Clearing Goods. Within six days from shipment all exported goods must be cleared at the Custom House. The clearance is effected by declaring the Marks and Nos. and the number and description of packages, the weight, or quantity and description of the goods, the F.O.B. value, *i.e.* the value of the goods excluding the charges for freight and insurance, and the final destination of the goods. If the goods are British the declaration is made on Form No. 29 (Sale), a white form. (See p. 109.) If the goods are Foreign it is made on Form 30 (Sale), a pink form, and the country whence the goods were imported for purposes of export must be stated.

I will now explain in fuller detail the character and purpose of the documents already mentioned, and also exemplify some other matters relative to exporting goods.

Shipping Note (S/N). A shipping note is a formal letter sent by a shipper to the Superintendent of the Docks, or to a Shipping Company, or to a Shipping Agent advising that goods have been forwarded for shipment, and giving particulars of the marks and numbers of the cases, the contents of the cases, the vessel by which they are to be shipped, their destination, and, sometimes, instructions as to the insurance of the goods. A specimen S/N is shown on p. 102. On p. 106 is the kind of S/N sent to a Shipping Company or Agent when the goods have

Bill of Lading

ORIENT LINE
OF
ROYAL MAIL STEAM SHIPS
BETWEEN ENGLAND AND AUSTRALIA.

SIX PENCE

F GREEN & CO.,
ANDERSON, ANDERSON & CO.,
Managers of the Line.
FENCHURCH AVENUE, LONDON

COMPANY'S OFFICES IN AUSTRALIA:

SYDNEY .	DAVID REID, *General Manager in Australia.*
MELBOURNE	D. L. DOWDELL, *Branch Manager*
FREMANTLE	THOMAS DAY, *Branch Manager.*
AGENCIES—	
ADELAIDE	M. G ANDERSON
BRISBANE .	MOREHEADS, LIMITED.

WAR RISKS.

If and so long as the ship is insured against War Risks with a War Risks' Insurance Association, under or in connection with a War Risks' Insurance scheme of His Majesty's Government the ship, ~~in addition to any liberties expressed or implied in this Bill of Lading~~, shall have liberty to comply with any orders or directions as to departure arrival routes ports of call, stoppages, or otherwise, howsoever given by His Majesty's Government or any Department thereof or any person acting or purporting to act with the authority of His Majesty or of His Majesty's Government, or of any Department thereof or by any Committee or person having under the terms of the War Risks Insurance on the ship the right to give such orders or directions ~~and nothing done or not done by the owners or any master, officer or agent of the ship in compliance with any such orders or directions shall be deemed a deviation~~ and if by reason of and in compliance with any such orders or directions anything is done or is not done the same shall not be deemed a deviation.

5 cases addressed
Adgill & Sharpe
118-120 George Street
Sydney
N. S. W.

merchants are cautioned against shipping goods of a dangerous or damaging nature, as by so doing they become responsible for all consequential damage, and also render the to penalties imposed by Statute.

FREIGHT PAYABLE IN LONDON. O.L. 26.

Shipped in apparent good order and condition by *James Finch & Sons*
on board the Orient Line Steam Ship *Orotava*
now lying in the Port of LONDON
with liberty before or after proceeding towards or arriving at the Port of Discharge to proceed to and stay at any Ports or places whatsoever although in a contrary direction to or out of or beyond the ordinary route to Port of Discharge once or oftener in any order, backwards or forwards, for loading or discharging cargo, mails or bullion, or embarking or disembarking passengers, or bunkering or dry docking with or without the cargo on board, or adjusting compasses, or repairing, or for any purpose whatsoever, whether connected with the present voyage or any intended subsequent voyage, and all such Ports, places, sailings and dry docking shall be deemed included with the present voyage: such liberty not to be considered as restricted by any words in this Bill of Lading, whether written or printed, and whether descriptive of the voyage or otherwise, or by any implication which otherwise might be drawn from this Bill of Lading. Also with liberty to sail with or without Pilots, and to tow or be towed, and to assist any vessels in all situations, or to deviate for the purpose of saving life or property, the following goods, viz —

Five —— PACKAGES MERCHANDISE

being marked and numbered as in the margin, and to be delivered (subject to the exceptions and conditions hereinafter mentioned) in the like good order and condition from the Ship's deck, at her anchorage (where the Shipowners' responsibility shall cease), at the Port of *Sydney*
(or so near thereto as she may safely get), unto *Admitt & Sharpe*
or to his or their Assigns Freight for the said Goods, with primage, to become due on shipment, and to be paid in London, in cash, without deduction, ship lost or not lost. If freight is not so paid in London payment shall on demand be made by the Consignees at Port of Discharge, in which case freight shall be calculated and paid at the Colony rate, together with the cost of cablegram from England advising non-payment

Where the Port of Destination named above is not a Port at which the ships of the Orient Line ordinarily call, the Orient Line may discharge and tranship or land and/or store either ashore or afloat the goods at any Port at which their ship calls, and forward the same by sea and/or land by any route to the Port of Destination at their own expense, but Merchants' risk For the carriage of the goods on any portion of the voyage contemplated by this Bill of Lading otherwise than by a steam ship of the Orient Line, and for the storage, transport and transhipment of the goods while not on board an Orient Line steamer, the Company act as forwarding agents only, except as before mentioned, paying the expenses of those operations, but incurring no responsibility as carriers or custodians of the goods or otherwise, for any loss or damage however caused except while the goods are actually on board their steam ship. The Merchant will however have the benefit of the obligations of any carrier by land or water, warehouseman, lighterman or others having the custody of the goods under their agreements with the Orient Line, who will at the request and cost of the Merchant enforce or endeavour to enforce such obligations for his benefit in the event of loss of or damage to the goods If, owing to strikes, lock-outs, or labour disturbances at Port of Transhipment, or at Port of Destination, or to any cause beyond the control of the agents of the Orient Line, the goods shall be delayed at the Port of Transhipment beyond the period which would elapse before transhipment in normal circumstances, the storage and other charges upon the goods after the expiration of the normal period shall be borne by the Merchant

The Act of God, the King's Enemies Pirates, Robbers or Thieves by Land or Sea (but not Pilferage), Arrests or Restraints of Princes, Rulers or People, Riots, Strikes, or Lock-outs or other Labour Disturbances or the consequences thereof or any of them, Explosions, Breakages, Leakage and Shortage arising out of the following causes or perils are excepted viz Insufficiency in packing or in strength of packages loss or damage from cooling on the voyage, rust, vermin, breakage leakage sweating, evaporation or decay, injurious effects of other goods effects of climate or heat of holds, risk of craft if transhipment, and of storage afloat or on shore, fire on board, in hulk, in craft, or on shore, explosion, accidents to or defects in hull, tackle, boilers or machinery or their appurtenances, or unseaworthiness, or unfitness of the Steamer, her machinery or equipment at the time of loading, or at the commencement or at any stage of the voyage, not resulting from want of due diligence on the part of the Owners or Managers of the Steamer, barratry, jettison, neglect, default or error in judgment of the master, pilot, officers, engineers, mariners, stevedores, or others, collision, stranding, perils of the seas, rivers or navigation of whatsoever nature or kind and howsoever caused and accidents, loss, damage, delay or detention from any act or default of the Egyptian Government or the administration of the Suez Canal, or arising out of or consequent upon the employment of Vessels of the Line in His Majesty's Mail service.

The Shipowners will not be responsible for correct delivery unless each package is distinctly, correctly, and permanently marked by the Merchant before shipment, with a mark and number or address and also with the name of the Port of Delivery, which last must be in letters not less than two inches long

The Shipowners are to be at liberty to carry the said goods to their Port of Destination by the above or other Steamer or Steamers, Ship or Ships, either belonging to themselves or to other persons, proceeding by any route, and whether directly or indirectly, to such Port, and either before or after arrival at their port of destination, to carry the goods beyond such Port of Destination, and to tranship or land and store the goods either on shore or afloat and re-ship and forward the same, at the Shipowners' expense but at Merchants risk Any ship or ships to the said goods may be shall have liberty in case of deficiency in or coal or other cause, to receive and/or discharge goods, and/or passengers and/or to take in coal and/or other supplies and/or for any other purpose and to sail with or without pilots, and to save and assist vessels in all situations

The Shipowners will not be accountable for gold, silver, bullion, specie, jewellery, watches clocks, precious stones, precious metals, bank notes or securities for money, paintings, pictures, sculptures, or other works of art, nor for goods that are of the value of more than £5 per cubic foot, nor goods which in value are more than £100 for any one package, unless the value thereof shall have been declared at time of shipment and entered on the Broker's note, which must be obtained before shipment, and the Bills of Lading signed with a declaration of the nature and value of the goods appearing thereon, and extra freight in respect of same agreed upon and paid nor for loss, injury, or detention to packages intended for distant Consignees, but made up into one package, unless the contents and value of such separate package be given before shipment, and freight paid accordingly, nor for damage to castings, cast iron pipes or show cases, nor for breakage of unprotected goods, marble, slate, glass, glassware chinaware, or earthenware, or other goods of a brittle or fragile nature, of any description, from whatsoever cause arising

Nothing in this Bill of Lading shall, however, exempt the Shipowners from liability for improper stowage or improper handling by their Servants or Agents of goods which do not fall within the operation of the last preceding paragraph

Specie deliverable in Melbourne or Sydney will be conveyed from the Steamer to the Mint at Shipowners' expense but at the Merchants' risk All liability of the Shipowners is to cease as soon as the specie is free from the Steamer's hands

If Chemicals, Liquids, or other goods of a dangerous or damaging nature are shipped without being previously declared and arranged for, they are liable upon discovery to be thrown overboard and their loss, as well as any loss, or damage to the Ship or cargo, or to any person or interest whatsoever, will fall upon the Merchants or Owners of such goods

The freight payable as above has been calculated and based upon a description of the goods declared by the Shippers to the Shipowners The Shippers warrant the correctness of such description If such description shall prove to be untrue or incomplete the Shippers and/or Consignees shall be liable for and shall pay to the Steamer as and by way of liquidated and ascertained damages and not as a penalty, a sum equal to double the freight which would have been charged if the goods had been correctly described less the freight actually paid This is without prejudice to any claim arising from the shipment of dangerous or damaging goods as referred to in the last paragraph Any lift over 2 tons gross must be declared in writing before shipment and the true weight stencilled on the package, and in default the Shipper and/or Consignee shall be liable for and shall bear all loss or damage caused to property or person in the handling of the goods in question and all additional cost of handling

All fines and expenses incurred by detention of vessel or cargo caused by incorrect or insufficient marking of the package, or by incomplete or incorrect description or weight for any other particulars required by the Authorities at the Port of Delivery) either upon the packages or the Bill of Lading, or by packages or pieces not being in accordance with local requirements at Port of Discharge, shall be paid by the Shipper or Consignees of the goods

Consignees or their Assigns must be ready to take delivery of goods as soon as the Ship is ready to discharge them, otherwise the Master or Agent shall be at liberty to land and warehouse the goods, or dismiss them into a transit hall, at the expense and at the risk of the Merchant's risk and expense Consignee or Holder of Bill of Lading to pay charges for sorting and stacking goods on Wharf or in Shed

Loss damage or delay arising from or consequent upon quarantine or sanitary or other similar regulations whatsoever and wheresoever arising always excepted and all expenses of complying with such regulations as regards the goods comprised in this Bill of Lading, and all other expenses on the goods of whatsoever nature or kind shall be borne by the Owners of the goods, and the goods may be discharged into craft at the risk and expense of the Owners of the goods

In case of the blockade or interdict of the Port of Discharge or of final destination of the goods shipped hereunder, or if the entering of or discharging in such port shall be prohibited or prevented by blockade, interdict or quarantine or otherwise, or shall be considered by the Master or Agents unsafe, by reason of war, epidemic, strikes, lockouts, or disturbances or to be likely to subject the Steamer or the goods to quarantine or unusual delay there or at any subsequent port, then they may be landed or put into lighters there or at the nearest safe and convenient port or place at the expense and risk of the Owners of the goods, and such discharge shall be deemed to be a complete performance of this contract and the Master giving immediate notice of the same to the Consignees of the goods, so far as they can be ascertained

The contract evidenced by this Bill of Lading shall be governed by the law of England Average payable according to York-Antwerp Rules, 1890, and the Average Statement to be drawn up in the United Kingdom, or at any Port of Discharge at the option of the Shipowners

The Shipowners shall have a lien upon the goods for all freight, advance freight charges and damages for which the goods are liable under the Bill of Lading

No claim that may arise in respect of goods shipped by this Steamer will be recoverable unless made at the Port of Delivery within seven days from the date of Steamer's arrival there.

The Shipowners' liability in case of detention, or injury to goods, for which they may be responsible, to be calculated on and in no case to exceed the net invoice cost Weight, measurement, contents, quality, and value unknown

IN WITNESS whereof the Master, Purser, or Agent of the said Ship hath affirmed to *three* Bills of Lading, all of this tenor and date, one of which being accomplished the others to stand void If required by the Shipowners, or their Agents, one of the Bills of Lading must be given up, duly endorsed, in exchange for the Goods

Dated in LONDON, *October 29* 1

FOR THE MASTER,
FOR ANDERSON, ANDERSON & Co.,
AS AGENTS.

C Moriby.

been forwarded by rail. In this case the packages must also bear labels directing them to the Shipping Company's or Agent's office, as well as the marks and numbers of the consignee.

SHIPPING NOTE

TELEGRAMS: "RIVSAM, LONDON"
TELEPHONE: 1567 HOLBORN

12–14 FETTER LANE,
LONDON, E.C.
Jan. 14, 1935

The Cunard S.S. Co. Ld.
Liverpool.

DEAR SIRS,

We have this day forwarded to you per *L.M.S.R. Goods* the undermentioned packages which please ship as per instructions annexed.

Yours faithfully,
JAMES ROPER & CO.
per G.B.

MARKS & NOS.	STEAMER	PARTICULARS	CONSIGNEES	VALUE	INSURANCE
H.B.N. *New York* 156/162 7 *Cs.*	"*Lucania*" 16/1/1935	7 *Cases Heavy Woollen Goods* 1450 *yds.*	*Messrs H. B Norton & Sons* 18–19 *Broadway, New York*	£290	—

Post Card Acknowledgment from S.S. Co.

LIVERPOOL
15*th Jan.* 1935

We beg to acknowledge receipt of your shipping advice dated *yesterday*, which has our attention.

THE CUNARD S.S. CO. LD.
C.W.B.

Bill of Lading (B/L). When goods are shipped on board a vessel, the shipper receives as a receipt a document called a Bill of Lading. A B/L is not only a receipt for the goods; it is also a *contract, i.e.* a document setting forth the terms on which the Shipping Company agrees to carry the goods. A B/L belongs to the class of documents known as *Documents of Title*. It stands in the place of the goods. It has, also, many of the

qualities of a *Negotiable Instrument*, that is to say, the B/L may be transferred from one person to another, and whoever is in lawful possession of the B/L is entitled to receive the goods to which it relates. A B/L is stamped with a sixpenny stamp.

Endorsing a B/L. A B/L is transferred from one person to another by endorsement. By endorsing a document is meant signing one's name on the back of it in conformity with one's description on the face of the document. Thus in the illustration given (see p. 105), the goods in the B/L are expressed as deliverable "unto Adnitt and Sharpe." Before Adnitt and Sharpe can get the goods they will have to sign their name on the back of the B/L, *i.e.* endorse the bill, and hand it over to the Orient Line Co.'s Sydney agent. The simple signing of one's name is termed *Endorsement in Blank*. An endorsement in blank enables *any one* who may legally come into possession of the B/L to obtain possession of the goods represented by it. Suppose, however, that Adnitt and Sharpe had sold the whole of the goods to another Sydney firm, say, Messrs. Walton and Knight. Then instead of endorsing the B/L in blank, and taking possession of the goods themselves, they would write above their signature "Deliver to the order of Walton and Knight." This is an endorsement to "order," and before Walton and Knight could get the goods they, also, would have to endorse the B/L.

Freight. Freight is the name given to the charge made by a Shipping Company for carrying goods by sea. It is usually calculated at so much per ton measurement. A ton is taken as 40 cubic feet, except in the case of heavy goods such, *e.g.*, as metals when to calculate the freight on the foot ton principle would be unfair to the company. Ten per cent. is added to the freight proper to cover the cost of supervision during the operation of loading. This percentage is termed *Primage*. It is sometimes shown separately from the freight, and sometimes merged in the cha ge for freight.

Q What is the freight on six cases, each 4′ × 4′ × 3′6″, London to Bombay, @ 40/- per ton.

(4′ × 4′ × 3′6″) × 6	= 336 cub. ft.
40/- per ton	= 1/- per ft.
∴ 336 ft.	= 16 16 0
Add 10 per cent. Primage	= 1 13 . 7
	Ans. £18 9 7

TELEGRAMS: "TANTAN, LONDON." 109–116, NOBBS LANE,
CODE: A B C. BERMONDSEY, LONDON, S.E.
TELEPHONE: 19986 HOP. *October* 29, **1935**.

MESSRS. *Adnitt & Sharpe*,

118–120 George St., Sydney, N.S.W.

Bt. of **JAMES FINCH & SONS,**

BOOT & SHOE MANUFACTURERS & EXPORTERS.

Per ss. "*Orotava*."

Marks and Numbers.	Quantities	Description.							
1 Case Addressed. 610	36 prs.	G. 35 Split Kip Derbys, pl. fronts, whole back, wrought hobs	4/3	7	13	0			
	48 prs.	G. 42 Split Kip Navvy Tights, double tongues, heavy nailed	5/11	14	4	0			
							21	17	0
611	36 prs.	G. 73 Men's Box Calf Open Tab Bal. st. cap, lin. ld., welted "Imprimis"	9/6	17	2	0			
	2 doz. prs.	G. 341 Patent A. C. Court	12/9	1	5	6			
	3 doz. prs	G. 396 Grain Gusset slippers, leather T.P.H., M.S.	28/6	4	5	6			
							22	13	0
612	24 prs.	G. 230 Glacé Kid Bals., 3/4 Gol., pat. pk. cap. M.S.	8/11	10	14	0			
	36 prs.	G. 237 Glacé Kid Bals., self vamps pat. st. cap, Louis heel	13/9	24	15	0			
							35	9	0
613	36 prs.	G. 307 Glacé Kid Oxford, pat. st. cap, French heel	7/11	14	5	0			
	36 prs.	G. 303 Glacé Kid Lorne pat. st. cap, Louis heel	6/11	12	9	0			
							26	14	0
614	72 prs.	G. 370 Glacé Kid, dual Bar, jet headed vamp and bars	6/11				24	18	0
							131	11	0
		10 %					13	3	1
							118	7	11
		5 Cases Wood and Oil @	6/4	1	11	8			
		Freight and Primage 10/2/7, B/L 2/6							
		Cartage 10/9, Dock Charges 4/3		11	0	1			
		Insurance £136 @ 8/%			10	11	13	2	3
		E. & O. E.				£	131	10	7

***SPECIFICATION for British and Irish Goods only.** No. 29 (Sale)

Except Coal, &c. (Form No 29a), Arms, Ammunition, &c (Form No 26), and New Unregistered Ships departing on first foreign voyage (Form No 5)

Port of London Ship's Name Orotava Master, for Sydney

Date of Final Clearance of Ship _____

* The Specification of Goods exported must be delivered to the proper Officers within six days from the time of the final clearance of the Ship as required by the Customs Laws

Marks	Nos	Number and Description of Packages	Description of British and Irish Goods in accordance with the requirements of the Official Export List	Net weights or quantities	Value * (f.o.b.)	Final Destination of the Goods	Name and Address of the Consignee
Adam & Sharpe 115-120 George St. Sydney 610/614		5 cases	Boots & Shoes	32 doz Pairs	£121	Sydney	Adam & Sharpe, 115-120 George St. Sydney, N.S.W.

Name and Address of Consignor: James Finch & Sons, 109-116 Webb's Lane, Bermondsey, London, S.E.

* The "f.o.b." or free on board, value should be given. Total Value

I declare that the particulars set forth above are correctly stated and that the person for whom the goods to which this specification relates are ultimately destined is not a person who is an enemy or treated as an enemy under any law for the time being in force relating to trading with the enemy.

Dated October 29 1935

(Signed) James Finch & Sons †

(Address) 109-116 Webb's Lane, S.E. Exporters

† Adding Exporter or Agent as the case may be

(Countersigned) _____

Officer of Customs and Excise.

EXPORTING

Freight Note. A Freight Note is an account rendered by a Shipping Company or Agent to a shipper showing the freight charge for a particular shipment. The following is a specimen Freight Note.

FREIGHT NOTE

OUTWARD FREIGHT DEPARTMENT

LIVERPOOL, *15th Nov. 1935.*

MESSRS. *Forder Bros. & Co., 33 Leadenhall St., E.C.*

DR. TO THE CUNARD STEAMSHIP COMPANY, LD.

		MEASURE.											
		TONS	CWT.	QRS	LBS.	FT.	INCH	RATE	FREIGHT £	s	d	TOTAL £	s.	d.
B.S.														
New York 60/64	*5/cs. Books*	*1*	*2*	*2*				*20/-*	*1*	*3*	*0*	*1*	*3*	*0*

N.B. Any objection to this a/c must be lodged within a week after date or no allowance can be made.

Marine Insurance. Goods carried by sea are exposed to greater peril than goods conveyed overland. It is therefore usual to insure sea-borne goods. Marine Insurance is transacted by a few limited companies who specialize in this kind of business, but the great market for Marine Insurance is *Lloyd's*, which is an incorporated society domiciled in London. Lloyd's does not, however, transact insurance business in its corporate capacity; that is the work of its members, who are called *Underwriters*. Associated with the underwriters is a body of men called *Insurance Brokers*, who act as intermediaries between the Underwriters and the insuring public.

When a shipper wishes to insure a shipment, he goes to one of these Brokers, and gives him the required particulars of the subject matter to be insured. The broker then quotes him a rate, or, as it is termed, a *premium*. Suppose the goods were to be insured for £1000, and the premium quoted was 5s. per cent., then the shipper would pay the broker £2 10s., plus a small charge for preparing the policy, which is a stamped document setting forth the terms and conditions on which the goods are insured.

When the broker and the shipper have agreed the rate, the broker goes to Lloyd's underwriting room, where the underwriters assemble to transact business, and places before one of

the underwriters with whom he is associated a slip of paper bearing particulars of the insurance. The underwriter, if he approves the business, places his name or his initials under the particulars (hence the name *underwriter*) and thus agrees to accept the risk, in exchange for the premium which is handed to the underwriter. The broker is remunerated for his services by a brokerage, or commission, calculated at so much per cent. on the amount of the business he introduces to the underwriters.

Floating Policy. Instead, however, of taking out a separate policy for each shipment, a large shipper of goods would take out a single policy for a large amount, £10,000 and upwards, determined by the value and frequency of his shipments, and declare to the broker the particulars and value of each shipment as it was made. The broker would write off the amounts of the declarations from the policy, until in course of time the full amount of the policy was exhausted. This kind of policy is termed a *Floating Policy*. The following is a specimen insurance declaration used when a floating policy is in force.

INSURANCE DECLARATION

TELEGRAMS : " TANTAN, LONDON "
CODE : A B C.
TELEPHONE : 19986 HOP.

109–116 NOBBS LANE,
BERMONDSEY, LONDON, S.E.
October 29, 1935.

To *Messrs. T. Y. Farwell and Co.*
Insurance Brokers,
62 *Gracechurch Street, London, E.C.*

DEAR SIRS,—We have shipped to-day the following goods, values, &c., as under which please declare off policy. Kindly confirm and oblige.—Yours faithfully,

JAMES FINCH AND SONS.
p. C. J. B.

MARKS	NOS.	CONTENTS	S.S.	PACKING	VALUE
Messrs. Adnitt and Sharpe, 118–120 George Street, Sydney, N.S.W.	610/614	5 cases boots and shoes	" Orotava " London to Sydney	Wood and oil	£136

Certificate of Origin. In countries where a protective tariff is in force, *i.e.* where duties are levied upon goods imported, and

where, as in the case of New Zealand, Australia, S. Africa, and Canada, discrimination is made in favour of goods of British manufacture, a lower import duty being charged upon goods of British manufacture than upon foreign-made goods, it is necessary, in order that the importer may obtain the benefit of the lower duty, to make out and accompany the goods by a declaration, termed a Certificate of Origin, signed by the exporter or his agent, in which the exporter, having full knowledge of the manufacturer of the goods exported, testifies to their British make. These Certificates of Origin are obtainable from the Agents General of the Colonies or from Parliamentary law stationers, but British manufacturers who transact a large export business commonly have the official wording of these certificates printed on the backs of their invoices. The blank spaces are then filled in, and the declaration is signed by a member of the firm, manager, or other responsible official. Certificates of Origin are also required for countries where no discrimination is made in favour of British goods. I give a specimen of these certificates on p. 113.

Secunda Via = the following route. It is customary to send duplicates of shipping documents by the mail following that which carried the original documents, so that, in the event of the originals failing to reach their destination, the consignees can fall back on the duplicates. These duplicate documents are referred to as the *Secunda Via*.

Dock Charges. In order to defray the great expense of making, equipping, and upkeeping docks, the owners of vessels using them are subject to the payment of *Dock Dues*. Similarly, exporters and importers have to pay for the loading or unloading of their goods, &c. The debit notes of the Port of London Authority given on p. 114 illustrate charges of the kind.

Packing Cases. Messrs. J. Finch and Sons packed Adnitt and Sharpe's goods in wooden cases lined with oil baize. The oil baize is used in order to protect the goods from damage should sea-water get into the hold of the vessel. Sometimes goods are packed in wooden cases without this lining. They are also, sometimes, packed in cases lined with zinc. It depends upon the value of the goods and the length of the voyage as to how the goods are packed. The insurance rate is affected by the character of the packing, for goods packed in wood and zinc are less liable to damage than those packed in wood only, and consequently a slightly lower rate would be quoted for the former than for the latter.

Form of Certificate to be produced with Entry and Invoices of any Imported goods claimed to be entered under the Preferential Tariff as being the produce or manufacture of the United Kingdom.

Certificate by Manufacturer or Supplier

(a) Full name of person signing declaration

(b) Manufacturer or Supplier

(c) Name of Purchaser

Certificate by Authorised Agent

(d) Full name of person signing the Certificate,

(e) Insert words "partner," "manager," "chief clerk," or "principal official" giving rank as the case may be

(f) Name & address of Supplier or Manufacturer

(g) Manufacturer or Supplier as the case may be

(h) Name of Purchaser

(i) Manufacturer or Supplier

I[a] James Thompson, the[e] Supplier of the articles included in this invoice amounting to £ 131. 10. 7 and dated October 29 1935 of goods supplied to[c] Admitt Sharpe do declare that I have the means of knowing and I hereby certify as follows —

I[b] James Thompson hereby certify that I am[e] Manager of[f] James Finch Sons the[e] Manufacturers of the articles included in this invoice amounting to £ 131. 10. 7 and dated October 29 1935 of goods supplied to[c] Admitt Sharpe and do hereby declare that I am duly authorised to make and sign this Certificate on behalf of the said[d] James Finch Sons that I have the means of knowing and do hereby certify as follows —

1 That the said invoice is in all respects true and correct,

2 That every article mentioned in the said invoice has been either wholly or partially produced or manufactured in the United Kingdom,

3 As regards those articles only partially produced or manufactured in the United Kingdom—

(*a*) That the final process or processes of manufacture have been performed in the United Kingdom,

(*b*) That the expenditure in material of British production and/or British labour *(calculated subject to the qualification hereunder)* in each and every article is not less than one-fourth of the factory or works cost of such article in its finished state,

4 That in the calculation of such proportion of British production or British labour none of the following items has been included, or considered,—Manufacturer's profit or the profit or remuneration of any trader, agent, broker, or other person dealing in the article in its manufactured finished condition, costs incurred in the mere packing of foreign-made goods in, *e.g.*, cartons or other containers, cost of outside packages or any cost of packing the goods thereinto, any cost of conveying, insuring, or shipping the goods subsequent to their manufacture,

5 (*a*) With regard to goods put up in bottles or jars (if there be any such mentioned in the invoice) that the foregoing paragraphs apply to the contents of the bottles or jars, and

(*b*) With regard to bottles or jars being containers of goods mentioned in the invoice, that such bottles or jars are of British manufacture, and if purchased from bottle exchanges have distinctive marks or features which enable me to certify to their British origin.

* Declaration must be witnessed

*Witness Arthur R. Ford James Thompson

Dated at London this 29th day of October 1935.

If paragraph 5. (*b*) cannot be certified the certifier should strike it out.

EXPORTING

Sr A Lyle & Sons Ltd — (6) London Dock, General Office Department. Export Ledger 1U Folio 400 — 4000

Dr to the **PORT OF LONDON AUTHORITY.**

N B - Cheques to be crossed LONDON COUNTY & WESTMINSTER BANK LIMITED

	Pounds	Shillings	Pence		
24 Aug 1910	For Lusitania (JD) 10 bases Syrup				
	Wharfage & Porterage 13. 1. 6 @ 5/10 Cwt			3	7
	Measuring		1 Ton		10
	Marking Lisbon		1 Ton		10
Ex L.R	Opening for Customs' inspection		1	5	3
Ent Bm					

NOTICE – *Goods not Shipped* within *Three Weeks* will be subject to the CHARGE OF RENT. VITRIOL ACIDS, LUCIFER MATCHES, or other GOODS of a DANGEROUS or COMBUSTIBLE NATURE sent to these Docks without the quality and description being clearly marked on the outside of the package, will subject the Shipper to a Penalty of £20

IMPORTING

2 Messrs S Hanson Sons — (7) London Dock General Department. Ledger 158 Fo 370 — 1963

Dr to the **PORT OF LONDON AUTHORITY.**

N B.—Cheques to be crossed LONDON COUNTY & WESTMINSTER BANK LIMITED.

24 Aug 1910	Ex Prince George Rotation No 1909/2342				
	S.H.S 20 bases Pears @ 10 } @ 5/3 Cwt Landing Housing & delivery }			2	2
	Pounds, two Shillings and two Pence				
Ex a/c.					
Ent. J.S.					

Mate's Receipt. Where, as in the case of large shipments, it may be cheaper or more convenient to load by water than by rail, the shipper obtains, in the first place, as a receipt, a document termed a *Mate's Receipt.* If the consignment is in order the receipt given is a *clean* receipt, but if the goods loaded do not agree with the Wharfinger's delivery sheet, or if any of the packages are damaged, particulars of the shortage or the damage are stated on the receipt. The Mate's Receipt is afterwards exchanged for the Bill of Lading at the S.S. Company's office. The following shows a Mate's Receipt.

MATE'S RECEIPT

RECEIVED FROM *J. LACEY & SONS' Craft*
ON BOARD THE *ss. Montezuma.*
FOR *St. John, N.B.*
IN GOOD ORDER AND CONDITION.
ON A/C *Messrs. Robt. Anderson & Sons.*

K.K.

London, Ont. *40v.*

K.K

Hamilton. *100 Five Hundred Boxes Dates.*
For Canadian Pacific Railway Co.
Atlantic SS. Lines.

ALONGSIDE *Noon* 24/11/1935
DISCHARGED 7/30 p.m. 24/11/1935 *A. J. Scott.*

NOTE. This form is the Wharfingers' (J. Lacey & Sons) own and made out by them, and is signed on behalf of the SS. Company (Canadian Pacific Railway Co.), by A. J. Scott, who is either the mate of the "Montezuma" or his Clerk.

Consular Invoice. This is a form of export invoice used when exporting goods to a country where a protective tariff is in force, *e.g.* the United States. It is made out according to official form, and to it is attached a declaration filled in by the shipper, asserting the accuracy of the particulars in the invoice. This declaration is sworn to before the consul of the importing country

by a principal of the exporting firm. Its purpose is to avoid delay in delivery to the consignees at the port of destination. The Customs officials accept this form of invoice as true, and do not examine the goods with the minute care that they would in the absence of such a document.

Consul. A consul is an important official accredited to and resident in a foreign country whose duty is, mainly, to safeguard the commercial interests of the country he represents. All commercially important countries have Consuls in the leading cities of the world.

Consignment Accounts. Suppose that Finch and Sons, instead of a definite order from Adnitt and Sharpe, had received a letter from them suggesting that Finch and Sons should forward a quantity of goods to be sold on their behalf, and that Finch and Sons accepted the suggestion. The goods, called a *consignment*, would be shipped in the way described, but instead of an ordinary invoice, a *pro forma* invoice would be sent, *i.e.* an invoice the purpose of which is to give the consignee some idea of the minimum prices they should obtain for the goods. The consignment would not be debited to the consignee as an ordinary sale would, but would be charged up at cost and entered in a Consignment Ledger in an account headed, " Consignment to Messrs. Adnitt and Sharpe," and to this account would be debited all out-of-pocket expenses incurred by Finch and Sons —the consignors—in shipping and insuring the goods.

When, in due course, Adnitt and Sharpe had sold the goods they would render to Finch and Sons a statement, termed an " Account Sales " (A/S), showing the gross proceeds of sale, and the expenses incurred in effecting the sale, together with the amount of their commission, or remuneration for their services. The expenses and commission would be deducted from the gross proceeds of sale, and a draft for the net amount enclosed with the account sales.

On receipt of this account sales the consignment account would be credited with Messrs. Adnitt and Sharpe's remittance, and the balance between the two sides of the consignment account, either a profit or a loss, would be transferred to the Profit and Loss account. I append a specimen A/S in respect of a consignment made by Wilson Bros., of London, to Deniston and Co., Durban.

ACCOUNT SALES of 50 Cases of Manchester Goods received from WILSON BROS., London, per s.s. *Doric Castle.*

Mark.		£	s.	d.	£	s.	d.
	Proceeds 20 cases goods at £22 6 0	446	0	0			
	„ 21 „ „ £21 0 0	441	0	0			
	„ 9 „ „ £25 0 0	225	0	0			
					1112	0	0
	Less—						
	Landing charges	4	0	0			
WBL	Storage, insurance, and sundries .	14	5	0			
	Commission, 2½% on £1112 . .	27	16	0			
37c	*Del Credere*, 1% on £1112 . .	11	2	5			
					57	3	5
				£	1054	16	7

NOTE.—Draft £500 accepted against above consignment, Feb. 1, 1935, due May 4, 1935. Bank Draft for £554 16*s.* 7*d.* herewith.

E. & O. E.
Durban, April 15, 1935.
Denniston and Co.

Del Credere. When goods are sold by one person on behalf of another he sometimes agrees to guarantee to the person for whom he sells the goods the payment of the accounts of those to whom he sells them. In consideration for this he charges a commission over and above his ordinary commission for acting as agent. This extra commission is termed *Del Credere.*

Accounts Current. In the case of merchants who have extensive dealings with Colonial and foreign traders, it sometimes happens that considerable balances are outstanding from time to time. In such cases it is customary for interest on the daily balances to be credited, or debited, usually at 5 per cent. Daily interest is calculated on the following formula:

Divide 36,500 (*the number of days in the year* × 100) *by the rate per cent., and use the quotient as the denominator of a fraction whose numerator is the number of Pounds multiplied by the number of days.*

For example: What is the interest on £515 10*s.* for 50 days at 4 per cent. p.a.? Answer is $\frac{515 \times 50}{36{,}500 \div 4} = £2\ 16s.\ 5d.$

Sometimes the interest is worked out for each separate item both debit and credit. It is not, however, necessary to do this. See p. 118 for an example of an A/C where the products of the amounts by the days for which they are outstanding are balanced exactly as the cash columns are, and one interest calculation suffices.

ACCOUNT CURRENT.

Dr. **WILSON, BROWN & CO., London, in account with MERRILIES BROS., Calcutta.** Cr.

Date.	Details	Folio.	£	s.	d.	Days.	Product.	Date.	Details.	Folio.	£	s.	d.	Days	Product.
1935.								1935.							
April 30	To Balance brought down . .		3000	0	0			May 25	By Cash . .	24	2000	0	0	25	50,000
								,, 26	,, Returns . .	361	100	9	0	26	2,600
May 3	,, Goods . .	36	400	10	0	3	1,200	,, 27	,, Goods . .	79	700	6	0	27	18,900
June 30	,, Interest . .	298	14	8	10		105,400	June 24	,, Cash . .	32	250	0	0	55	13,750
	$\left(\frac{£105,400}{36,500 \div 5}\right)$ = £14 8s. 10d.							,, 30	,, Balance . . £349 15s. 0d					61	21,350
								,, 30	,, Balance carried down . .		364	3	10		
		£	3414	18	10		106,600			£	3414	18	10		106,600
1935															
June 30	To Balance brought down . . .		364	3	10										

II. Goods Exported by Commission Agents

(*a*) Alexander Brown and Co., Commission Agents, London, received from Tanquerays Ltd., general merchants, Christchurch, N.Z., an indent for general merchandise, and by the following mail a duplicate for use should the first miscarry.

(*b*) Tanquerays Ltd., in their covering letter, advise Brown and Co. that they may expect to receive enclosures from two London, one Leicester, and three Glasgow firms, whose names and addresses they give, and that Messrs. Fife and Woodward, china manufacturers, Birmingham, have a shipment preparing which will probably be ready in time to be included with the goods requisitioned in Brown and Co.'s indent.

(*c*) Brown and Co. enter the indent in their journal, and afterwards file it upon Tanqueray's indent file. Most of the items are explicit, *e.g.* one gross Clarke's Pyramid Night Lights at 3*s.* 9*d.* per dozen ; one dozen ea. Waterman's Fountain Pens $\frac{0196}{63s.}$ $\frac{0198}{96s.}$ but some of the items leave room for Brown and Co. to exercise their own judgment, *e.g.* one ¼-Plate Camera suitable for out-door work, not to exceed £3 15*s.*

(*d*) The first thing Brown and Co. do is to make out, on their own order forms, orders for the different lines and send them to the manufacturers concerned. These order forms are bound up with counterfoils in book form. A piece of carbon is inserted between the order form and the counterfoil previous to making out the order, so that Brown and Co. have a record of each order sent out. We give below a copy of one of these orders, from which the student will see that each order bears full directions as to (1) the marks to be placed on the parcel, (2) the date prior to which the parcel is to reach them, (3) the number of invoices required.

(*e*) In addition to making out and despatching orders for the miscellaneous items of the indent, Brown and Co. send post cards to the firms advised as having enclosures for Tanquerays Ltd. as follows :

> We are advised by Messrs. Tanquerays Ltd. under date that you have an enclosure for them. Please see that the enclosure, marked T.LD. Christchurch, reaches us not later than the 16th inst., and that we get triplicate certified invoices, with all discounts deducted, *by post.* Should you be unable to despatch by the 16th, please advise us and give date.
>
> Alexander Brown & Co.

Brown and Co. also write to Fife and Woodward as follows :

We understand that you have a shipment preparing for Messrs. Tanquerays Ltd. of Christchurch, N.Z. Please advise us when the shipment will be ready, also the number of cases, and we will then send you marks and numbers and full shipping instructions. Please note that certified invoices in triplicate with all discounts deducted are to be sent to us.

ALEXANDER BROWN & CO.

ORDER.

No 1069. *June* 10, 1935.

57 EASTCHEAP, LONDON, E.C.

ALEXR. BROWN & CO.

Commission Agents

TO *Messrs. Simpson and Hayward,*
16 *Soho Square, London, W.C.*

PLEASE SUPPLY THE FOLLOWING :

1 *"Beaufort" Dinner Service, 96 pieces.*

	76*a*	83	88
1 *only Epergnes ea.*	10/9	15/-	22/6

TERMS. *Usual.*

MARKS AND NOS. *T.LD., Christchurch.*

DELIVERY. *Not later than the 16th inst. If unable to despatch by that date, advise us, and await further instructions.*

p. ALEXR. BROWN AND CO.
J. P. C.

(*f*) The orders sent out by Brown and Co. are duly filled and the goods received by them at their warehouse. Generally the parcels will reach them carriage paid, but, if they have to pay carriage on any particular parcel, note of the amount paid will be made upon the parcel. When the shipping date comes round all the parcels are opened and the contents checked off with the invoices, the extensions and additions of which are also checked. The prices in the invoices are then extended in the Journal against the items of the indent to which they refer. If carriage has been paid on any particular parcel the amount is charged up in the Journal.

It may happen that a particular item has not been received—the goods being out of stock, or the description being so faulty that the manufacturer was in doubt what to send, or that the particular make has been discontinued. Brown and Co. will record the answers received in all such cases under or at the side of the items referred to, and if necessary request further instructions from Tanquerays Ltd. The enclosures will be entered in the indent at different points according to the particular case in which they are enclosed, and their values entered in a separate column from that containing the charges for the miscellaneous items of the indent. The values of Fife and Woodward's three cases (we will assume three) are also extended in the same column as the enclosures.

The marks and numbers of Fife and Woodward's cases were supplied by Brown and Co. in response to Fife and Woodward's reply to the post card, a copy of which has been shown. The numbers are the rotation numbers from Brown and Co.'s shipping-book, and the cases were forwarded under Brown and Co.'s direction to the New Zealand Shipping Company, London, the Steamship Company being advised by Fife and Woodward to receive them on account of Brown and Co., who have sent the company their own shipping note.

While the process of checking the parcels and extending the different items of the indent has been proceeding, the warehousemen have been busy packing and marking the cases so that we now have Fife and Woodward's three cases at the docks, and, say, four others ready for cartage to the docks, the whole being marked and numbered T. LD. 816/822.
Christchurch. N.Z.

The same procedure for shipping is gone through as previously described.

(*g*) Brown and Co. then make out Tanquerays' invoice in triplicate from the Journal, the contents of each case being separately shown. To each copy of the invoice one invoice relating to each enclosure and to Fife and Woodward's three cases is attached. The first and second copies of the B/L and Insurance Policy (if insured under a separate policy) are forwarded to Tanquerays Ltd. by the outgoing steamer (or first mail steamer if the carrying vessel is not a mail-boat), and the triplicate set, with a duplicate B/L, is forwarded by the following mail. We give on pp. 122–123 a copy of Brown and Co.'s invoice, a study of which will make the preceding exposition quite clear to the student

TEL. ADDRESS—"UBIQUITOUS, LONDON"
CODES—A.B.C. LIEBERS

57 EASTCHEAP,
LONDON.

Messrs. Tanquerays Ltd., Christchurch, N.Z.

October 14, 1935.

Bot. of ALEXR. BROWN & CO.

GENERAL COMMISSION AGENTS & SHIPPERS

EXPORTING

	Per SS *Araura*		£	s	d	Enclosures 1½ %. £	s.	d.	5 %. £	s.	a	2½ %. £	s.	d.
T. LD.	1 gross Clarke's Pyramid Night Lights 15%	3/9	2	5	0									
				6	9							1	18	3
Christchurch N.Z.	1 doz each Waterman's Pens 0196, 0198 . . . . 63/- 96/- 33⅓%		7	19	0									
			2	13	0							5	6	0
816	1 ¼-plate "Demon" Camera, fitted tripod								3	7	6			
	1 doz each Rodgers' "Acme" razors: 0196 bl., 0197 bl., 0198 ivory, 0199 ivory, 0246 ex qual . 42/- 45/- 48/- 54/- 60/- 15%		12	0	0									
			1	17	3							10	11	9
	1 doz each Ebony Hand Mirrors P119 P286 . . . . 48/- 84/- 10%		6	12	0									
				13	2							5	18	10
	3 only "Wortley" Oak Writing Cabinets, 18½" × 13" . .	35/-	5	5	0									
	3 „ ditto, Nickel Mounted, 9 × 12"	16/6	2	9	6									
	1 doz each assorted Fancy Work Baskets: 9" 10" 11" 12" 9/- 12/6 15/- 17/6		2	14	0									
			10	8	6									
			2	1	8							8	6	1
	1 "Beaufort" Dinner Service, 96 pieces													
	1 only Epergnes each 76a, 83 88 . . . . 10/9 15/- 22/6													

	Manufacturers report "Beaufort" an old pattern long discontinued, and cannot trace ref. nos. for epergnes. Please send further particulars.													
	1 Enclo. from J. Summs, Leicester, as per invoice attached .					27	10	9						
						27	10	9	3	7	6	32	1	8
817	4 Rotary Knife-cleaners, S.F. 734, on stands, special . .	10/9							2	3	0			
	1 doz. Leather Roll-up Door Mats, ditto . each	4/9							2	17	0			
	3 „ 10-pint Range Kettles	23/6	3	10	6									
	10%			7	0									
									3	3	6			
	2 „ 10½' Hand-bowls	12/-	1	4	0									
	5%			1	2									
									1	2	10			
	1 Enclo. from Howard and Jones, London, as per invoice attached					14	10	2						
	1 ditto, John Wilson, London					12	7	0						
						54	7	11	12	13	10	32	1	8
818	1 Enclo. from McVitie and Kerr, Glasgow, as per invoice attached					27	5	9						
	1 ditto, James Buchanan, Glasgow					12	10	8						
	1 „ McConochie Bros, Glasgow					13	5	4						
						107	9	8	12	13	10	32	1	8
819	1 Case China Ware—Fife and Woodward, invoice attached.													
820	1 ditto					23	2	7						
821	1 ditto					19	10	8						
822	1 each All-brass Gongs—Job: S 140, S 146, S 147, S 150, S 156, S 156a, S 157 . . 19/- 19/6 22/- 24/- 25/- 25/6 30/-					22	1	5	8	5	0			
	12 "Optimus" cooking stoves	22/-	13	4	0									
	5%			13	2				12	10	10			
						£172	4	4	33	9	8	32	1	8
	1½% commission, 172/4/4 .		2	3	0							33	9	8
	5% „ 33/9/8 .		1	13	6									
	2½% „ 32/1/8 .			16	0							65	11	4
												4	12	6
	1 Case, 6/6 2 ditto, 4/-									14	6			
	Freight, 15/1/6; B/L, 2/6; Cartage, 4/9; Dock Charges, 5/6								15	14	3			
	Insurance, £275 at 8/3%								1	2	8	17	11	5
												£87	15	3

E. and O. E.
ALEXANDER BROWN AND CO.

III. Exporting by Packing and Forwarding Agents

The procedure in this case need not detain us long. In the place of Messrs. Brown and Co., Commission Agents, in the foregoing illustration let us put Messrs. Harding and Finch, Export Packers. Harding and Finch will do no buying. All the buying is done direct by Tanquerays Ltd., and the manufacturers from whom they buy are instructed to mark the parcels as directed and forward them with triplicate certified invoices, similarly marked, to Harding and Finch. Harding and Finch make regular weekly, fortnightly, or monthly shipments to Tanquerays Ltd. and close down on a particular day (generally a day or two days before the outgoing vessel sails). All the parcels received prior to closing down are then packed into cases, and the cases are marked, numbered, and shipped as before. The invoice is a simple affair, being little more than an enumeration of the enclosures contained in each case—their values being extended short in one of the money columns, the total of which, though shown, is not included in the total of the invoice itself.

The only material part of the invoice so far as Harding and Finch are concerned is the small commission charged upon the value of the enclosures (2½ per cent. ; or 1¼ per cent. in the case of valuable shipments) and out-of-pocket expenses incurred for cases, freight, insurance, &c. Messrs. Harding and Finch's invoice is shown on p. 125.

TEST PAPER X

1. Name the three types of business houses carrying on the exportation of goods, and explain the differences in the invoices rendered by each.
2. What is a shipping note ? Give an example, and state what difference there is, if any, between a shipping note for goods carted to the docks and goods forwarded to the docks by rail.
3. Describe the procedure by which a shipper obtains signed Bs/L from a steamship company.
4. What is a Freight Note ? Draw up a specimen Freight Note.
5. What do you understand by clearing goods ?
6. What do you understand by a Certificate of Origin and a Consular Invoice ? When and why are they necessary ?
7. How is Marine Insurance effected at Lloyd's ? What is a Floating Policy ?
8. What are Dock Charges ? Mention two instances where dock charges would arise.
9. Give the various kinds of packing cases used by shippers and calculate the freight on the following :

2 C/s 2′3″ × 2′4″ × 4″ and 3 C/s 4′6″ × 4′ × 4′2″ @ 40/- per ton.

(*Continued on p.* 126)

TELEGRAMS: "HARDFIN, LONDON"
TELEPHONE: 1735 CENTRAL
CODES: A.B.C., X.Y.Z.

16 & 18 ROOD LANE, LONDON
October 14, 1935.

Messrs. Tanquerays Ltd., Christchurch, N.Z.

In a/c with HARDING & FINCH

Shipping Agents and Export Packers.

T LD. Christchurch										
	Per S.S. "Arawa"									
816	1 Case containing Enclosures:									
	Clarke's Pyramid Light Co., Cricklewood		1	8	8					
	L. & C. Hardtmuth, London		5	6	0					
	The Ilford Photographic Co, London		10	11	9					
	Joseph Rogers & Sons, Sheffield		3	7	6					
	Marion & Co., London		14	5	8					
	J. Simms, Leicester		27	10	9	62	19	11		
	as per invoices attached.									
817	1 Case Enclos.									
	Ford & Wilkinson, Birmingham		9	6	4					
	Howard & Jones, London		14	10	2					
	John Wilson, London		12	7	0	36	3	6		
	as per invoices attached.									
818	1 Case Enclos									
	McVitie & Kerr, Glasgow		27	5	9					
	James Buchanan, Glasgow		12	10	8					
	McConochie Bros., Glasgow		13	5	4	53	1	9		
	as per invoices attached.									
819	1 Case China-Ware—Fife & Woodward, Birmingham, as per invoice					23	2	7		
820	1 ditto					19	10	8		
821	1 ditto					22	1	5		
822	1 Case Hardware — Telford & Co, Birmingham					20	15	10		
	as per invoice attached.									
					£	237	15	8		
	1¼% Commission on £237 15 8								2	19 5
	1 Case Wood and Oil, 6/6. 2 Cases Wood only, 4/-									14 6
	Frt. 242 ft.					15	1	6		
	B/L 2/6; Cartage 4/9; Dock Charges 5/6.									
	Insurance £275 @ 8/3%						12	0		
						1	2	8	16	16 11
								£	20	10 10

10. What is a Mate's Receipt and under what circumstances does it arise? Explain a "clean" receipt.

11. Explain the functions of a Consul.

12. Explain the following prices: F.O.B.; C. & F.; C.I.F.; Franco; F.A.S.; F.O.R.

13. If 18 rolls of cloth each of 50 yds. are quoted F.O.B. 3*s.* per yd. and the cases cost 18*s.* 6*d.*; cartage, 5*s.* 6*d.*; Dock charges, 4*s.* 9*d.*; Insurance, 4*s.* 3*d.*; Freight, Primage, and B/L, £2 18*s.* 10*d.*, show how you would arrive at a quotation C. & F. and also C.I.F.

14. What is a Consignment? Explain, without giving ruled illustrations, the book-keeping entries necessary when a consignment is made, and also the method of settlement.

15. Calculate the following: Interest on £180 10*s.* 6*d.* for 40 days @ 3%; on £876 15*s.* for 80 days @ 6%; on £315 12*s.* 6*d.* for 90 days @ 5%.

16. What would be the amount for freight on the following: (*a*) 4 cases each 3′4″ × 2′6″ × 3′9″ @ 36*s.* and 10%; (*b*) 5 bales each 2′9″ × 4′3″ × 3′3″ @ 32*s.* and 10%; (*c*) 3 cases each 3′5″ × 4′2″ × 2′3″ @ 19*s.* and 10%. (*West Riding C.C. Inter.*)

17. What is a C.F. & I. Invoice? Show how the price would be arrived at when quoting C.I.F. (*West Riding C.C.*)

18. State the following facts in the form of an Account Current: William Simpkins and Co., London, sell goods to J. Ghosh, of Calcutta, as follows: Aug. 7, £348; Aug. 18, £291; Dec. 10, £375. Remittances are received as follows: £375 due Sept. 10 and £400 due Nov. 29. Allow interest Dr. and Cr. @ 5% p.a., and show balance at Dec. 31. (*West Riding C.C. Adv.*)

19. Show an example in full of a Shipping Advice. (*Lancs. and Ches. Union Senior.*)

20. Draw up in proper style and form an Account Sales for the following produce shipped from Jamaica per steamship *Port Kingston*, by Arnold and Co., and consigned to Jones and Co., Bristol: 25 cwt. Ginger @ 65*s.*; 1200 lb. Pimento @ 2¾*d.*; 50 cwt. Beeswax @ 155*s.*; 200 lb. Sarsaparilla @ 1*s.* 3*d.*; 200 tons Logwood @ 85*s.*; 50 tons Fustic @ 60*s.* Charges Warehousing and Wharfage, £10 5*s.*; Advertising, £5 13*s.*; Brokerage, 1%. (*Lancs. and Ches. Union Senior.*)

CHAPTER XI

IMPORTING: CUSTOMS AND EXCISE

IMPORTED goods are either "Free" goods, *i.e.* goods on which no duty is payable to the Government, and which may therefore be transferred freely from place to place, and exported subject only to the Customs regulation that all goods shall be "cleared" within six days of shipment, or they are "Dutiable" goods, *i.e.* goods on which Government duty is payable. Dutiable goods cannot be transferred from place to place as freely as duty-free goods, because, until such time as the duty on them has been paid, the Government places certain restrictions on their movement.

The British Government exacts two kinds of duty:

(1) A duty on certain classes of imported goods which may be enumerated under the following heads, viz. Beer, Spirits, Table Waters (unsweetened), Wine, Playing Cards, Chicory, Chloroform, Chloral Hydrate, Cocoa, Coffee, Collodion, Ether, Ethyl, Dried and Preserved Fruits, Matches, Naphtha, Saccharin, Sugar, Snuff, and Tobacco. This duty is termed *Customs Duty*. In addition, since 1921, there has been a duty, called *Key Industry Duty*, on Optical and Scientific Glassware, Scientific Instruments, certain Chemicals, and other goods specified in the *Safeguarding of Industries Act*, 1921. In 1932, there was imposed a General Ad Valorem Duty of 10% (*Import Duties Act*, 1932) "Additional Duties."

(2) A duty on Beer, Spirits, Chicory, Unsweetened Table Waters, Playing Cards, Matches, Saccharin, Sugar (except when made from home-grown beet) and Tobacco. This duty is termed *Excise Duty* or *Inland Revenue Duty*. In addition there are Excise Duties on Entertainments and Patent Medicines, both collected by means of stamps, and on Railway Passenger Fares that exceed the defined minimum.

The greater part of the Customs duties are, like the Excise duties, levied for purposes of Imperial Revenue, the only important exceptions being the Key Industry Duty and the 10% Ad Valorem Duty (1932).

Drawback: Debenture. Both Customs and Excise Duties are only levied on these classes of goods if the goods are utilized for home consumption. Consequently, when (1) excisable articles on which excise duty has been paid are exported, and (2) imported dutiable goods on which import duty has been paid are re-exported, the exporters or re-exporters are entitled to a return of the duties paid. In (1) the return is known as *Excise Drawback*; in (2) it is called *Customs Drawback*. Drawback is paid upon a document termed a *Debenture*, upon which the exporter or his agent subscribes a declaration that the goods mentioned and described therein have actually been exported, and have not been re-landed and are not intended to be re-landed in any part of the United Kingdom, and that such person at the time of entry and shipping was and continued to be entitled to the drawback thereon. A debenture is a transferable instrument, *i.e.* the person in whose favour the debenture is made out may sign and transfer it to another, who, on signing it, will be paid the amount expressed.

Boarding. Every vessel from overseas arriving off a British Port must bring-to at the place appointed as the boarding station for the port. She is boarded by a Customs officer, who makes inquiries of the Master or Surgeon regarding the health of the crew and other persons on board, whether any cases of death or sickness, particularly cholera, yellow fever, plague or other fever, have occurred during the voyage, &c. If the replies are unsatisfactory she is detained, and should subsequent inquiry by the port medical officer of health lead to the conclusion that she is an "infected" ship she is ordered to quarantine station; if, on the other hand, the replies are satisfactory she is granted a *Certificate of Pratique*, and allowed to proceed to her unloading berth.

The Customs officer places the dutiable stores under official seal. All passengers' baggage is unshipped in his presence, and by his permission, and unless already examined and cleared on board, is taken to the baggage warehouse for examination. Passengers must declare all dutiable articles in their possession, and pay the duty assessed upon them. Where there is no attempt at concealment, and dutiable articles are discovered in excess of the quantity allowed for personal use, and the passenger is unwilling or unable to pay the necessary duty, the goods are sent to the King's warehouse at the Custom House and held there "in bond." If the duty is not paid within six months the goods are sold and the proceeds pass to the Government.

Report. Within 24 hours of arrival at a British port the master of every ship from across seas is required to "report" his vessel to the Collector of Customs. The report is made out on an official form, which provides for, amongst other things, detailed particulars of the ship's cargo—goods for other ports, and goods to be transhipped, or to remain on board for exportation, being separately enumerated. When this report is passed, the ship is given a special number, termed a *Rotation number*. Rotation numbers start from No. 1 on the first day of every year. This rotation number, with the year, appears on all books and papers connected with the ship, on the Dock landing account, the official customs forms, and delivery orders. The cargo is then discharged by the Dock Company's servants, at the expense of the importers.

Clearing Goods. Dutiable goods imported are either cleared for Home Consumption, and duty paid per Prime Entry (see form, p. 133), or, alternatively, they are transferred under Government supervision to Bonded stores or warehouses, either at the Docks or elsewhere, as indicated by the importers, on official warehousing forms termed "Entry for Warehousing" (see forms, pp. 133–4.) The non-dutiable goods are cleared by the importers on a form headed "Entry for Free Goods" (see form, p. 134). Free Goods are either immediately removed by the importer or warehoused at the Docks, or elsewhere as he may direct; for once the Customs delivers goods from custody he is free to dispose of them as he wishes. Where the Free goods are in transit to a foreign port on a through Bill of Lading, the entry is made on a special "Entry for Free Goods" form (see p. 135) and another form has to be filled in (see form, p. 136) to complete the required records.

Bonded Stores or Warehouses. These warehouses are buildings owned privately, or by Joint Stock Companies. They are built to Government requirements, and are under the joint control of the Customs and the Proprietors. Their owners give bond in large sums to the Government as a guarantee that the warehouses shall be properly conducted. Each floor and compartment of these stores is separately numbered, and the reader who has inspected the exterior of these buildings may remember to have seen the doors on the different floors lettered and numbered, *e.g.* A1, A2, A3, and so on. Goods stored in these warehouses are said to be, "*In Bond*," and can only be released from bond by the importer or owner of the goods paying the duty. The goods are gauged, tested, weighed, sorted, sampled, &c., and prepared for market, exactly as they would

be if they were in the owner's possession, but the operations are carried on under immediate Government supervision. If the student were to go to the London Commercial Sale Rooms on Sale Day, or to a firm of wholesale grocers, he would find upon the little desks of the Sale Room, or upon the benches of the warehouse, a large number of sample packets marked, *e.g.* "Ex *Java* 15/10/1935, Fenning's Wharf," ready for inspection by prospective buyers. These samples, in the case of dutiable goods, are drawn from bond. It will be readily understood that if the duty on dutiable goods had to be paid immediately the goods were landed, the financial strain on the importer would be such as very few could stand. The difficulty is got over by warehousing the goods in these bonded stores, and paying the duty on such portions of them as are from time to time required for home consumption. Dutiable goods may be sold, and, by means of documents called Dock Warrants, or by Delivery Orders (see p. 131), the ownership of them may be transferred from one to another, just as if they were in the seller's own warehouse, but they remain in bond till the duty is paid

Landing Goods. The goods are landed by the Dock Company's servants, and immediately numbered, weighed, and examined. The numbers and gross weight, tare, and net weight of the packages appear in the Dock Landing Account, and where the examination has revealed any damage to the goods, the damaged packages appear at the end of the account, with remarks as to the character of the damage. A surveying officer then examines the damaged goods and issues a *Certificate of Survey*. This certificate is put in evidence by the importer or the shipper when claiming indemnity from the insurance company. Dutiable goods removed to bonded warehouses are not fully examined by the Customs officers prior to removal, but a certain percentage of free goods, and of dutiable goods required for immediate use, is examined prior to delivery.

Bonds. It has already been explained that the proprietors of bonded warehouses enter into a bond with the Customs as a guarantee that the warehouses shall be properly conducted. Inasmuch as the trade in dutiable goods involves their being transferred from warehouse to warehouse, or from warehouse to ship, or from ship to ship, and this transference may be effected either by land or water special classes of carriers exist, known as *Licensed Carmen* and *Licensed Lightermen*. These licensed carmen and licensed lightermen also enter into bond with the

Customs as a guarantee that they will perform their duties in strict accordance with regulations. Similarly, the owners of dutiable goods enter into bonds with the Customs in respect of the following operations: (1) The exportation of dutiable goods; (2) the transhipment of dutiable goods; (3) the removal of dutiable goods from one bonded warehouse to another. In (1) the bond is taken on a *white* form, in (2) on a *pink* form, in (3) on a *green* form. A specimen bond for transhipment of dutiable goods is shown on p. 137. This bond is called an *Ordinary Bond, i.e.* it is a bond relating to one particular transaction. But merchants may also enter into a *General Bond* for a large sum sufficient to cover the whole of their transactions.

IN BOND DELIVERY ORDER

IN BOND.

26 MINCING LANE, LONDON, E.C.
November 28, 1935.

TO THE SUPERINTENDENT *Botolph Wharf*
PLEASE DELIVER TO *Messrs. Jansen and Phipps*
Ex " Arana " Rotn. No. 18300/1935.
Two Hundred and Fifty (250) ½-*boxes Valencias P.J.*

L. RAMIREZ AND CO.
L. Ramirez.

The following brief explanations of technical terms commonly met with in connexion with Customs dealings will be useful:

Station. A warehouse or group of warehouses under the supervision of an officer of Customs and Excise.

Obscuration. The difference (caused by matter in solution) between the true strength of spirits and that indicated by the hydrometer.

Gauging is the process for finding the quantity of liquid any cask is capable of holding, and also what it contains when partially full. The former is called the *content*, what it lacks of being full is termed the *vacuity*.

Vatting. Putting together wines or spirits in a vat or large vessel to obtain uniformity of character.

Blending. Putting together wines or spirits of similar sorts.

Mixing. Putting together wines or spirits of different sorts.

Racking. Drawing off wines or spirits from one cask or vessel into another.

Filling. Making good natural waste in casks of wine or spirits by adding liquor of the same or similar kind.

Chop. A parcel of China tea consisting of a number of packages of tea of like quality, arranged in a bonded warehouse for the purpose of being dealt with.

Bed or Break. A sub-division of a *chop* of China tea, or a parcel of Indian, Ceylon or other tea of one mark and quality.

Bulking. An operation usually performed in the case of Indian and Ceylon teas, and also with coffee, cocoa, &c. The contents of the cases are turned out upon the floor, and thoroughly mixed by means of wooden spades, and the mixture is then repacked in the cases. Each case thus contains tea or other goods of an even quality. Extra cases, created when *bulked* goods cannot be entirely returned into the original packages, are termed *overtakers*.

Re-packing. Changing the packages in which goods are contained.

Garbling. Sifting or separating bad or damaged portion of goods from the sound and good portions.

Bill of Sight. When an importer has insufficient information as to the description, quantity, and value of any goods, *i.e.* when the shipper has failed duly to advise the importer of the shipment, and to forward the Bill of Lading, the importer may subscribe a declaration before the collector or other proper officer, and then make an entry for the goods on a document termed a *Bill of Sight*, filling in the particulars required by the form. This Bill of Sight serves as a warrant for the provisional landing of the goods. They are examined by Customs officers in the presence of the importer or his agent, and within three days of their being landed, and before delivery of the goods, the importer or his agent must endorse on the Bill of Sight similar particulars to those required for perfect entry. The Bill of Sight thus endorsed, signed by the importer or his agent, and accompanied by the usual "bill," is accepted as a perfect entry.

Jerque (to). To jerque a ship is (*a*) to clear her inwards after discharge, or (*b*) to examine the documents (report, entries, etc.) forming the complete file of a ship, to see that the whole of the reported cargo has been duly accounted for. The term "jerquer" possibly comes from the Italian *cercare* (fr. *chercher*) = to search.

H. M. CUSTOMS AND EXCISE

ENTRY FOR HOME USE EX-SHIP.

No. 72 (Sale)

Port of Importation } London — Dock or Station Millwall Dock

Name and address of Merchant paying the Duty } H. Williamson, Esq. Eastcheap, London, E.C.

(If Post) Prime Entry No ____ dated ____ 191

Ship's Name	Date of Report	Master's Name	Port or place of Shipment of Goods
Jenedos			Patras

Marks and Numbers	Here until country of destination of United Kingdom Goods are further Distinguished and Separately	Number of Packages and Quantity in Words and Description of Goods in accordance with the Official Import List	* Name of place wherein Goods consigned.	Quantity in Figures.	† Value	£	s.	d.
T		Fifty 1/4 Cases Currants Nineteen Hundred Weight Nett	Patras	19 cwt.	£19	1	18	-
		Total amount of Duty payable on this Entry			£	1	18	-

I declare the above particulars to be true

Date 16th March 1916 (Signed) H. Williamson Importer or his Agent.

Collector's No. and Date.

* Note.—The place wherein the goods were consigned is not necessarily the place from or in which the goods were purchased by the importer or the grower thereof, whether

† { (1) In the case of goods which are imported at a port other than that at which the consignee intends ultimately to clear them, the amount which he estimates will be the freight and insurance and other charges incidental to such clearance.
(2) Where the goods are consigned for sale they are to be given on a fair wholesale value of such goods.

Importation Cash paragraph 543 Section 3 Items and Excise No. 1914

No. 16 (Sale)

ENTRY FOR WAREHOUSING

(For use by Importers, Landers & Coasters under Rules 1, 2—6, 10—12, 20 & 21)

Collector's No. and date.

H.M. CUSTOMS AND EXCISE

Port London

Dock or Station London Wharf

Importer's Name and Address } Howard & Jones, 14 Rood Lane, E.C.

Ship's Name	Date of Report	Port or Place of Shipment of Goods
Pelago		Malaga

Marks and Nos.	No. of Packages	Description of Goods in accordance with the Official Import List	Quantity Nett	† Value £	† Name of place wherein Goods consigned
B 10 Crowns		One Hundred Boxes Raisins	20 cwt.	£70	Malaga

I enter the above Goods to be Warehoused in Haig & Haig warehouse, and declare the above particulars to be true

Dated this 3rd day of March 1916 (Signed) Howard & Jones Importer or his Agent.

*NOTE.—(1) In the case of goods which are invoiced at a quoted price the value to be stated in the Customs Entry should be the price cost with the freight and insurance added thereto.
(2) Where the goods are consigned for sale they are to be given the fair wholesale value of such goods.
†The place where the goods were consigned is not necessarily the place of origin, but is the place from which the goods were procured by the importer for the place of his countries.

No 464 (Port)

Collector's No. and Date

Entry for Warehousing at another Port or Place

under the provisions of Importation Order 1916 and of Warehousing Code para 210, 223

H.M. CUSTOMS AND EXCISE

Port of Importation London

Dock or Station West India Dock

Importer's Name and Address Howard & Jones, 14 Road Lane, EC

Ship's Name	Dock or Port	Port or Place of Shipment if Goods
Westmeath		New York

Marks and Nos.	No. of Packages	Description of Goods in accordance with the Official Import List	Quantity Net	*Value £	†Name of place where goods consigned
Y.O.	Fifty	Boxes Dried Plums	12 cwt.	£18	San Francisco

Name and Address of Consignee _____

I enter the above goods which are to be removed from the ship's side [illegible] gross weight, to be Warehoused in C. 2 Bond, Warehouse Dublin, and declare the above particulars to be true

Dated this 2nd day of March 1916 (Signed) Howard & Jones Importer or his Agent.

*Note.—If any of the goods which are warehoused pursuant to this entry shall be the prime cost which the freight and insurance [illegible]

†Name of place where the goods were consigned is not necessarily the place of origin, but is the place from which the goods were procured by the importer as the place of last consignment.

‡Here state [illegible]

I hereby certify that Bond (the warehouse) [illegible]

has been given for the duties and charges of the above mentioned wines [illegible] from the delivery of the Goods.

Port London Date 2nd March 1916 [illegible]

No. 7 Cable

Collector's No. and Date

H.M. CUSTOMS AND EXCISE

ENTRY FOR FREE GOODS

Port London

Dock or Station Brewers Quay

Importer's Name and Address J. Jones, 101 Mark Lane, EC

Warehouse

Ship's Name	Master's Name	Note's No	Date of Report	Port or Place of Shipment of Goods
Sperber				Rangoon

Marks and Nos.	No. of Package and Description of Goods in accordance with the Official Import List	Quantity	Value* £	†Name of Place where goods consigned
Y.O.	One Hundred Bags White Cleaned Rice	200 cwt	£100	Rangoon

I enter the above Goods as free of Duty, and declare the above particulars to be true.

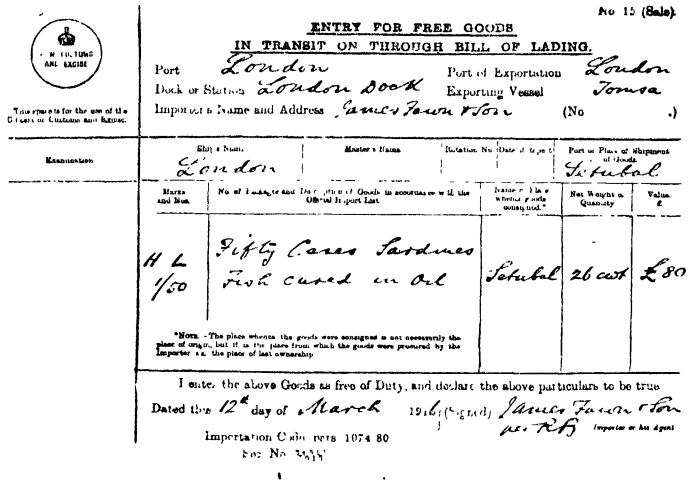
Dated this 4th day of March 1916 (Signed) John Jones Importer or his Agent.

Entries for Imported Goods—Revised Instructions—Para 1—18

Sec. 9297/1916.

*(1) In the case of goods which are invoiced at a quoted price the value to be stated in this Entry should be the prime cost with the freight and insurance added (C.I.F. value)
(2) When the goods are consigned for sale the sale is to be given should be the last or sale value "ex quay"

†Note.—The place where the Goods were consigned is not necessarily the place of origin, but is the place from which the Goods were procured by the Importer, i.e., the place of last consignment.



No 15 (Sale).

ENTRY FOR FREE GOODS
IN TRANSIT ON THROUGH BILL OF LADING.

Port London — Port of Exportation London
Dock or Station London Dock — Exporting Vessel Tonsa
Importer's Name and Address James Fawcett & Son (No .)

This space is for the use of the Officers of Customs and Excise.

Examination

Ship's Name: London | Master's Name | Rotation No. | Date of Report | Port or Place of Shipment of Goods: Setubal

Marks and Nos.	No. of Packages and Description of Goods in accordance with the Official Import List	Name of Place where goods were produced*	Net Weight or Quantity	Value £
H L 1/50	Fifty Cases Sardines Fish cured in Oil	Setubal	26 cwt	£80

*Note.—The place whence the goods were consigned is not necessarily the place of origin, but it is the place from which the goods were procured by the Importer i.e. the place of last ownership.

I enter the above Goods as free of Duty, and declare the above particulars to be true

Dated the 12th day of March 1916 (Signed) James Fawcett & Son per RF Importer or his Agent

Importation Cable rers 1074 80
Fac No 3691

TEST PAPER XI

1. Explain Customs Duty and Excise Duty.

2 What is Drawback? When, how, and to whom is it paid? Mention two different kinds of Drawback.

3. What is Pratique, and what steps are taken by Government to prevent infected ships communicating with the shore?

4. What steps are taken by Government to ensure that all imported dutiable goods shall be brought to account?

5. What is "Report"? Explain "Rotation Numbers."

6. What is meant by the expression "Goods in bond"? State what you know of the construction and management of Bonded Stores.

7. What are the advantages of Bonded Stores?

8. Cable messages of twenty words each are sent to New York, Vancouver, Melbourne, Bombay, Cape Town. What are the respective charges?

9. For what purposes are the following documents used? "Home use ex ship"; "Entry for free goods"; "Specification."

10. What is a Customs Debenture? Why are certain kinds of carmen and lightermen called Bonded carmen or lightermen?

11. Explain the following terms used in connexion with bonded warehouses: Bulking, Gauging, Garbling, Blending. What are Overtakers?

12. What limits of size and weight are imposed in the case of parcels? What are the inland P.P. rates?

13. Make out an export invoice from the following particulars: Sellers—Southey and Co., Sheffield; Shipping Agents—Cookes and Burrell, Liverpool; Buyers—Sleaford and Co., Durban, Natal. One case, 3′6″ × 4′9″ × 3′3″, marked "S & Co. in a triangle, 126 Durban," containing: 6 Silver Flasks, 7″ @ £1 8*s.* 6*d.* each; 6 solid leather Holster Cases, large, @ 13*s.* each; 6 doz. Silver Coffee Spoons, No. 8342, @ £2 18*s.* 6*d.* per doz.;

(*Continued on p.* 138)

*SPECIFICATION for Foreign and Colonial Merchandise free of Duty in transit on through Bill of Lading No. 16 (Sub.)

Port of London Ship's Name Tonsa Master, for Sydney N.S.W.

Imported at London by Ship London & Setubal Date of Final Clearance of Ship

* The Specification of Goods exported must be delivered to the proper Officers within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks	Nos.	Number and Description of Packages	Description of Foreign and Colonial Merchandise, in accordance with the requirements of the Official Import List	Country whence Goods were consigned when imported	Net Weights or Quantities	Value	Final Destination of the Goods	Name and Address of the Consignee
H. L.	1/50	Fifty	Cases Sardines Fish cured in Oil	Setubal	—	£90	Sydney N.S.W.	The Commonwealth Store Co. 18 George St. Sydney
					TOTAL			

Name and Address of the Exporter: James Fawn & Co. 22 Eastcheap, London. EC.

I declare that the particulars set forth above are correctly stated, and that the person for whom the goods to which this specification relates are ultimately destined is not a person who is an enemy or treated as an enemy under any law for the time being in force relating to trading with the enemy.

Dated 12th March 1916

(Signed) James Fawn & Son †

(Address) 22 Eastcheap. EC. Exporters

† Adding Exporter, or Agent, as the case may be

(Countersigned) _____ Officer of Customs and Excise.

(Importation Code, para 1074-80 SC 177689)

No 23 (Customs)
No 295—5 (Excise).

Bond for Exportation.

Know all Men by these presents that We
Finch + Harper of 12 Tower Hill, and William Richardson of 99 Great Tower Street both Places in the City of London

are held and firmly bound unto our Sovereign Lord GEORGE THE FIFTH by the Grace of God of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King Defender of the Faith in the sum of *Twenty* pounds to be paid to our said Lord the King His Heirs or Successors for which payment well and truly to be made we bind ourselves and each of us jointly and severally firmly by these presents Sealed with our Seals

Dated this *Tenth* day of *March* in the Year of our Lord One thousand nine hundred and *Sixteen*

WHEREAS the Goods hereinafter specified, that is to say
Twenty Hundred weight Raisins

are now deposited in a Warehouse or place approved by the Commissioners of Customs and Excise at *London Wharf*

AND WHEREAS the above bounden *Finch + Harper and Wm Richardson* have by a Memorandum in writing dated the *Tenth* day of *March* 1916 and numbered given notice of his intention to remove the said Goods from the said Warehouse or place for the purpose of their being exported as Merchandise from the Port of

NOW THE CONDITION of the above-written Bond or Obligation is such that if the said Goods and every part thereof shall within the time allowed by or by reference to the regulations of the said Commissioners for the time being in force be duly removed and shipped without alteration or diminution on board the proper Ship at the Port aforesaid or at such other Port as may be substituted therefor in conformity with the said regulations and shall be produced to the proper Officer of Customs and Excise there and shall be exported to and shall be landed at the place named in the said Memorandum And if in case the said Commissioners shall require a proof to their satisfaction shall within such time as they shall allow be produced from *Cape Town*

of such landing there of the said goods or if the said Goods though not shipped or not landed shall otherwise be accounted for to the satisfaction of the said Commissioners then the above-written Bond or Obligation to be void or else to be and remain in full force and virtue

Signed Sealed and Delivered by the above bounden
Finch + Harper (L.S.)
Wm Richardson (L.S.)

in the presence of

TEST PAPER XI (*continued*)

3 Mahogany Canteen Cabinets (105 pieces) @ £4 12*s.* each; 1 doz. 3-bottle E.P.N.S. Lunch Cruets, No. 86, @ 13*s.* 6*d.* each; 1 E.P.N.S. Syphon Stand, No. 21561, @ £3 1*s.*: 1 Afternoon Tea Set, Plain, No. K. 146, @ £2 15*s.*; Less 15% trade discount; charges: freight, £2 8*s.* per ton meast., plus 10% primage, carriage, 8*s.* 6*d.*; dock charges and B/L, 4*s.*; insurance, 10% above invoice value @ 10*s.* 6*d.*%; per *Star of Africa*.

14. You are Daniels and Co. of Wolverhampton. Write a letter to Arthur Wellstead Bros., Leeds, ordering the following goods, or if you prefer it rule a specimen order form and enter the goods thereon.

4	Angle Brackets	1½″	shaft,	No. 19	@ 9*s.* each.
8	Open Side Hangers,	2″	,,	,, 25	@ 41*s.* 3*d.* each.
4	ditto	3″	,,	,, 28	@ 50*s.* each.
4	Double Side ditto	1¼″	,,	,, 52	@ 25*s.* each.
3	Prs. Flanged Couplings	2¼″		,, 39	@ 10*s.* 6*d.* per pr.

15. Write a letter to Arthur Wellstead Bros, Leeds, stating that you are returning the 3 prs. Flanged Couplings sent by them on March 20 last, as you ordered 2¼″ couplings, whereas they have sent 1½″. State that you have been much inconvenienced by the mistake as they were to be used for a job taken on a time contract and you will now have to work overtime to complete.

16. Prepare invoice for the following, deducting 12½% trade discount, and indicating that a settlement discount of 2½% will be allowed if paid within 7 days. Sellers: Robert Cocks and Co., 15 Giltspur St., London, E.C. Buyers: The Secretary, Mining and Technical College, Wigan. 20 reams Double Foolscap ruled feint, @ 4*s.* per rm.; 6 gross Imperial Exercise Books @ 1*s.* 4*d.* per doz.; 144 gross Steel Pens @ 1*s.* 3*d.* per gross; 50 gross H.B. Lead Pencils @ 8*s.* 6*d.* per gross.

17. Make out a statement from James Hooper and Co.'s ledger.

Qtly. 2½ per cent. PARFITT & Co., 61 DALE ST., LIVERPOOL

1935		£	s.	d.	1935		£	s.	d.
Jan. 1	To Balance B/F .	12	9	10	Jan. 5	By Cash	12	3	7
,, 7	,, Goods . . .	8	7	6	,,	,, Discount . .		6	3
,, 15	,, ,, . . .	10	5	4	Feb. 18	,, Returns . . .	2	7	0
,, 28	,, ,, . . .		19	2	,, 28	,, Overcharge .		5	2
Feb. 17	,, ,, . . .	1	8	7					
,, 25	,, ,, . . .	13	5	3					
Mch. 12	,, ,, . . .	3	5	8					
,, 28	,, ,, . . .	1	7	10					

18. The returns £2 7*s.* credited on Feb. 18 were for 9 prs. 6907 Girls' Tan Boots @ 5*s.* 6*d.*, less 5% trade discount. Show the Debit Note Parfitt would send to Hooper and Co. and the Credit Note Hooper and Co. would send to Parfitt.

CHAPTER XII

RAILWAYS, TRADE ROUTES, CANALS

By the Railway Act, 1921, the Railway Companies of Great Britain have been amalgamated into four groups as follows:

(1) London, Midland & Scottish Railway.
(2) London & North Eastern Railway.
(3) Great Western Railway.
(4) Southern Railway.

English and Welsh Railways

London, Midland and Scottish Railway (L.N.W.R. Section). The London and North Western was commonly regarded as the premier line of the United Kingdom. It runs from Euston, the London terminus, through Watford, Leighton Buzzard, Bletchley, Wolverton, Roade, Rugby, Nuneaton, Lichfield, Stafford, Crewe, Warrington, Wigan, Preston, Lancaster, Carnforth and Penrith to Carlisle. At Bletchley a branch runs west to Oxford and east to Cambridge. From Roade a line runs through Northampton to Rugby and also east to Peterborough. From Rugby a line runs through Market Harborough to Uppingham, Stamford and Peterborough, and also through Coventry, Birmingham and Wolverhampton, joining the main line at Stafford. From Nuneaton a line proceeds to Leicester. From Colwich, three miles from Stafford, access is gained, by means of the lines of the *North Staffordshire Railway*, to Stoke-on-Trent and other North Staffordshire pottery towns. At Crewe lines branch (1) west through Chester, along the Denbigh and Carnarvon coasts to Bangor, and thence through the Menai Bridge to Holyhead; (2) in a south-westerly direction through Shrewsbury to Carmarthen, and in conjunction with the G.W.R. to Swansea. Connexion is also made with the G.W.R. at Craven Arms south of Shrewsbury, and access is gained to the mining, smelting and shipping towns of South Wales; (3) in a north-westerly direction through Stockport to Manchester to the west, and Dukinfield, Stalybridge, Huddersfield, Dewsbury, Batley and Leeds to the east. A few miles south of Warrington a line branches

through Runcorn, across the Mersey, to Liverpool. There is also a line running from Liverpool to Manchester and thence to Stalybridge, where it joins the line to Leeds. From Preston a short branch of the *L. & Y.R.* runs to Blackpool and Fleetwood. At Carnforth the *Furness Railway* makes a wide sweep along the Cumberland coast, connecting the L. & N.W.R. with Barrow, Whitehaven, Workington and Maryport, whence the *Maryport & Carlisle Railway* runs to Carlisle. Besides the towns mentioned the L. & N.W.R. and its connexions serve Blackburn, Accrington, Burnley, Nelson, Colne, Bolton, Bury, Oldham, Rochdale, Halifax, Bradford, Wakefield and other manufacturing towns of Lancashire and Yorkshire.

London, Midland and Scottish Railway (M.R. section). The Midland was the most heavily capitalized of all the railways of the U.K. It runs from St. Pancras (London) through Luton, Bedford, Wellingborough, Kettering, Leicester, Loughborough, Trent and Alfreton to Chesterfield. From Chesterfield the line proceeds to Rotherham, or by a loop through Sheffield to Rotherham. From Rotherham it runs direct to Normanton, connecting, by branches to the west of the main line, Barnsley, Wakefield, Dewsbury, Huddersfield and Halifax. From Rotherham the line proceeds to Leeds and through Keighley or Ilkley to Skipton. A few miles north of Leeds a branch runs to Bradford. From Skipton the line runs through Hellifield, Settle and Hawes Junction to Appleby and Carlisle. From Bedford a line branches north-west to Northampton and south-west to Hitchin. At Kettering a line proceeds viâ Oakham and Melton Mowbray to Nottingham, subsequently joining the main line at Trowell, a few miles north of Trent, and throwing off from Radford a line running through Mansfield to Worksop. A line also runs from Kettering through Huntingdon to the G.E.R. at St. Ives, and from Manton to the north of Kettering, through Stamford, Peterborough and Wisbech to Sutton Bridge on the Wash, there joining a line from Saxby, a little south of Melton Mowbray, running through Bourne and Spalding. The junction at Sutton Bridge is effected by means of the M. & G.N. Joint Line which runs to Norwich and connects with the G.E.R. running to Yarmouth, Lowestoft, &c. At Trent a line branches north-west to Derby, the headquarters of the line, and north-east to Nottingham. From Derby the line runs north to Belper, where forking, one arm joins the main line at Clay Cross, and the other proceeds through Matlock and the Peak district to join the railway of the Cheshire Lines Committee running viâ Marple to Manchester, or through Hazel Grove, Cheadle and Widnes to Liverpool. A line also runs

south-west from Derby through Burton-on-Trent to Birmingham, Cheltenham, Gloucester, Avonmouth, Bristol and Bath, thence by the *Somerset & Dorset Railway* to Templecombe, Poole and Bournemouth. From Cheltenham the Midland & South Western Joint Line runs through Cirencester and Swindon to Andover, where it joins the L. & S.W.R. proper to Southampton and Portsmouth. From Nottingham a line proceeds through Newark to Lincoln, while from Settle another branch runs through Lancaster to Heysham on the coast of Morecambe Bay. The M.R., by its own system and its connexions with the North Staffordshire and other railways, serves many important towns in Derbyshire and Staffordshire besides those mentioned, and amongst others Bolton, Blackburn, Wigan, Chorley, Darwen, Accrington, Bury, Oldham, Rochdale and Burnley in Lancashire, and Harrogate, York, Pontefract and Doncaster in Yorkshire.

London, Midland and Scottish Railway (L. & Y.R. Section). The Lancashire and Yorkshire serves the most populous parts of those counties, and by means of its branches enables the lines from London—the L. & N.W.R., the M.R., the G.N.R., the G.C.R.—to serve all the important towns of these great manufacturing districts. One line proceeds from Liverpool to Stockport, Preston, Blackpool and Fleetwood. Another runs from Liverpool viâ Wigan to Manchester, Ashton and Stalybridge; another from Liverpool through Ormskirk to Blackburn, Padiham, Burnley and Colne or through Accrington to Burnley and Colne. From Stalybridge the L. & N.W.R. gives access to Huddersfield and the L. & Y.R. proceeds viâ Dewsbury, Wakefield and Normanton to Pontefract, Knottingley and Goole on the Humber. Bolton, Bury, Rochdale, Oldham, Todmorden, Bacup, Accrington, Darwen and Morley, Blackburn, Padiham, Burnley and Colne are all connected with Manchester. So numerous and complicated are the various branches of this railway that it is impossible to give any clear description of the system, and the student is advised to consult the excellent map to be found in the official time table of the line.

London, Midland and Scottish Railway (G. & S.W.R. Section). The Glasgow and South Western runs from Carlisle through Dumfries, Sanquhar, to Kilmarnock and Glasgow. From Glasgow a line runs west through Paisley, branches south to Dalry, and after throwing out a short branch to Ardrossan proceeds south through Ayr and Girvan, finally connecting with the *Portpatrick and Wigtonshire Railway* running into Stranraer and Portpatrick. A line also runs from Glasgow to Paisley, Port Glasgow, Greenock and Gourock on the south bank of the Clyde.

From Dumfries a line proceeds south-west to Dalbeattie and Castle Douglas, thence to Kirkcudbright. In connexion with the M.R. the G. & S.W.R. offers probably the most interesting and picturesque route from London to Glasgow.

London, Midland and Scottish Railway (C.R. Section). The Caledonian also runs from Carlisle, but through Lockerbie. At Lockerbie a branch line connects with Dumfries and the G. & S.W.R. as far as Castle Douglas, from which town a line runs to Stranraer and Portpatrick. Passing through Lockerbie the line proceeds viâ Carstairs and Motherwell to Glasgow. From Glasgow a line runs by way of Glenboig and Larbert to Stirling, Dunblane and Perth, continuing through Coupar Angus, Forfar, and Brechin to Montrose, Stonehaven and Aberdeen. At Dunblane a branch proceeds by way of Callander to Oban, Appin and Ballachulish. At Carstairs a line branches north-east to Edinburgh and south-west (throwing out a short branch to Lanark) through Lanark, joining the G. & S.W. not far from Old Cumnock, and also continuing to Ayr and Troon. There is also an important line, running through Rutherglen, Cambuslang, Uddingston, Bellshill, Holytown, Fauldhouse, West Calder and Mid-Calder, connecting Glasgow and Edinburgh. Many branch lines link up the towns in the Lanark coal and iron districts with the main lines.

London, Midland and Scottish Railway (Highland Railway Section). Runs from Perth through Pitlochry to Inverness, thence to Beauly and Dingwall and northwards to Thurso and Wick. At Dingwall a branch runs west by south to Strome Ferry. At Aviemore, some distance north of Kingussie, a line proceeds north to Forres, where a line connects that town with Inverness to the west and Elgin, Fochabers and Keith to the east.

London and North Eastern Railway (G.N.R. Section). This line runs from King's Cross (London), through Hatfield, Luton and Huntingdon to Peterborough, thence through Grantham, Newark, Retford and Doncaster, to Wakefield, Leeds, Bradford, Keighley, Halifax, Dewsbury, &c. A few miles north of Doncaster the N.E.R. begins, and the Great Northern trains continue over the North-Eastern system through York and Northallerton to Darlington, Gateshead, Newcastle-on-Tyne, Morpeth, Alnwick and Berwick-on-Tweed. From Hitchin a line runs north-east to Cambridge. From Peterborough a line takes a north-east course to Boston thence through Louth to Great Grimsby. From Peterborough communication is effected with the G.N. & M. Joint Line to Norwich, and access is gained to the coast and inland towns of Norfolk and Suffolk. From Grantham a line runs

(1) west to Nottingham, Derby and Burton-on-Trent, connexion being made with the N. Staffs., Midland and L. & N.W. systems, (2) north-east to Lincoln and thence to Louth or through Gainsborough to join the main line south of Doncaster. From Retford the G.C.R., which has a working agreement with the G.N.R., runs viâ Worksop to Sheffield, Penistone, Glossop, Godley Junction and Guide Bridge to Manchester; and viâ Godley Junction over the Cheshire Lines to Liverpool. By its connexions with the G.C.R. the Cheshire Lines and the L. & Y.R., the G.N.R. serves the principal towns of Yorkshire and Lancashire.

London and North Eastern Railway (G.C.R. Section). The Great Central, formerly the *Manchester, Sheffield and Lincolnshire Railway*, is the last long-distance railway to find a terminus in London. It runs from Marylebone through Wycombe and Princes Risborough, whence a branch proceeds to Aylesbury, to Brackley, Rugby, Leicester, Loughborough, Nottingham, Sheffield and thence viâ Penistone, Glossop, Godley Junction and Guide Bridge to Manchester, or viâ Godley Junction over the Cheshire Lines to Liverpool. From Sheffield a line runs viâ Worksop, Retford, Gainsborough and Brigg to Barton-on-Humber, Grimsby and Cleethorpes– Lincoln being connected by means of a branch from Clarborough Junction between Retford and Gainsborough. The G.C.R., by means of its connexions with the G.N.R., the Cheshire Lines and the L. & Y.R., serves the principal towns of Lancashire and Yorkshire.

London and North Eastern Railway (G.E.R. Section). The Great Eastern runs from Liverpool Street (London) through Chelmsford, Colchester, Ipswich, and Beccles to Lowestoft, Yarmouth, and Norwich. At Manningtree, midway between Ipswich and Colchester, a short line runs to Harwich. Another line runs from Liverpool Street through Bishop's Stortford to Cambridge, thence to Ely, King's Lynn and the northern towns of Norfolk. From Ely a line runs to March, and thence west to Peterborough and north-east to King's Lynn. The G.N. and G.E. Joint Line also runs from March through Spalding, Lincoln and Gainsborough to Doncaster. Between the two main G.E. lines many branch lines link up the chief towns of Essex, Suffolk, and Norfolk.

London and North Eastern Railway (N.E.R. Section). The North Eastern serves the five northernmost counties of England. The route followed by the main line has already been indicated when describing the G.N.R. From Newcastle and Gateshead branch lines run viâ Hexham and Haltwhistle to Carlisle. Other branches connect Newcastle and Darlington

with South Shields, Sunderland, Seaham Harbour, the Hartlepools, Middlesbrough and Stockton-on-Tees. The coast towns on the Yorkshire Coast, *e.g.* Whitby, Scarborough and Hull, are also connected by branches with the main line. So too is Leeds. The N.E.R., serving as it does the great northern coalfields and iron districts, and busy shipping and shipbuilding centres, enjoys an enviable position as a heavy goods line.

London and North Eastern Railway (N.B.R. Section). The North British runs from Berwick-on-Tweed by Dunbar through Portobello to Leith and Edinburgh, thence across the Firth of Forth through Dunfermline to Perth; or branching off at Inverkeithing on the north coast of the Firth of Forth through Burntisland, Kirkcaldy, Thornton Junction, Ladybank Junction, Cupar, Leuchars Junction, and across the Tay to Dundee. From Thornton Junction a branch sweeps round the Fife coast connecting Largs, Anstruther, Crail and St. Andrews with Leuchars Junction. From Dundee the C.R. and N.B. Joint Line proceeds to Arbroath and Montrose, whence Stonehaven and Aberdeen may be reached by the C.R. From Dunfermline a line proceeds through Alloa to Stirling, thence to Balloch at the south extremity of Loch Lomond, subsequently joining the line running from Glasgow, through Clydebank to Dumbarton, and thence by way of Crianlarich and Tyndrum to Fort William. From Edinburgh a line follows the Waverley route through Galashiels, Melrose and Hawick to Carlisle. Two lines connect Edinburgh and Glasgow – one, the main line, running through Ratho, Linlithgow, Manuel, Polmont, Falkirk, Bonnybridge, Castle Cary and Lenzie; the other taking a more southerly route viâ Ratho, Bathgate, Airdrie and Coatbridge. From Bo'ness on the Firth of Forth a line runs through Manuel, Blackston, Avonbridge, Slamannan and Whiterigg to Coatbridge, while from Grangemouth another line runs through Falkirk, Bonnybridge, and Kilsyth to Glasgow. Hamilton and Morningside in Lanarkshire are each separately connected with the line running from Glasgow to Edinburgh viâ Coatbridge, and thus with Grangemouth, Bo'ness and Leith. The N.B.R. is a strong competitor with the Caledonian for the carrying trade of the Lanark coal and iron districts.

London and North Eastern Railway (Great North of Scotland Section). Runs from Aberdeen through Inverurie and Huntley to Keith, where it joins the Highland Railway to Forres and Inverness. There is another branch running from Aberdeen to Peterhead and Fraserburgh, and another running along the banks of the Dee to Ballater. A third branch runs north-east to

Banff, and also south-west from Keith along the valley of the Spey to Boat of Garten and joins the H.R.

Great Western Railway (G.W.R.). This railway had the greatest mileage of any in the United Kingdom. It runs from Paddington, the London terminus, through Ealing, Maidenhead, Reading, Didcot, Swindon, and Bath to Bristol. At Bristol the main line divides, one branch proceeding through the Severn Tunnel to Newport, Cardiff, Bridgend, Port Talbot, Briton Ferry, Neath, Swansea, Llanelly, Carmarthen, Pembroke Dock, New Milford, to Fishguard and Cardigan; the other branch running south-west to Weston-Super-Mare, thence to Bridgwater, Taunton, Exeter, Plymouth, Devonport, Liskeard, St. Austell, Truro, Redruth, Camborne and Penzance. From Reading a line runs through Newbury, Devizes, Trowbridge, Frome and Yeovil to Dorchester, Weymouth, and Portland. At Westbury on this line a branch proceeds to Salisbury. At Didcot a line runs north through Oxford, Banbury, Leamington, Warwick, Birmingham and Wolverhampton to Shrewsbury, Ruabon, Wrexham, Chester and Birkenhead. This route has been considerably shortened by the new line (opened June 1910) branching off from the main line at Old Oak Common about 5 miles from Paddington and proceeding viâ Bicester. At Yarnton, a few miles past Oxford, a branch line passes through Evesham, Worcester and Droitwich to Kidderminster and Hereford, thence north, joining the main line to Birkenhead. From Swindon a line runs to Stroud, Gloucester and Cheltenham. From Gloucester a line runs south along the Welsh border of the Bristol Channel to Newport thence north to Hereford, Leominster and Ludlow, finally joining the main line to Birkenhead about 10 miles south of Shrewsbury. By means of its own lines and its connexions with the *Taff Vale* and the *Barry* Railways, the G.W.R. taps every part of the great S. Wales coal and smelting districts, and by its connexions with the *Neath and Brecon* and the *Cambrian Railways* serves the interior towns of Wales.

Southern Railway (L.S.W.R. Section). The London and South Western runs from Waterloo (London) through Surbiton, Woking, Basingstoke and Andover to Salisbury, Yeovil, Exeter and Plymouth. From Exeter a line runs to Barnstaple and Ilfracombe on the north coast of Devon. A few miles past Basingstoke a line branches south to Winchester and Eastleigh, whence it forks west to Southampton, Christchurch, Bournemouth, Poole and Dorchester, and east to Gosport and Portsmouth. At Woking a branch line takes a more directly southern turn through Guildford to Portsmouth.

Southern Railway (L.B.S.C.R. Section). The London Brighton and South Coast Railway runs from Victoria through Croydon, Redhill, and Three Bridges to Brighton, Lewes, Newhaven and Eastbourne. At Three Bridges a branch line proceeds through Crawley and Arundel to Chichester and Portsmouth. From Chichester a line runs east along the coast to Worthing, Brighton, Lewes, Eastbourne and Hastings.

Southern Railway (S.E. & C.R. Section). This line is an amalgamation of the old *South Eastern Railway* with the *London, Chatham and Dover Railway*. The latter runs from Holborn Viaduct or Victoria through Bromley, Strood, Chatham, Faversham and Canterbury to Dover. Midway between Chatham and Faversham a short line runs to Queenborough. The former runs from Charing Cross or London Bridge through Chislehurst, Tonbridge and Ashford to Folkestone and Dover. From Tonbridge a line proceeds to Hastings and St. Leonards. There is also a line running from London through Redhill, Reigate and Dorking to Guildford and Reading.

Irish Railways

Great Northern of Ireland (G.N.I.). This line runs from Dublin through Drogheda and Dundalk, whence a short line, the *Dundalk, Newry and Greenore Railway*, runs to Greenore, thence to Scarva Junction, and from there to Lisburn, Belfast and Antrim. At Scarva Junction a line branches to Portadown, where dividing, one line proceeds north by west to Omagh and thence north to Newton Stewart, Strabane and Londonderry; the other by way of Armagh to Clones, and thence to Enniskillen, turning north at that point through Bundoran Junction to Omagh, and also west to Bundoran on the coast of Donegal Bay. A short line connects Clones with Cavan to the south, and Dundalk to the east.

Great Southern and Western (G.S. & W.R.). This line runs from Dublin to Kildare. At Kildare a line proceeds south-east through Carlow to join the Dublin and South Eastern Railway running to Wexford and Rosslare. Continuing from Kildare the main line runs to Portarlington, where it divides, one branch proceeding through Tullamore and Clara to Athlone and Banaghar, the other running to Maryborough, whence a branch, the old Waterford and Central of Ireland Railway, proceeds south to Kilkenny and Waterford. From Maryborough the itinerary is by way of Thurles, Limerick Junction, and Mallow to Cork and Queenstown, and from Cork in an easterly direction to Youghal,

From Limerick Junction a line runs to Limerick, thence to Ennis and north through Gort, Athenry, Tuam, Claremorris and Charlestown to Sligo and also through Tipperary, Cahir and Clonmel to Carrick-on-Suir and Waterford. From Mallow a branch proceeds east to Fermoy, Lismore and Dungarvan to Waterford. A line also runs west from Mallow to Headford in co. Kerry, where it divides, one portion continuing to Kenmare, the other taking a northerly route through Killarney and Farranfore and thence to Valentia Harbour or Tralee and Ardfert. Tralee and Ardfert are also connected viâ Listowel and Rathkeale with Limerick. From Cork the *Cork, Bandon and South Coast Railway* proceeds to Kinsale, Bantry and Skibbereen.

Midland Great Western Railway (M.G.W.R.) runs from Dublin through Maynooth, Mullingar, Athlone, Ballinasloe, Athenry to Galway and to Clifden on the coast of Connemara. From Mullingar there is a branch line passing through Longford and Boyle to Sligo and also one to Cavan. From Athlone a line runs to Roscommon, Castlerea and Claremorris to Achill Isle. A branch from this line at Manulla Junction runs through Ballina to Killala on the north coast of Mayo. This line is now amalgamated with the *Great Southern & Western Railway*. The title of the combined railways is the *Great Southern Railway of Ireland.*

Dublin and South Eastern Railway runs from Dublin through Kingston, Bray, Wicklow, Arklow, and Enniscorthy to Wexford.

Northern Counties of Ireland Railway (N.C.I.R.). This railway owned by the L.M.S. runs from Belfast to Larne, and also through Antrim, Ballymena and Ballymoney to Coleraine. At Coleraine a branch proceeds to Portrush, while another runs to Londonderry. From Londonderry the *County Donegal Railway* runs to Strabane, Donegal, Killibegs and Ballyshannon, also to Glenties and Letterkenny.

Routes from England to Scotland

(1) *By Rail:*

L. & N.W.R. viâ Carlisle, in conjunction with the C.R., to Stranraer (for Ireland), Glasgow and the far north.

M.R. viâ Carlisle in connexion with the G. & S.W.R. to Glasgow or in connexion with N.B.R.—the Waverley route to Edinburgh.

G.N.R. in connexion with the N.E.R. and the N.B.R.—the East Coast Route—to Edinburgh, &c.

(2) *By Water:*

London to Leith, Bo'ness, or Grangemouth on the Firth of Forth; London to Aberdeen; London to Glasgow.

Routes from England and Scotland to Ireland

N.B.—The distances and times given are for the sea-passage.

(1) *England:*

G.W.R. viâ Fishguard and Rosslare, 55 miles, 2½ hours.
G.W.R. viâ Fishguard and Waterford, 90 miles, 6 hours.
L.M.S.R. viâ Holyhead and Kingstown, 57 miles, 2¾ hours.
L.M.S.R. viâ Holyhead and Dublin, 61 miles, 3½ hours.
L.M.S.R. viâ Holyhead and Greenore, 70 miles, 4½ hours.
L.M.S.R. viâ Fleetwood and Belfast, 116 miles, 7 hours.
L.M.S.R. viâ Liverpool and Belfast, 137 miles, 8 hours.
L.M.S.R. viâ Heysham and Belfast, 115 miles, 6¼ hours.

(2) *Scotland:*

L.M.S.R. viâ Stranraer to Larne, 35 miles, 1¾ hours.
Ardrossan to Belfast, 74 miles, 4½ hours.
Glasgow to Belfast, 113 miles.
Glasgow to Londonderry, 139 miles.

Routes from England to the Continent

The figures in brackets following the names of towns are either distances or approximate times taken for the journey. Unless otherwise stated they are in both cases reckoned from London.

(1) London to Dover by the S.E. & C.R. thence by the S.E. & C. Co.'s boats to Calais (103) (or by Belgian Government steamers to Ostend (143½); (2) London to Folkestone (72) by the S.E. & C.R., thence by that company's boats to Boulogne (100); (3) London to Queenborough by the S.E. & C.R., thence by the Zeeland S.S. Co.'s boats to Flushing (164½); (4) London to Harwich by the G.E.R., thence by that company's steamers to the Hook of Holland (171); (5) London to Newhaven by the L.B. & S.C.R., thence by L.B. & S.C.R. Company's boats to Dieppe (132).

Calais and Boulogne to Paris. The *Chemin de Fer du Nord* runs from either port viâ Amiens to Paris (185⅔ miles from Calais). Approximate time by either route 7 hours 45 minutes.

Dieppe to Paris. By this route the journey to Paris is viâ Rouen.

From Paris the following important transcontinental routes are open: (*a*) Paris to Marseilles; (*b*) Paris to Brindisi; (*c*) Paris to Madrid, the Southern Spanish ports and Lisbon; (*d*) Paris to Vienna, Trieste, Fiume, Bukarest and Constantinople.

(*a*) *Paris to Marseilles.* The *Paris, Lyons and Mediterranean*

Railway (*P.L.M.*) runs a daily Mediterranean express viâ Melun, Sens, Dijon (485½), Châlon, Mâcon (564), Lyons (605), Valence (674), Avignon and Tarascon to Marseilles (826). Average time to Marseilles 20 hours. This express continues eastwards along the Mediterranean coast to Toulon, the Riviera towns and Genoa (1077, 30 hours).

(*b*) *Paris to Brindisi.* The route to Brindisi is viâ Melun, Sens, Dijon, Mâcon, Bourg (587½), Chambéry (660) to Modane (720¼), thence through the Mont Cenis Tunnel to Turin (778¼), and from there viâ Piacenza (895¼), Parma, Bologna (986¼), Rimini, Ancona (1113½), and Foggia (1314) to Brindisi (1459). Average time to Brindisi, 42 hours.

(*c*) *Paris to Madrid, &c.* The *Chemin de Fer d'Orleans* runs viâ Blois, Tours (435¾), and Poitiers (496) to Bordeaux, and continues over the *Chemin de Fer du Midi*, viâ Bayonne (776½) to Irun (800), where customs examination takes place. From that town the Northern of Spain continues viâ Valladolid (1041¾) to Madrid (1192). Average time 40½ hours. From Madrid the Madrid and Portugal line runs along the valley of the Tagus viâ Talavera (1280), and Valencia d'Alcantara (1447) to Lisbon (1606½). Average time 50½ hours. From Madrid rail may be taken viâ Alcazar and Murcia to Cartagena, or viâ Alcazar and Cordova to Malaga and Gibraltar (average time 70 hours) or to Seville and Cadiz.

(*d*) *Paris to Vienna, &c.* The *Orient Express* runs viâ Châlons (394¾), Nancy, Strasbourg (599½; average time 16 hours), Carlsruhe (653), Stuttgart (710), Ulm, Augsburg (820½), Munich (859; average time 23 hours), and Salzburg (954¾) to Vienna (1124½). Average time to Vienna 31 hours. From Vienna the train proceeds viâ Pressburg or Raab to Budapest (1287; average time 38 hours) thence through Belgrade (1511½), Sophia (1763¾) and Philippopolis (1859½) to Adrianople (1971¾) and Constantinople (2169¾). Average time to Constantinople 72 hours. From Budapest the journey may be continued viâ Verciorova to Bukarest and thence to Constantsa on the Black Sea, whence boat may be taken to Constantinople. Trieste and Fiume—Adriatic ports—are both reached from Vienna, the route running viâ Gratz and Marburg to Trieste and thence to Fiume, or they may be reached viâ Milan and Padua.

An equally important series of transcontinental routes to that already described takes Brussels and Berlin as its centres. The chief of them are as follows: (*a*) Calais or Ostend to Berlin viâ Brussels, (*b*) Flushing to Berlin, (*c*) Hook of Holland to Berlin, (*d*) Calais or Ostend, or Flushing, or Hook of Holland to Ham-

burg, Copenhagen, &c., (*e*) Berlin to Leningrad, (*f*) Berlin to Moscow, (*g*) Moscow to Vladivostock, Japan, &c., (*h*) Boulogne, or Calais, or Ostend, or Flushing, or Hook of Holland to Vienna, &c., (*i*) Flushing or Hook of Holland to Amsterdam, Rotterdam, &c.

(*a*) *Calais or Ostend to Berlin* viâ *Brussels.* The itinerary is Calais, Lille, Tournai, Brussels (242¾), Ostend, Bruges, Ghent, Brussels. From Brussels the train runs to Liège, thence to Herbesthal (328½), where customs examination takes place, Aix-la-Chapelle, Cologne (381), Düsseldorf (406¼), Dortmund (456½), Hanover (585), Stendal (678), Berlin (742¾). Average time to Berlin 21½ hours.

(*b*) *Flushing to Berlin.* The route followed is viâ Roosendaal, Boxtel, Salzbergen, Osnabrück, Hanover, Stendal, Berlin.

(*c*) *Hook of Holland, or Amsterdam, to Berlin.* Hook of Holland, Gouda, Utrecht or Amsterdam, Utrecht, Arnheim, Zutphen, Salzbergen, Osnabrück, &c., to Berlin.

(*d*) *Calais, or Ostend, or Flushing, or Hook of Holland to Hamburg, Copenhagen, &c.* Calais or Ostend to Brussels. From Brussels the route is Herbesthal, Cologne, Münster (483). Osnabrück (514½), Bremen (589½), Hamburg (619½; average time 23 hours), Altona (664½), Kiel (730¼), thence by steamer to Korsör in Zeeland (810¼), and from there to Copenhagen (879; average time 30½ hours), thence by boat to Malmö (899¾), and thence by rail to Stockholm (1283½). Average time to Stockholm 47 hours. Trains from Flushing and the Hook of Holland follow the same route from Münster and Osnabrück respectively.

(*e*) *Berlin to Leningrad*, viâ Königsberg (1110). Wirballen (1207½), where customs examination is effected, Wilna (1315½), Leningrad (1727¾). Average time to Leningrad 51 hours.

(*f*) *Berlin to Moscow*, viâ Bydgoszez, Alexandrovo (1004¾; customs), Warsaw (1127), Brest, Smolensk, Moscow (1890½). Average time to Moscow 79½ hours.

(*g*) *Moscow to Vladivostock, Japan, &c.* Viâ Tula, Rjashk (2145), Tamara (2635), Kourgan (3421), Omsk (3825), Bogotol (4533), Ilanskaia (4895), Irkutsk (5359), Manchuria (6307) to Harbin (6891). Thence viâ Pogranitchnaia to Vladivostock (7443), and from there by steamer to Tsuruga, Nagasaki, &c., in Japan. Average time to Tsuruga, 15 days. Since the establishment of the Soviet Republics, communications between the various parts of Russia and the outside world has been practically suspended.

(*h*) *Boulogne, or Calais, or Ostend, or Flushing, or Hook of Holland to Vienna, &c.* Boulogne or Calais viâ Lille and Tournai to Brussels, or Ostend viâ Bruges and Ghent to Brussels, thence

viâ Liège, Herbesthal and Aix-la-Chapelle to Cologne, or Flushing viâ Roosendaal, Breda and Kempen to Cologne, or Hook of Holland viâ Rotterdam to Breda, thence to Cologne. From Cologne the route proceeds along either bank of the Rhine viâ Mainz (476) or Frankfort, Darmstadt (497), Aschaffenburg (Austrian Frontier, 528), Würzburg (591), Fürth (647), Nürnberg (653), Regensburg (725) and Passau (788) to Vienna (971). From Vienna the journey to Trieste and Fiume, or Budapest (1134), Belgrade (1358½), Bukarest (1691), or Constantinople (2052) is accomplished as previously described. The approximate time to Cologne is 13¾ hours, to Nürnberg 22 hours, to Vienna 31½ hours.

(*i*) *Flushing or Hook of Holland to Amsterdam, Rotterdam, &c.* Flushing (170), Roosendaal (216¼), Dordrecht (242), Rotterdam (253), or Hook of Holland to Rotterdam, thence (1) viâ Gouda (281) to The Hague (298½), or Gouda and Utrecht (301) to Amsterdam (314); or (2) viâ Delft (262), The Hague (267½), Leyden (270¾) and Haarlem (296) to Amsterdam (307). Approximate time to Amsterdam 13 hours, Rotterdam 12 hours, The Hague 12 hours, Utrecht 13 hours.

Canals and Waterways

The total mileage of Canals and Navigations (*i.e.* canalized rivers) at present used in the United Kingdom is about 4670 miles. Of this total about 3639 miles are in England and Wales, 183 in Scotland and 848 in Ireland. As regards management, 1360 miles are controlled by various railway companies, and 3310 miles are run independently—the canals proper being controlled by private companies, and the navigations, sometimes privately, but in most cases by specially constituted public authorities. The following are the principal canals.

The Manchester Ship Canal has a depth of 26 ft., and a minimum bottom width of 120 ft., and is slightly over 35½ miles long. It runs from Manchester through Warrington, Runcorn (where it follows the Mersey), Ellesmere Port to Eastham. This canal can take vessels up to 10,000 tons register, and has been the means of making Manchester a seaport. The average yearly total tonnage is about six and a half million tons.

The Bridgewater Canal, one of the oldest of the artificial canals, is now the property of the Manchester Ship Canal Company. Its course is more or less parallel with that of the Ship Canal for about 29 miles from Runcorn on the Mersey to its junction with the *Rochdale Canal* at Manchester. There is also a branch to

Leigh, where it joins the *Leeds and Liverpool Canal.* The length of the Bridgewater is about 24 miles.

The Shropshire Union Canals are an amalgamation of canals connecting part of North Wales, Shropshire, Cheshire and the Midlands with the Mersey. They belong to the L.M. & S. Railway, and have a total length of over 200 miles. The main canal runs from Wolverhampton (where it joins the *Birmingham Canal* system), through Nantwich and Chester, to a junction with the *Manchester Ship Canal* at Ellesmere Port. One branch connects Chester with Welshpool and Newtown; another runs to Shrewsbury and joins the main canal near Norbury; a third branch connects with the *Trent and Mersey Canal* near the town of Middlewich. The chief articles carried are coal, pig-iron, grain, flour, earthenware, hardware, sugar and cheese.

The Weaver Navigation. The River Weaver is canalized for about twenty miles, and is connected with the *Trent and Mersey Canal* by a hydraulic lift at Anderton. It has very large locks, and can take barges with a load of 320 tons. The outward traffic is mostly in salt, grain and chemicals, and also pottery from the Midlands, viâ the *Trent and Mersey Canal.* A large quantity of Cornish clay also passes down this canal for use in the potteries.

The Trent and Mersey Canal belongs to the L. & N.E. Railway, and is about 93 miles long. It runs from Derwent Mouth, where it joins the *Trent River Navigation,* to Preston Brook, where it joins the *Bridgewater Canal.* Its most important branch is the *Caldon Canal,* 17 miles long, leading from Etruria through the Potteries. It also connects with the *Derby Canal,* the *Coventry Canal,* the *Stafford and Worcester Canal,* the *Macclesfield Canal,* the *Shropshire Union Canal* and the *Weaver Navigation.* It thus forms the main route across the Midlands from east to west, and is the backbone of several other canals. The principal traffic is in potter's materials, coal, earthenware, pig and manufactured iron.

The Leeds and Liverpool Canal connects the Irish Sea with the North Sea, and has a total length of 145 miles. It runs from Leeds through Shipley, Skipton, Burnley, Blackburn to Wigan; branches off at Wigan: (1) to Liverpool, (2) to Leigh, where it joins the *Bridgewater,* which connects it with Manchester. There is also a branch to Bradford. There is considerable traffic in coal, raw cotton and grain, and general merchandise.

The Aire and Calder Navigation, connected with the *Leeds and Liverpool* at Leeds Bridge, is one of the most successful of the privately controlled English canals. It connects the ports of

Goole and Hull with Leeds, Bradford, Halifax, Sheffield, and other manufacturing centres. It carries about 1,000,000 tons of coal a year to be shipped at Goole, and a large quantity of woollen goods. Its total length is about 85 miles, and its average total tonnage is about 2,800,000 tons. The *Barnsley Canal*, from Wakefield to Barnsley, is now part of the system, and there is also a junction, by means of the *New Junction Canal*, with the *Sheffield & South Yorkshire Navigation*.

The Sheffield and South Yorkshire Navigation, controlled by the L.N.E.R., is connected at two points with the *Aire and Calder* and also with the *River Trent*. The navigation has a total length of about 60 miles. The principal traffic is in grain, timber, pig-iron and bar-iron, Swedish iron from Hull to Sheffield, and general goods and coal from the collieries to Hull.

The Stafford and Worcester Canal, controlled by a private company, is about 51 miles long. It is connected with the Severn at Stourport, and then passes through Kidderminster to Autherley near Wolverhampton, where it joins with the *Birmingham Canal* and the *Shropshire Union Canals*, and thence, touching Stafford, to a junction with the *Trent and Mersey* at Great Haywood in Staffordshire. Thus it forms the most direct route from the Severn to the Mersey, and connects both estuaries with Wolverhampton and Dudley, and important mining and industrial centres in South Staffordshire and East Worcestershire.

The Gloucester and Berkeley Ship Canal, 16½ miles long, extends from Sharpness Docks on the Severn up to Gloucester. It can be used by ships carrying as much as 1200 tons. About 1,000,000 tons of goods are conveyed annually. This company also bought the *Worcester and Birmingham Canal* (37 miles). Coal is the principal commodity carried, but there is considerable traffic also in grain, timber and general merchandise.

The Birmingham Canal, controlled by the L.M. & S.R., comprises about 159 miles of waterways coiling through and about the city of Birmingham and the surrounding mining and manufacturing district of South Staffs and East Worcestershire including the towns of Wolverhampton, Dudley, Walsall and Wednesbury. It carries a very large local traffic, amounting to about six-sevenths of the total annual traffic of over 7,500,000 tons. The banks are lined with manufactories of all kinds, especially ironworks. This system is connected with the Mersey by two routes: (1) viâ the *Stafford and Worcester* and the *Shropshire Union* into the *Manchester Ship Canal* at Ellesmere Port; (2) viâ the *Stafford and Worcester*, the *Coventry*, the *Trent and*

Mersey, and thence either by the *Weaver Navigation* into the *Ship Canal* at Western Point Docks, or into the *Bridgewater Canal* at Preston Brook. It is also connected with the Severn by two routes, viz.: (1) By the *Worcester and Birmingham Canal*, belonging to the *Gloucester and Berkeley*; (2) by the *Stafford and Worcester Canal*. The principal goods carried are general merchandise and coal.

The Grand Junction Canal unites London and the Thames with the Midlands. It joins the Thames at two points: (1) through its own water at Brentford; (2) through the Regent's Canal, with which it forms a junction at Paddington. The main canal extends from Brentford for about 93½ miles to Braunston in Leicestershire, and forms, together with 5 miles of the *Oxford Canal* from Braunston to Napton, the *Warwick and Napton Canal*, and the *Warwick and Birmingham Canal*, the principal water route between London and Birmingham. The Grand Junction also owns the *Leicester Canal*, which branches off at Norton Junction, a few miles from Braunston, whence the main route to Nottingham (and so by the Trent to the Humber) is continued by way of the River Soar, under the names of the *Leicester* and the *Loughborough Navigations*. There is also a branch to Northampton, connecting with the River Nene. The Canal Company has good wharf accommodation at its Paddington terminus. About 1,800,000 tons of goods are carried annually. The total length of the waterway is 189 miles. The principal goods carried are general merchandise (consisting chiefly of sugar and other groceries), manure, coal and foreign grain.

Regent's Canal commences at its junction with the Paddington branch of the *Grand Junction*, and extends for nearly 9 miles to its connexion with the Regent's Canal Dock on the Thames at Limehouse. The Regent's Canal Dock, belonging to the same Company, is 10 acres in extent, and is capable of accommodating ships up to 3000 tons. The total average tonnage conveyed is about 1,400,000 tons.

The Kennet and Avon Canal belongs to the G.W.R. This waterway is partly canal, and partly the canalized rivers Kennet and Avon. For the first 18½ miles from its junction with the Thames at Reading to Newbury, it is the canalized Kennet, for the next 57 miles from Newbury to Bath it is canal, for the last 11 miles from Bath to Bristol it is the canalized Avon. The trade on this, as on all the canals south of the Thames, has seriously declined of late years.

The Thames and Severn Canal. The canal joins the Thames

at Inglesham, near Lechlade, and connects it with the Stroudwater Canal and so with the Severn. It is 30 miles long.

Lancaster Canal, belonging to the L.M. & S.R., is about 60 miles long, and runs between Preston, Lancaster, and Kendal. It is not connected with any of the other canals. The principal traffic is in coal and slack, minerals, timber, grain and general merchandise.

WELSH CANALS

The only Welsh canals of any importance, besides the branches of the Shropshire Union Canal which lie within Wales, are the *Glamorganshire and Aberdare Canals* connected with Cardiff and the *Swansea Canal* connected with Swansea.

SCOTCH CANALS

The Caledonian Canal connects the North Sea and the Atlantic Ocean and is over 60 miles in length. The main part of the waterway, which runs from Fort William to Inverness, consists of a series of natural lochs, connected by several short canals—the artificial portion extending to about 23 miles in all. The Canal is used by vessels up to 120 tons.

The Crinan Canal, across the peninsula of Kintyre, provides a short cut between Glasgow and Oban for ships up to 160 tons.

The Forth and Clyde Canal connects Grangemouth Harbour on the Firth of Forth with Bowling on the Firth of Clyde. It belongs to the L.M. & S. Railway, and has a total length, including branches, of 52 miles. The main canal passes within 3 miles of Glasgow, with which city it is connected by means of a branch canal. *The Monkland Canal*, also the property of the L.M. & S. Railway, may also be considered a branch canal. It joins the Firth and Clyde in Glasgow, and runs for 13 miles to Coatbridge. The principal traffic is in coal, pig-iron, timber, grain, salt, sugar, flour and general goods.

The Edinburgh and Glasgow Union Canal, the property of the L. & N.E. Railway, runs from Edinburgh through Linlithgow to Falkirk, and joins the *Forth and Clyde* near Falkirk. It is about 31 miles long.

IRISH CANALS

The Grand Canal connects Dublin with the Shannon. The main canal runs through Tullamore to Ballinasloe, on the Shannon, a distance of 93 miles. It has several branches and a

total length of 209 miles. The principal traffic is in coal, grain, malt, timber, potatoes and manure.

The Royal Canal, belonging to the Midland Great Western Railway, also runs from Dublin to the Shannon, a distance of 95 miles. There is also a branch to Longford, length 5½ miles.

There are several other canals in Ireland, among them being the *Lagan Canal,* from Belfast to Lough Neagh (length, 25 miles), and the *Strabane Canal,* from Londonderry to Strabane (length, 4 miles).

Advantages and Disadvantages of Waterway Transport over Railway Transport. Assuming, for the sake of argument, that the Canals are, at the present time, as efficiently organized as the Railways, the following are some of the reasons for and against water carriage as compared with railway carriage.

Advantages: (1) The landing or shipment of goods can be effected at any point, and is not necessarily confined to certain fixed stations, as on railways. Thus, goods can be taken by barge direct to the ship's side and payment of dock dues, &c., avoided. (2) The costs of construction and maintenance of a waterway being less than that of a railway, the rates for carriage are usually lower. (3) The capacity for traffic is almost unlimited, provided the locks are properly designed. (4) There is much less risk of, or damage to, cargo in transit. For example, take the case of coal, there is less leakage and less dust created, owing to the absence of jolting. Against this, however, must be set the fact that there is more labour and breakage in hauling coal from a barge into a waggon or ship than in tipping it from a railway truck into the waggon or ship.

Disadvantages: (1) Transport by railway ensures quicker and more punctual delivery of goods. Hence merchants can manage with smaller stocks, use less warehouse-room and employ less capital. (2) There is a want of uniformity of gauge in the different canals and locks—some taking long, wide barges carrying heavy loads, others, narrow boats of small tonnage, whereas railways have a uniform gauge which allows a truck to proceed from one railway line to another without hindrance. (3) Except in the case of an abnormal fall of snow railway traffic is not impeded by a severe frost, nor again are railways usually much affected by floods. Droughts, too, often cause a shortage of water in canals, with a consequent impeding of traffic. Here, however, it must be said that floods only affect canalized rivers and rivers proper, and that a dry season does not affect canals so much as it does canalized rivers and rivers. On the other

hand, canals, consisting of almost stagnant water, are frozen over much more easily than most rivers.

Since the Great War, canals have found it increasingly difficult to compete with railways on account of the increased cost of labour. A barge, carrying 50 tons, will require the services of two men, whereas a train, carrying 500 tons, can be worked by three men. Consequently, the amount of canal-borne traffic has diminished in recent years.

Road Transport by Motor. Many firms, instead of transporting the bulk of their goods by rail or waterway, now have their own fleets of motors. Transport by road has the very great advantage, to some users, of being entirely under their own control, giving a very speedy means of transit from point to point, with, in some cases, a great saving in packing. The fact that the vehicle can be brought right up to the door of the buyer, or, inside, if need be, eliminates much handling, with its consequent risk of breakage and damage. The actual charge for haulage may be higher than that of the railways, but the advantages, in many cases, will more than compensate for the increased cost. It should be stated, however, that up to the time of writing it has been found that road transport by means of motor vehicles is unsuitable, in general, for the collection and delivery of small consignments.

TEST PAPER XII

1. Mention the chief towns on the L.M.S.R main route.
2. Mention the chief routes (*a*) from England to Ireland; (*b*) from Scotland to Ireland.
3. Through what towns would you pass journeying from London to Brindisi by the P. & O. Express?
4. Mention the chief towns on the route from London to Constantinople viâ Paris. How long does the journey take?
5. Write the following abbreviations in full: L.M.S.R.; H.R.; N.B.R.; L.N.E.R.; G.W.R.
6. Mention the chief routes from England to the Continent.
7. Mention the chief English canals. State what you know about the Manchester Ship Canal.
8. State what you know regarding the Birmingham Canal and its connexions.
9. Discuss the relative advantages and disadvantages of Canal compared with Railway transport.
10. Name any three ship canals with which you are acquainted and show what advantages they offer to commerce.
11. Compare the advantages of canals and railways and their drawbacks. Give the routes of any two British canals and say what traffic they are chiefly used for.
12. What steps would you take to ensure the transmission of a letter from London to Glasgow in the shortest possible time?

CHAPTER XIII

MONEY, BANKING, AND CHEQUES

Barter. When trade is carried on with uncivilized peoples, one kind of goods is exchanged for another kind of goods. This act is called *barter*. Barter was universal in the early history of trading; but, in course of time, men hit upon a plan by which the act of barter could be very much simplified. They adopted as a standard of value some valuable article held in general esteem, and measured the value of all other commodities in terms of that article.

Medium of Exchange. When once men had agreed upon a standard of value that standard quickly became the *medium of exchange*. Thus, if one trader wished to exchange, say, corn for salt, he no longer bartered the corn for the salt, but first of all exchanged the corn for its equivalent in the standard of value and then exchanged that equivalent for its value in salt. All sorts of things have done duty in the past in different countries as the standard of value and medium of exchange. But nowadays, with the exception of a few countries, *e.g.* China, which use silver for these purposes, the metal gold is employed. By English law 40 lb. troy of gold bullion 11/12ths fine is to be coined into 1869 sovereigns each weighing 123·2744 grains. The sovereign is the standard coin of Great Britain and Northern Ireland. Almost every country has its currency law which prescribes the exact weight and fineness of its standard coin. Hence the standard gold coin of each gold-standard country is measurable in terms of the standard gold coin of any other gold-standard country. Thus £1 in gold = 4·86⅔ gold U.S. dollars = 25·22½ gold French francs = 20·43 gold German reichsmarks = 18·159 gold Swedish kroner = 34·58½ gold Austrian schillings, etc. These coins constitute the *money* of a country. But money does not always consist of gold coins; it may consist of silver, or bronze, or nickel coins, or of paper notes. By means of money the relative values of all exchangeable commodities are easily determined. Exchange affected by means of money is termed *Buying and Selling*.

Currency. In fulfilment of its use as the medium of exchange

money freely passes from one person to another. Hence called *currency*, which is a word derived from the Latin si that which "runs" or "flows as a stream." Prior to War that began in August 1914, the currency of t Kingdom (Great Britain and Ireland) consisted of (1) g and bronze coins, (2) Bank Notes issued by the Bank of and by the few other banks which then had the right notes. Under the strain of the Great War our monetary collapsed, and, soon after the war had begun, all the sovereigns and half-sovereigns, value 20*s.* and 10*s.* respectively, were called in, and Currency Notes were issued by the Treasury for 20*s.* and 10*s.* to take their place. Another result of the Great War was that, with the exception of six of the counties of the Northern Division of Ulster, Ireland became a self-governing Dominion under the name of the Irish Free State. The Irish Free State now has its own currency system. On November 22, 1928, the Currency Note issue of the Treasury was transferred, together with the Reserve built up to support the issue, consisting of Government securities and gold and silver, to the Bank of England, and the Bank issued a new series of its own notes for 20*s.* and 10*s.* respectively to take the place of the Currency Notes. Prior to this transfer the Bank did not issue notes for less than £5. Thus the currency of Great Britain and Northern Ireland now consists of (1) Bank of England Notes varying in denomination from 10*s.* to £1000, (2) silver and bronze coins varying in denomination from ¼*d.* to 5*s.* (3) The notes of the few banks in Scotland and Northern Ireland that still have the right to issue Bank Notes.

Legal Tender Currency. By legal tender currency is meant those forms of currency which the law of a country declares shall be taken in settlement of debts, and to the extent declared. Not every form of currency in this country is legal tender currency. Thus, in Scotland, the notes of the Scottish banks of issue, though a regular part of the Scots currency and freely taken in Scotland in settlement of debts, are not legal tender, and anyone to whom they are offered in settlement of a debt can legally refuse to accept them and demand legal tender currency. The same remarks apply to the notes of the banks of issue in Northern Ireland. They are currency within the issuing banks' spheres of influence, but not legal tender currency. In Great Britain and Northern Ireland, legal tender currency consists of: (*a*) Bank of England Notes for £1 and 10*s.* These are legal tender for any amount. Prior to the passing of the *Currency and Bank Notes Act*, 1928, the Bank could not compel anyone to take its own notes, but now, by virtue of that Act,

ıd 10s. notes are legal tender by the Bank in payment of its
of £5 and upwards. (*b*) Silver coins, which are legal
to an amount not exceeding £2. (*c*) Bronze coins,
legal tender up to an amount not exceeding 1s. By
of the *Currency and Bank Notes Act*, 1928, Bank of
Notes for £5 and upwards are legal tender in England
ıes (but not in Scotland and Northern Ireland) for the
ıt of any amount. Although the gold sovereigns and
overeigns have been withdrawn from circulation, an unknown quantity of these coins remains in the hands of the public, and they are still legal tender in Great Britain and Northern Ireland for any amount. A considerable proportion of the old Currency Note issue also remains in circulation. Currency Notes are legal tender for any amount, but as time goes on they will find their way to the Bank of England, and their appearance will be as rare as the gold sovereign and half-sovereign which they displaced.

Representative Money. As we have seen, before the Great War the gold sovereign and the half-sovereign were in active circulation. These coins are called standard coins because the value of the gold in them is equal to their denominational value 20s. and 10s. respectively. But gold, though on the whole it is the most satisfactory standard of value and medium of exchange, is not, in actual use, in the shape of gold coins, an ideal material for these purposes. Because gold is a soft metal, the coins suffer considerably by abrasion, and in course of time become so much worn below their standard weight that they must be withdrawn from circulation, melted down, and re-minted into coins of full standard weight. A mass of gold coins is cumbrous, and when dispatched to a distance the cost of carriage adds appreciably to the expense of remitting. Further, one gold sovereign is exactly like another, and if such a coin is stolen it is impossible for the true owner of the coin to identify it as his property. Hence it is imperative to insure gold coins when remitting them, and this also adds to the cost of the remittance. Very early in the commercial history of the world it was found necessary to economize as much as possible the actual use of coin or bullion as a medium of exchange. Hence certain documents were brought into use to represent and do duty for actual gold. Bank Notes, Cheques, and other Bills of Exchange, Money Orders and Postal Orders are all examples of documents which represent and do duty for actual money in the shape of coins. Under modern conditions, it is not necessary that the standard gold coins should be in active circulation. They are in circulation in some countries, *e.g.* Switzerland, South Africa,

the United States, and Canada, but not in Great Britain and Northern Ireland. All that is necessary nowadays is that the notes which represent the standard coins should be convertible into gold on demand.

Bank Notes for £1 and 10s. and Coins. These are used for payments made direct by one person to another, *e.g.*, for the payment of wages, and for what may be termed the pocket money, or small change of commerce. They are not usually remitted, *i.e.* sent through the post, because they are liable to get into the hands of others besides their lawful owners, and it is impossible to prevent a person who obtains them wrongfully from securing value for them. The Post Office recognizes this by insisting that when they are remitted through the post they shall be enclosed in the special envelope provided for the purpose, and that the packet shall be registered, at the cost of a small fee. Remittances can be made much more easily, cheaply and safely by other means than by Bank Notes and coins, as we shall see later on in this chapter.

What Gives the Currency its Exchange Value. Bank of England Notes consist of pieces of printed paper which in themselves are valueless. But each note contains a promise to pay the bearer of it, on demand, the sum for which it is expressed to be payable. By the law of England, that promise must be kept, and it must be kept in the precise way laid down by law. The gold sovereign is of such weight and fineness that 1 oz. of standard gold, *i.e.* gold 11/12ths fine (11 parts gold, $\frac{1}{12}$th part alloy), and £3 17*s.* 10½*d.* of the actual legal tender currency are equivalent things. Thus two £1 Bank of England Notes, plus two 10*s.* notes, plus seventeen shillings in silver, plus 10½*d.* in bronze, is equal to 1 oz. of gold 11/12ths fine. Any person may take actual legal tender currency to the Bank of England and have it exchanged into gold at that rate. But, by *The Gold Standard Act*, 1925, the minimum quantity that can be obtained is 400 oz. of fine gold, and the Bank may tender the gold either in the form of sovereigns or of gold bars. The object of *The Gold Standard Act*, 1925, is to prevent the circulation of gold coins as an internal medium of exchange, and to confine the use of gold to the settlement of external or international debts. It has already been said that under modern conditions it is not necessary to the functioning of a gold standard that the standard coins should be in actual circulation for the purpose of internal exchange. It is, however, necessary that the notes which represent the standard coins should be convertible into gold for the purpose of discharging foreign monetary claims upon this country if the claimants demand settlement in that form or if debtors in this

country can pay their foreign creditors more cheaply by remitting gold than by sending any other form of remittance, *e.g.* Cheques, Banker's Drafts, etc. It is clear that if it is always possible to exchange Bank of England Notes for gold, the value of the notes will never fall below their equivalent value in gold. That part of the currency which consists of silver and bronze coins is called *token* currency. It is so called because the value of the coins as metal is very much less than their denominational value in internal exchange. These coins owe their denominational value in internal exchange to the law of legal tender mentioned above. It is necessary in order to keep token currency in circulation to restrict the extent to which it shall be legal tender, and also to restrict the amount issued to the actual public requirements for such currency.

Postal Orders. To meet the needs of persons who require to remit small sums of money, the Post Office, a department of the British Government, conducts a kind of retail banking business. By paying the amount which it is desired to remit, plus a small fee, anyone can obtain from any Post Office transacting such business a Postal Order (P.O.) for various sums, not exceeding £1 1s. The person to whom the P.O. is sent can take it to a Post Office and exchange it on demand for its value in coin. Postal Orders are a very popular means of remitting small sums, because they are not negotiable instruments, as Bank Notes are (see p. 161) and payment of them can be safeguarded by "crossing" them. What is meant by "crossing" is explained later in this chapter.

Money Orders. If it is desired to remit a larger sum of money than £1 1s., a Money Order (M.O.) for the exact sum required, but not exceeding £40, can be purchased for a small fee. In this case, however, the person who receives the M.O. cannot cash it at any Post Office, but only at the particular Post Office where it is made payable. Moreover, the official at the paying office requires the person who presents the M.O. for payment to fill in his name on the Money Order form, and he can compare the name filled in with the name on the advice note which he receives from the office issuing the M.O. This a great safeguard against paying the M.O. to the wrong person, and makes the M.O. a very safe means of remittance.

The British Government is guarantor for the due payment in legal tender on demand both of P.O.'s and M.O.'s, consequently they are always taken in exchange as readily as Bank Notes or coin.

Bills of Exchange. The redemption of the promise made in a Bank of England Note is enforced by law, the value in ex-

change, and the due payment of Postal Orders and Money Orders is guaranteed by the British Government. We now come to a class of documents which, like Bank of England Notes, constitute promises to pay sums of money, but which carry no Government, or no legal, guarantee that the promises will be kept. Bills of Exchange embody promises to pay money which depend for their fulfilment on the good faith of those who make them. The promise may be made by a great Joint Stock Bank, or by the humblest trader, but it is no more (and no less) than a promise, and sometimes a trader fails to keep his promise. It speaks well, however, for the integrity of our commercial classes that, in the vast majority of cases, Bills of Exchange are duly paid. A business man who failed to keep his promise made in a Bill of Exchange (B/E) would suffer great commercial disadvantages. No one who knew it would trust him again. The law also would step in, and, if necessary, all his property could be taken from him to secure payment of the B/E he had given and failed to pay.

Cheques. The cheque is the most popular form of Bill of Exchange, at least for the home trade, and it is becoming increasingly popular as an international means of remitting. It is the most popular because it is the most convenient form of representative money. The legal definition of a cheque is "A Bill of Exchange drawn on a banker payable on demand." This brings us to the subject of banking.

Uses of Banks. (1) A bank is, primarily, a place of safe storage. It is provided with strong-rooms, in which all sorts of valuable property may be preserved, secure from thieves, and from damage by fire, &c. Business men, and private persons, instead of keeping all their money in their offices, or their homes, keep there only that part of it required for immediate necessities, and place the rest in the safe-keeping of a bank. (2) By means of cheques and other Bills of Exchange, a business man can remit money to those to whom he owes it, and receive money from those who owe it to him, more easily, cheaply, and safely than by any other means. But for the establishment of banks, Bills of Exchange could not have come into such general use. (3) Banks afford business men ready facilities for borrowing money when they need it, and for lending money when they have more than they can immediately use. When a business man borrows money from his bank he pays interest on the sum borrowed. When he lends money to his bank he is allowed interest on the sum lent. (4) By the use of Bills of Exchange and other forms of representative money, the amount of legal tender that would be required for currency is very much reduced,

and thus a great national saving is effected and much inconvenience is avoided.

Opening a Banking Account. When a person is about to commence business, he goes to a bank and explains his intentions and position to the Bank Manager. If the Manager approves him, he is allowed to open an account with the bank. He does this by paying into the bank a sum of money to his credit. He then signs the *Signature Book* at the bank. A banker must know his customer's signature, so he preserves a record of it in a book to which he can at any time refer, if necessary. The customer is then given (1) a *Cheque Book* and (2) a *Paying-In Book*. The first contains a number of cheque forms, stamped with a *2d.* embossed stamp, with counterfoils attached, for use when he wishes to draw money from the bank; the second contains a number of forms, with counterfoils attached, for use when he wishes to pay money into his account. All cheques must be stamped with a *2d.* stamp. But a customer is not bound to use the bank's own cheque forms. He may draw a cheque on a half-sheet of notepaper, and stamp it with an adhesive stamp or stamps to the value of twopence. But this is very seldom done by business men, and it is not advisable that private persons should do it. A Paying-in slip is shown on p. 165.

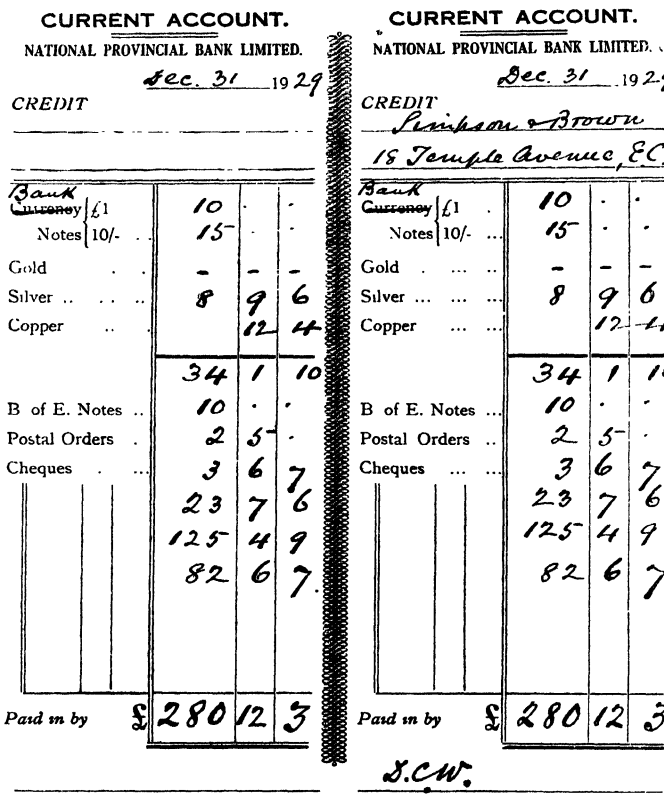
A customer can draw out of a bank no greater amount than he has standing to his credit at the bank. If he attempts to "overdraw" his account, *i.e.* if he attempts to draw out more money than he has standing to his credit, then the banker is entitled to "dishonour" the cheque, *i.e.* to refuse to pay it. But customers are, sometimes, by arrangement, allowed to "overdraw" their accounts, and for this privilege they are charged interest upon the amount overdrawn. This is one illustration of what I meant when I said earlier in the chapter that a banker lends money to his customers.

Kinds of Accounts. There are two sorts of accounts which a person may keep with his banker, viz:

(1) Current Account.

(2) Deposit Account.

A customer may withdraw the whole amount standing to his credit on Current Account, without notice, but he can only withdraw the amount standing to his credit on Deposit Account after he has given the period of notice agreed upon when the account was opened. But, in practice, bankers do not always insist upon the notice being given. On Current Account, a banker allows no interest, but he does allow interest on the balance standing to a customer's credit on Deposit Account.



CURRENT ACCOUNT.

NATIONAL PROVINCIAL BANK LIMITED.

Dec. 31 1929

CREDIT

Bank Currency Notes	£1	10	-	-
	10/-	15-	-	-
Gold		-	-	-
Silver		8	9	6
Copper			12	4
		34	1	10
B of E. Notes		10	-	-
Postal Orders		2	5-	-
Cheques		3	6	7
		23	7	6
		125-	4	9
		82	6	7
Paid in by	£	280	12	3

CURRENT ACCOUNT.

NATIONAL PROVINCIAL BANK LIMITED.

Dec. 31 1929.

CREDIT

Simpson & Brown

18 Temple Avenue, E.C.

Bank Currency Notes	£1	10	-	-
	10/-	15-	-	-
Gold		-	-	-
Silver		8	9	6
Copper			12	4
		34	1	10
B of E. Notes		10	-	-
Postal Orders		2	5-	-
Cheques		3	6	7
		23	7	6
		125-	4	9
		82	6	7
Paid in by	£	280	12	3

J.C.W.

because he can loan the money standing on deposit to other people, without fear that the customers will suddenly require to draw it out of the bank. This is what I meant when I said that a customer could lend money to his banker.

Parties to a Cheque. There are three parties to every cheque, viz :

(1) The person who draws the cheque.

(2) The banker on whom the cheque is drawn.

(3) The person to whom the banker is directed to pay the money.

No. (1) is called the *Drawer*, No. (2) the *Drawee*, and No. (3)

the *Payee* of the cheque. Sometimes, however, Nos. (1) and (3) are the same person, *e.g.* when the drawer requires the cheque to be paid to himself.

I will now show, by means of six examples (see pp. 167–169), some of the methods of drawing cheques, adding an explanation of the procedure.

Example I. This cheque for £10 is drawn by Howard Evans on The London County and Westminster Bank in favour of Thomas Seccombe. Howard Evans is the drawer; The L.C. & W. Bank is the drawee; and Thomas Seccombe is the payee of the cheque. You will notice that the cheque is printed with the words "or order." Cheques are usually so printed, "order" cheques being far more frequently used than "bearer" cheques. But H. Evans has crossed through the word "order," substituted the word "bearer," and added to the alteration his initials "H. E." All material alterations on cheques require to be signed or initialled by the drawer. This cheque then has been converted from an order to a bearer cheque.

A cheque payable to bearer can be presented at the counter of the bank on which it is drawn, and the payee thus presenting it is entitled, there and then, to receive, in cash, the amount for which it is drawn. Because they can be cashed so easily, "bearer" cheques are not usually given by business men.

When T. Seccombe receives this cheque, he can do one of three things with it:

(*a*) He can take it or send it by messenger to the bank on which it is drawn, and receive payment for it in cash across the counter.

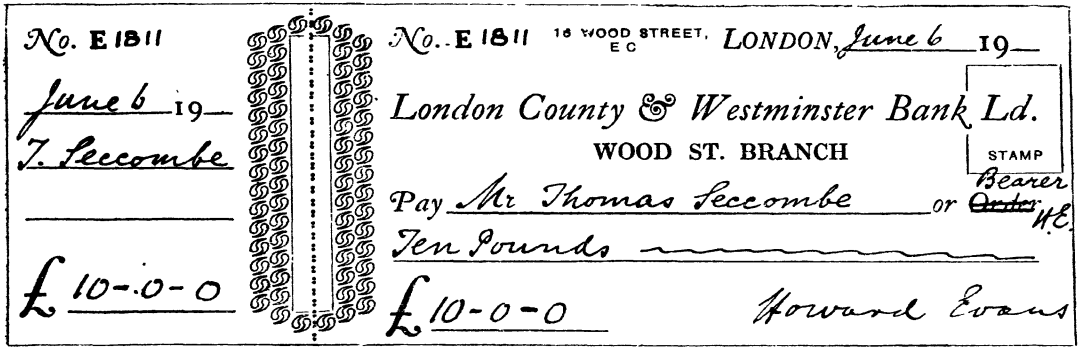
(*b*) He can pay it into his own bank for collection.

(*c*) He can hand it to some person to whom he is indebted, and the person to whom he hands it can do with it any of the things which T. Seccombe was entitled to do.

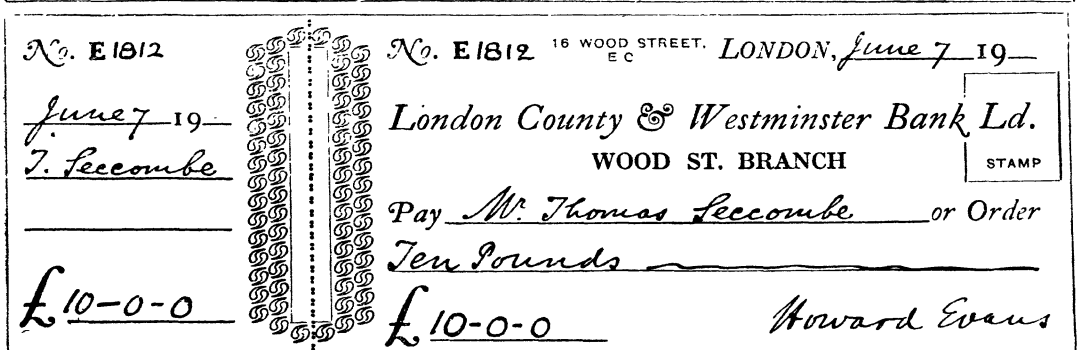
Suppose T. Seccombe elected to pay it into his own banking account for collection. He would enter it on one of his paying-in slips, and take it to his bank. The bank cashier would tear the paying-in slip from the counterfoil, retain the slip and the cheque, and initial the counterfoil by way of receipt.

If T. Seccombe happened to bank with the L.C. & W., *i.e.* with the same bank as the drawer of the cheque, all the bank would do would be to make two book-keeping entries in their books, the effect of which would be to increase T. Seccombe's bank credit by £10, and to reduce H. Evans's bank credit by a similar sum. Thus the act of paying T. Seccombe would be effected without the passing of any money.

EXAMPLE I



EXAMPLE II



EXAMPLE III

No. E 1813

June 8 19—

J. Seccombe

£10-0-0

No. E 1813 16 WOOD STREET, E.C. LONDON, June 8 19—

London County & Westminster Bank Ld.

WOOD ST. BRANCH

STAMP

Pay Mr. Thomas Seccombe or Order

Ten Pounds

£10-0-0

Howard Evans

EXAMPLE IV

No. E 1814

June 9 19—

J. Seccombe

£10-0-0

No. E 1814 16 WOOD STREET, E.C. LONDON, June 9 19—

London County & Westminster Bank Ld.

WOOD ST. BRANCH

STAMP

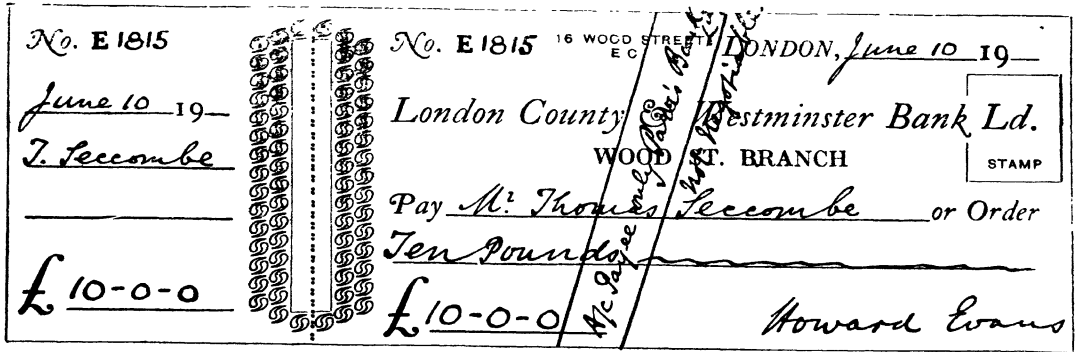
Pay Mr. Thomas Seccombe or Order

Ten Pounds

£10-0-0

Howard Evans

EXAMPLE V



No. E 1815

June 10 19—

T. Seccombe

£ 10-0-0

No. E 1815 16 WOOD STREET, E.C. LONDON, June 10 19—

London County & Westminster Bank Ld.

WOOD ST. BRANCH

STAMP

Pay Mr. Thomas Seccombe or Order

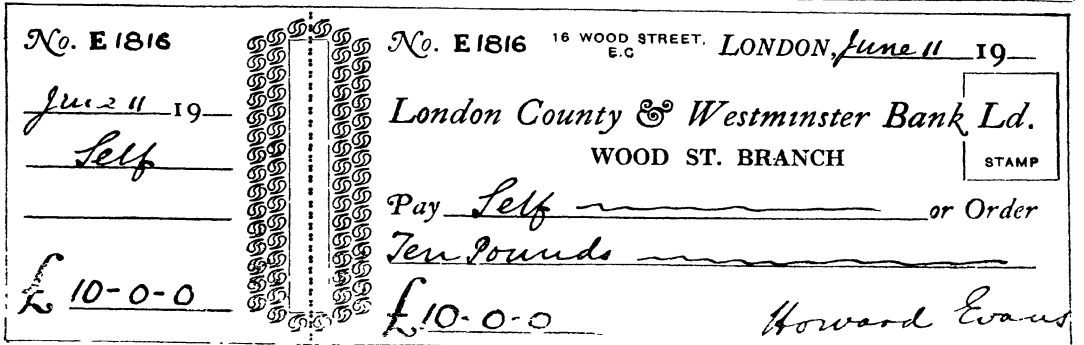
Ten Pounds

£ 10-0-0

Howard Evans

McLaren's Ltd. Bank Note Printers

EXAMPLE VI



No. E 1816

June 11 19—

Self

£ 10-0-0

No. E 1816 16 WOOD STREET, E.C. LONDON, June 11 19—

London County & Westminster Bank Ld.

WOOD ST. BRANCH

STAMP

Pay Self or Order

Ten Pounds

£ 10-0-0

Howard Evans

But, if T. Seccombe banked with a different bank in another town, payment would not be very much more difficult, and it would still be done without the passing of coin. For by an ingenious method, centred in the wonderful Bankers' Clearing House system, the total value of the cheques drawn on Bank A, and held for collection by Bank B, is balanced against the total amount of the cheques drawn on Bank B, and held for collection by Bank A, and only the difference is paid, or received, as the case may be. This with the preceding paragraph illustrates my remark, made earlier in the chapter, that banks effect a great reduction in the amount of gold currency, which but for them would be required for purposes of exchange.

Example II. In this case the printed word "order" stands. This cheque is therefore called an order cheque. A banker will not pay an order cheque unless it has been *endorsed* by the payee. T. Seccombe will therefore endorse the cheque, *i.e.*, he will write on the back of the cheque his name "Thomas Seccombe," in agreement with his name on the face of the cheque. When he has done that, the cheque becomes a bearer cheque, and it can be dealt with in any of the three ways in which the cheque in Example I can be dealt with.

Example III. This cheque, like that in Example II, is an order cheque, but, if you look at it, you will see that H. Evans has drawn two parallel transverse lines across the cheque. This is called "crossing" a cheque, and a cheque so crossed is known as a "crossed cheque." The peculiarity about a crossed cheque is that a banker will not pay it to anyone presenting it across the counter. He will only pay it to another banker. Hence, to obtain payment, T. Seccombe must first of all endorse the cheque, because it is payable to order, and he must then pay it in to his own banker for collection. The payment of a crossed cheque can, for this reason, always be traced. Hence a crossed cheque is safer than an uncrossed, or, as it is also called, an "open" cheque. Business men almost invariably cross their cheques. Sometimes the words "And Company," or "& Co." are added to the crossing, but these words are not really necessary. The simple form of crossing shown in the example is called a "general" crossing to distinguish it from another kind of crossing termed a "special" crossing.

Example IV. In this case the cheque is an order cheque, and crossed generally, but to the crossing the words "Not Negotiable" have been added. *Cheques, and all other forms of Bills of Exchange, belong to the class of documents termed Negotiable Instruments.* A negotiable instrument is a document containing an agreement enforceable at law to the ownership of which

document are attached all rights under the agreement. A negotiable instrument can thus be transferred from one to another, and whoever takes such a document in good faith and for value cannot be debarred from enjoying the rights which the agreement gives him. But when a cheque is marked "Not negotiable" the negotiability of the cheque is impaired. It may still be transferred, but the person who takes it can claim no better title to it than the person had from whom he took it. Therefore if the cheque has been stolen, the person who takes it from the thief has no title to it, because the thief had no title to it. He would have no title to it even if he took it in good faith and had given value for it. A business man who was asked to take a cheque made payable to another and marked "not negotiable" would think twice before he did so.

Example V. Here again we have a cheque drawn to order and crossed, and with its negotiability impaired by the addition of the words "not negotiable." But between the lines of the crossing there are other words, viz., "a/c Payee only. Parr's Bank Ltd." The addition of these words makes the crossing a "special" crossing, or a "restrictive" crossing. The payee is the person to whom the cheque is made payable. Hence these words are an instruction to the paying banker, the drawee, not to pay the cheque to *any* person through *any* bank, but only to T. Seccombe, the payee of the cheque, and to Parr's Bank, where T. Seccombe keeps his banking account.

The student will see from the foregoing that an order cheque is safer than a bearer cheque; a crossed cheque payable to order is safer than an uncrossed order cheque; a crossed order cheque marked "Not negotiable" is safer than a crossed order cheque not so marked; and, lastly, that an order cheque, crossed specially, and marked "not negotiable," is safest of all.

Example VI. A last example may be given where H. Evans draws the cheque in favour of himself, *i.e.* where the drawer and the payee are the same person. The cheque is drawn to order, therefore H. Evans must endorse it. When he has done that, he will take, or send, it to the bank, and either personally, or through his messenger, will receive the £10 for which it is drawn.

TEST PAPER XIII

1. How does Sale differ from Barter?
2. What is Currency? Why is it so called, and of what does the Currency in the U.K. consist?
3. Explain the Law of Legal Tender. Why is such a law necessary?
4. What is meant by Representative Money? What purpose does it serve?

5. Discuss the subject of gold from the point of view of a Medium of Exchange.

6. Can coins be sent through the post? Is it usual to send them through the post, and, if not, why?

7. Is a Bank of England Note for £5 as good as five sovereigns? If not, why not?

8. What gives the currency its value in exchange?

9. Explain the procedure when remitting money (*a*) by P.O., (*b*) by M.O.

10. Explain in your own words the nature of Bills of Exchange. Which is the most popular form of Bill of Exchange? If a trader gives a B/E to another and fails to pay it, what remedy has the receiver of the B/E against the giver of it.

11. Explain the chief functions of Banks.

12. Show how a business man lends money to a bank, and illustrate one way in which a bank lends money to a business man.

13. State the differences between Money Orders and Postal Orders, and the limits of amount, if any, for which these two kinds of Orders are issued.

14. If you were to send a £5 note by registered letter post, what precautions should you take to secure compensation in case of loss during transit.

15. If an unregistered letter containing a postal order is lost in transmission can compensation be claimed?

16. When you presented a (1) P.O., (2) M.O. for payment, what would you have to do to secure the money value? What would happen if you did not present it, say, (*a*) within three months, (*b*) within twelve months of the date of the order?

17. What is the use of the Counterfoil of a Postal Order?

18. Give the poundage on the following P.O.'s: (*a*) 2*s.* 6*d.*, (*b*) 16*s.*, (*c*) 20*s.* 4*d.*; and on the following M.O.'s: £2 5*s.*, £15 6*s.*, £35.

19. What is meant by opening a banking account? Explain the procedure.

20. Must all cheques be stamped? Is it necessary to use the bank's own cheque forms? Is it advisable?

21. What different kinds of accounts does a business man sometimes keep with his banker? Explain the difference between them.

22. How many parties are there to a cheque, and what is meant by endorsing a cheque?

23. Explain the difference between an open and a crossed cheque, and between a cheque drawn to bearer and an order cheque.

24. What is the effect of marking a cheque "Not negotiable."

25. What is the difference between a general and a special crossing? Explain the effect of drawing a cheque to order; crossing it "A/c Payee only, General Bank, St. Helens"; and marking it "not negotiable."

26. Explain in your own words in what different ways the receiver of a bearer cheque can deal with it.

27. What is meant by the term "Negotiable Instrument"?

28. Show how the use of Negotiable Instruments effects economy in the amount of legal tender required for currency purposes.

29. Draft out the following cheque for £25 10*s.* 9*d.*:

Drawer: James Ford.
Drawee: Midland Bank Ltd., 14 Ludgate Hill, London, E.C.
Payees: Brown, Son and Thompson.

and make the cheque as safe a document as you can. The Payees' bankers are Lloyds Bank, Ltd.

30. Is a cheque for £20 as good as twenty £1 Bank Notes? If not, why?

CHAPTER XIV

BILLS OF EXCHANGE

In the preceding chapter I dealt with the Bill of Exchange which is drawn on a banker payable on demand. In commerce, this sort of B/E is called a *cheque*, the term Bill of Exchange being confined to the kind of bill which forms the subject of this chapter.

It has been shown that, *in the home trade*, the cheque is the most popular form of representative money, because it facilitates the exchange of goods by providing, on the whole, the easiest, the cheapest, and the safest means of transferring money from one person to another.

It has also been explained that, inasmuch as the cheque belongs to the class of documents termed negotiable instruments, it can be transferred, with all its rights, from one person to another, and consequently it is possible for the same cheque to be the means of effecting a number of different exchanges of goods, or of goods and services, between persons not all of whom are connected by way of trade.

Thus A, a paper merchant, might sell to B, a printer, £10 worth of paper, and, receiving from B a cheque for £10 in payment, negotiate the cheque to C, a grocer, in exchange for £10 worth of groceries, C, in turn, negotiating the cheque to D, a builder and decorator, in payment of D's bill for painting and decorating C's shop. D might then pay the cheque to his banker for collection from B's banker. Thus B's cheque would have settled two exchanges of goods, and one of goods and services, A and C and B and D having no commercial connexion.

Cheques are not generally negotiated. But, although this facility of transference undoubtedly attaches to the cheque as a negotiable instrument, it must be said that it is not the general rule for business men so to transfer cheques. Small traders and private persons sometimes negotiate cheques in this way, but, in modern commercial practice, all cheques received are paid into the bank for collection. Abroad, in countries where cheques

have not come into such general use as in this country, one may see cheques, the backs of which are covered by endorsements, each endorsement representing an exchange of values, but, in the United Kingdom, the B/E, not the cheque, is the more appropriate, and the more generally used instrument of negotiation.

Advantages of Bs/E. The B/E is largely used in the home trade, though not to so great an extent as the cheque. Its full value, however, as a means of facilitating the exchange of goods, and its most frequent use, is seen in connexion with the export and the import trades.

The B/E, like the cheque, affords an easy, a safe, and a cheap means of remittance, and these advantages are accentuated in the case of bills that are used for the settlement of foreign indebtedness, since the greater the distance money has to be remitted, the greater is the expense and risk of loss in remitting it. The B/E, like the cheque, also effects a great economy in the use of gold coin. But the supreme usefulness of the B/E lies in another direction. By means of Bills of Exchange manufacturers and merchants are able to recover quickly the capital expended in making or purchasing the goods they have sold. Put shortly, it may be said that *the Bill of Exchange enables manufacturers and merchants to finance their trade operations.* These points will emerge with greater clearness as the chapter proceeds.

Legal Definition of B/E. The Bills of Exchange Act, 1882, defines a Bill of Exchange as " an unconditional order in writing addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer."

This definition will become clearer if I indicate the different persons or parties referred to in the definition by letters of the alphabet, thus :

A Bill of Exchange is an unconditional order in writing addressed by A to B, signed by A, requiring B to pay on demand, or at a fixed or determinable future time, a definite sum in money to or to the order of C, or to bearer.

Explained in everyday language, a B/E may be said to take the form of a brief and curt letter, worded according to established form, in which the writer calls upon his correspondent to pay to him or to his order, or to some other person named by him in the letter, or to that person's order, or to the bearer of the letter, a definite sum in money on demand, or on a definite

day, or on some day that can be determined by the terms of the letter.

Parties to a B/E. To every B/E, as to every cheque, there are primarily three parties, viz. :

The person (A) who addresses the bill to another, called the *Drawer.*

The person (B) to whom the bill is addressed, called the *Drawee.*

The person (C) to whom the money is to be paid, called the *Payee.*

And as in the case of the cheque the drawer and the payee may be the same person, because the drawer requires the money to be paid to himself, so in the case of the B/E, and for the same reason, the drawer and the payee may be the same person.

Two Classes of Bs/E. Bills of Exchange are divided into two broad classes, viz. :

(*a*) Inland Bills ; (*b*) Foreign Bills.

An inland B/E is one which is both drawn and payable within the British Islands, *i.e.* the United Kingdom, the Isle of Man, and the Channel Islands. All other Bills of Exchange, viz. Bills drawn payable abroad, and Bills drawn abroad and negotiated or paid in this country, are foreign Bills.

Form of Inland B/E. The following is a common form of Inland B/E :

£100 0 0 56 OLDHAM STREET,
MANCHESTER, *September* 27, 1929.

Three months AFTER DATE PAY TO
Us OR ORDER 1/-
THE SUM OF *One Hundred Pounds*

VALUE RECEIVED.

J. Holsworthy and Co.

To *Mr. R. Gordon,*
186 *Aldersgate Street,*
London, E.C.

In the above bill, Holsworthy and Co. are the drawers and also the payees, and R. Gordon is the drawee. Holsworthy and Co. call upon Gordon to pay to them or their order the sum of £100 three months after the date of the bill, viz. September 27, 1929. The time limit for payment of a B/E is called the " tenor " of the bill. Thus the tenor of this bill is " three months date."

The word "month" in connexion with Bs/E always means calendar month, so that three months after September 27, 1929, makes the date of payment December 27, 1929. Actually, however, for the reason given in the next paragraph, the true date of payment, or "due date" as it is called, is three days later, viz. December 30, 1929.

Days of Grace. In this country, an old custom allowed the drawee of a B/E (except the bill be drawn payable "on demand" *) three days beyond the time of payment mentioned in the bill in which to pay it. This custom has long ago become the law of the land, and, with the exception mentioned, when calculating the due date of a B/E, allowance must always be made for these three "days of Grace," as they are called. A B/E drawn payable after date or after sight does not legally become due for payment except upon the third day of grace. If the last day of grace falls on a Sunday, Christmas Day, Good Friday, or any day appointed by Royal Proclamation as a public feast or thanksgiving day, the bill is payable on the *preceding* business day. If the last day of grace falls on one of the regular bank holidays, or if that day is a Sunday and the second day of grace is a bank holiday, then the bill is payable on the *succeeding* business day.

Acceptance of a B/E. If the student will look again at the form of bill already given, the thought will certainly occur to him that the bill is quite worthless as it stands, since there is nothing to prevent Holsworthy and Co. (or anybody else) calling upon Gordon to pay £100 to them irrespective of whether Gordon owes the money.

Before the bill can be of any value, Gordon, the drawee, must *consent* to Holsworthy and Co.'s demand on him. He consents by writing across the face of the bill the word "accepted" and by signing his name "R. Gordon" underneath that word. The writing of the word "accepted," though usual, may, however, be omitted, since the vital thing, which constitutes consent, is the signature. By signing his name across the bill, R. Gordon is said to "accept" the bill. The bill then becomes an "acceptance," and R. Gordon is referred to as the "acceptor" of the bill. *The drawee of the bill has become the acceptor of the bill.* The bill then presents the following appearance:

* "At sight" and "On presentation" have the same meaning.

£100 ·0 ·0 56 OLDHAM STREET,
MANCHESTER, *September* 27, 1929.

Three months AFTER DATE PAY TO
Us _____ OR ORDER
THE SUM OF *One Hundred Pounds*
VALUE RECEIVED

Accepted R. Gordon

1/-

J. Holsworthy and Co.

To *Mr. R. Gordon,*
186 *Aldersgate Street,*
London, E.C.

When accepting the bill the drawee usually indicates the place where the bill is to be presented for payment at the due date, thus:

Accepted
Payable at Lloyds Bank, Ltd., Lombard Street, London, E.C.
R. Gordon

Such an indication of the place of payment is termed the "domicile" of the bill, and the bill, in this case, would be said to be "domiciled at Lloyds Bank, Lombard Street, London." Where no place of payment is indicated, it is understood that the bill is to be presented for payment at the acceptor's place of business, or, if he be a private person, at his residence.

Qualified Acceptance. The acceptance shown above is a general acceptance because it in no way varies the terms of the bill as drawn. But an acceptance may also be "qualified." For example, if Gordon had written above his signature "accepted for £75," the acceptance would have been a qualification as to amount. If the acceptance had run "accepted payable six months after date," it would have been a qualification as to time. There are other forms of qualification besides the two mentioned, but it is not necessary to exemplify them here, since, as a general rule, the drawer, or the payee of a bill (if it were

left to the payee to obtain acceptance), would treat the bill as dishonoured if he could not obtain a general, or unqualified, acceptance.

Effect of Accepting a B/E. By accepting the bill, R. Gordon has promised or contracted to pay the amount of the bill according to the terms of the bill. The document is a negotiable instrument, which, as the student will remember, is defined as " a document containing a contract to the ownership of which document belongs all rights under the contract." The bill can be transferred from one person to another, and whoever takes the bill, under the following conditions :

(1) that the bill was complete and regular on the face of it;
(2) that it was not overdue when he took it ;
(3) that he had had no notice that the bill was dishonoured ; if such was the fact ;
(4) that he took it in good faith, and gave value for it, and was without notice of any defect in the title to it of the person from whom he took it,

is entitled to receive the £100, and, failing payment of the bill at the due date, to assert his legal right of recovery against the person from whom he took the bill, *and against all other parties to the bill.*

Holder in Due Course. Any one who takes a B/E under the conditions mentioned in the preceding paragraph is termed the " holder in due course " of the bill. Any one taking a B/E and not satisfying those conditions is a " holder " of the bill, and as a mere holder he can have no better title to the bill, and no better right to enforce payment of it, should payment be refused, than had the person from whom he took it. Hence if the person from whom he took the bill had no clear title to it, then he himself has no clear title to it.

Value Received. The student will note the words " value received " at the end of the bill. It is customary to use these words, but not really necessary, since every B/E is deemed to be accepted for value received until the contrary is proved.

Drawing a B/E. I will now explain how a B/E arises, taking for my text the bill shown on p. 177, and also exemplify the use of the B/E in financing trade operations. Assume that Holsworthy and Co., the drawers of the bill on p. 177, are manufacturers of woollen goods, and that Gordon, the drawee, is a woollen merchant. Gordon has an arrangement with Holsworthy and Co. that he shall have three months' credit on all the goods he buys from them. On September 25, 1929, Gordon sent Holsworthy and Co. an order for blue serge, the invoiced

value of which was £100. Two days later, September 27, 1929, Holsworthy despatched the goods. Say that the £100 blue serge cost Holsworthy and Co. in raw material and labour the sum of £80 to produce. The position thus is that Holsworthy and Co. have expended £80 of their floating capital in making £100 worth of cloth, which Gordon will not pay for till three months after September 27, 1929, by which time he will probably have sold the goods, realizing, say, £115 for them.

Now Holsworthy and Co. would like to recover the £80 of capital they have expended plus their gross profit of £20 = £100, immediately, but Gordon likewise will want to retain the £100 he owes Holsworthy and Co. till the full three months' credit has elapsed, and he has had time to sell the goods. In order, therefore, to satisfy both these desires, Holsworthy and Co., by arrangement with Gordon, draw out a B/E for £100 payable at three months date, send the bill to Gordon, who accepts it, and returns it to Holsworthy and Co. Thus Holsworthy and Co. now have, in the form of a negotiable instrument based on an exchange of values, a definite acknowledgment that Gordon owes them £100, and a definite promise to pay the £100 at a definite future date, viz. December 30, 1929, the due date of the bill By means of this acceptance of Gordon's, Holsworthy and Co. can now recover their capital in the manner explained in the next paragraph.

Discounting a B/E. When Holsworthy and Co. receive Gordon's bill, they take it to their bankers, the Lancashire and Yorkshire Bank Ltd., and ask to have it " discounted." Holsworthy and Co. are perfectly sound business persons, and Gordon, on enquiry by the bank, is found to be equally sound, so the bank is glad to accommodate their customers. The bill is payable to " us or order." Holsworthy and Co. must, therefore, first endorse the bill. Having endorsed the bill they hand it over to the bank. The bank then immediately credits the account of Holsworthy and Co. with the amount of the bill less the charge for discounting, which we will assume to be 5 per cent. per annum. The bill has three months to run before it is due for payment, therefore the amount charged for discounting it will be 5 per cent. on £100 for three months = £1 5*s*. Thus the bank immediately credit Holsworthy and Co. with the sum of £98 15*s*., the " present worth " of the bill at the date it was discounted.

When the due date of the bill comes round, the Lancashire and Yorkshire Bank Ltd. present the bill through their London agents to the bank where Gordon has domiciled the bill for payment, and receive and retain the £100. Should the bill not be

paid, the bank will debit Holsworthy and Co.'s account with the amount plus the amount of any expenses incurred by the dishonour.

Assuming that Gordon paid the bill at the due date, it will be seen from the foregoing that Holsworthy and Co. have recovered £98 15s. of the £100 owed to them by Gordon three months before the £100 was due for payment, and that Gordon has enjoyed his full three months' credit, and during that time has, in all probability, sold the goods, and recovered not only the cost of them but also his profit on the re-sale. It is true that Holsworthy and Co. have had to pay their bankers £1 5s. for the accommodation, but, inasmuch as the trading profit they make by *using* their capital is far greater than the discount charged by the bank, it is better for them to have incurred this comparatively trifling expense, and to have regained the use of their capital, than it would have been to have allowed it to remain idle for three months till the full £100 was received from Gordon.

Varying forms of B/E. The bill already given (p. 177) is an example of a bill payable at a "fixed future time." It is also a bill where the drawer and the payee are the same person. The following is an example of a bill drawn "on demand," where the drawer requires the bill to be paid "to the order of a specified person," *i.e.* where the drawer and the payee are different persons.

£212 10 0

115 Corporation Street,
Birmingham, *November* 10, 1929.

On Demand Pay to the Order of
Messrs. James Forrester and Son The Sum of
Two Hundred and Twelve Pounds Ten Shillings
Value Received.

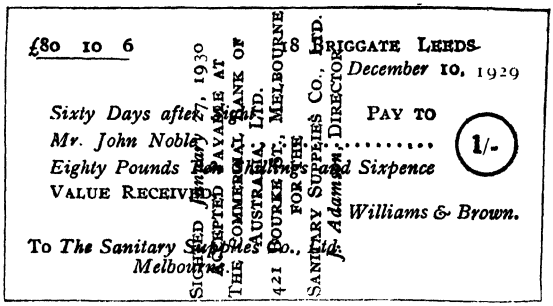
2D

Arthur Symons and Co.

To *Messrs. Ford and Co.*,
12 *Queen Street*,
Cardiff.

Accepted Payable at The National Bank, St. Mary Street, Cardiff.
Ford and Co.

The following is an example of a bill drawn at a "determinable future time," where the drawer requires the bill to be paid "to a specified person."


£80 10 6

18 Briggate Leeds.
December 10, 1929

Sixty Days after Sight Pay to
Mr. John Noble .....
Eighty Pounds Ten Shillings and Sixpence
Value Received

1/-

Williams & Brown.

To The Sanitary Supplies Co., Ltd.
Melbourne.

Sighted January 27, 1930
Accepted payable at
The Commercial Bank of
Australia, Ltd.
421 Bourke St., Melbourne
for the
Sanitary Supplies Co., Ltd.
J. Adams, Director.

Note. The due date of a bill drawn payable at a date after sight is calculated from the time when the bill is first "sighted," that is, when it is presented for acceptance. Thus in this example the due date is sixty days after January 27, 1930, the day when the bill was first sighted by the drawee on its being presented for acceptance. Note the slightly different form of acceptance. It should be remarked that *inland* bills are seldom if ever drawn "after sight." The usual tenor is "on demand," or days or months "after date." The use of "sight" drafts is exemplified on p. 190.

Negotiating a B/E. Both a cheque and a B/E are negotiated, *i.e.* the ownership of either document is transferred from one person to another by (*a*) delivery alone, or by (*b*) delivery accompanied by endorsement. If a cheque or B/E is drawn payable to bearer, then it can be transferred by delivery alone. It can also be transferred by delivery alone if it has been endorsed "in blank," *i.e.* if the endorsement consists only of the signature of the endorser. But if a cheque or B/E is drawn payable to order, or if the endorsement is a "special" endorsement, *i.e.* an endorsement to a particular person, then it must be endorsed before being delivered.

It ought, however, to be borne in mind that, in commercial practice, a B/E * is usually negotiated by delivery accompanied by endorsement, no matter whether the B/E is drawn payable to order, or to bearer. The reason for this is that each endorser of a B/E becomes personally liable for the payment of it, and a person taking a B/E from another naturally requires the guarantee of the person from whom he takes it that it will be

* What is said here applies also to cheques in cases where they are negotiated, but see *ante*, p. 173.

duly paid. Thus the full history of a B/E is disclosed, and its payment is guaranteed, by the drawer, the acceptor, and each endorser to whom it has been negotiated.

Examples. (1) J. Jones receives T. Brown's acceptance for £100 payable at three months date to " me or bearer." J. Jones wishes to discount the bill. The bill is a bearer bill, but, nevertheless, before the bank will discount the bill they require J. Jones's endorsement of it, thus obtaining J. Jones's guarantee that the bill will be paid. When discounting bills the endorsement is an endorsement " in blank," *i.e.* an endorsement consisting only of the signature of the endorser.

(2) J. Forrester and Co. draw a bill for £50 payable at ten days date on the Castor Manufacturing Co., Ltd., in favour of Simcox and Co. " or order." The Castor Manufacturing Co., Ltd., accept the bill, which in due course is handed to Simcox and Co. Simcox and Co. negotiate the bill to one of their creditors, Messrs. Baynes and Allport, thus :

Pay to Baynes and Allport or order,
or
Pay to the order of Baynes and Allport,
or
Pay to Baynes and Allport.
Simcox and Co.

Baynes and Allport then endorse the bill " in blank," *i.e.* they sign their name only, making it a bill payable to bearer, and pay it into their bank for collection. Had Baynes and Allport wished to negotiate the bill further they would have done so by a " special " endorsement to the person to whom they negotiated it.

Restricting Negotiation of B/E. The student will remember that the negotiability of a cheque can be limited by marking it " not negotiable," and altogether restricted by a restrictive crossing, *e.g.* " a/c Payee only Lloyds Bank Ltd." The negotiability of a B/E cannot be limited or restricted in this way, because a B/E cannot be marked " not negotiable," nor can it be crossed. But the further negotiation of a B/E can be prohibited by a restrictive endorsement, *e.g.* :

Pay J. Brown and Co. or order
for collection.
C. Jones.
or
Pay J. Brown only.
C. Jones

Dishonouring a B/E. I remarked on p. 163 that Bills of Exchange were usually, but not invariably, paid. A cheque can be dishonoured only in one way, because a cheque is not presented to the drawee, the banker on whom it is drawn, for acceptance, but only for payment. A Bill of Exchange, however, can be dishonoured in two ways. It may be dishonoured by the drawee, the person on whom it is drawn, refusing to accept it when it is presented for acceptance, or by the drawee turned acceptor refusing to pay it when it is presented for payment. The first is called *dishonour by non-acceptance*; the second is called *dishonour by non-payment.*

The relationship between a banker and his customer is that of debtor and creditor. Therefore a banker is perfectly within his right to refuse payment of a cheque for valid reasons, *e.g.* if the drawer has insufficient funds to his credit, or if the drawer has died before the maturity of the cheque. Similarly, the drawee of a B/E is within his right to refuse acceptance of a B/E if the drawer has no title to draw the bill, and to refuse payment of a bill which he has accepted if, subsequently, it should be found that the goods represented by the B/E have not been delivered, or are defective, and do not satisfy the agreement under which they were bought. But apart from such cases, it sometimes happens that a cheque or B/E is dishonoured solely by default of the drawer in the one case, or the drawee or acceptor in the other.

Now if the drawer of a bill dishonoured by non-acceptance was entitled to draw the bill, because the drawee was indebted to the drawer for the amount, and it was part of the arrangement that the amount should be settled by bill, then the drawer of the bill is in exactly the same position after the dishonour by non-acceptance as he was before. That is to say, the drawer's remedy is to sue the drawee, not for the amount of the dishonoured bill, but for the amount of the account represented by the bill. To do that he must prove the existence of a contract or agreement by which the drawee was to buy the goods charged for in the account. He must also prove that the contract was duly carried out in all material particulars and that the drawee has accepted and received the goods in performance of the contract.

But where the dishonour is due solely to the default of the drawer, in the case of a cheque, or the acceptor, in the case of a bill, the payee of the cheque or the drawer of the bill is in a totally different position. The account represented by the dishonoured cheque, or by the dishonoured accepted bill, is

cleared away. The cheque or bill takes the place of the account. The cheque is in itself a contract or agreement. So, too, is the bill. The payee of a dishonoured cheque or the drawer of a bill dishonoured after acceptance can immediately sue the drawer of the cheque, or the acceptor of the bill, and recover the amount of the cheque or bill, the expenses incurred by the dishonour, and interest on the amount from the time that the cheque or bill was dishonoured till payment has been secured. The holder in due course of a dishonoured cheque or accepted bill is in a similar position, not only as regards the drawer of the cheque or the acceptor of the bill, but as regards *all* who have become parties to the cheque or bill. This is the great peculiarity of negotiable instruments which makes them so valuable as instruments of commerce.

Noting and Protesting a B/E. When a B/E has been dishonoured by non-acceptance or by non-payment it is usually handed by the collecting banker to a *notary*. The notary re-presents the bill to the drawee of the bill in the case of non-acceptance, and to the bank where the bill is domiciled for payment in the case of non-payment, and writes upon it a memorandum consisting of the date, the charge for noting, a reference to the notary's register of dishonoured bills, and his own initials. He also attaches to the bill a slip of paper on which he records the answer given to him at the time of re-presentation, *e.g.* "not in order" (in the case of non-acceptance), "no effects" (in the case of non-payment). This is called *noting* a bill.

The notary may also draw up a certificate containing a copy of the bill, the name of the person at whose request the bill was re-presented, the place, date, and other particulars of the present-ment, or else the fact that the drawee or acceptor could not be found. This is called "*protesting*" a bill.

Inland bills *may* be both noted and protested, but foreign bills *must* be protested, otherwise the drawer and endorsers are not liable on the bill.

Order of Liability on a B/E. The party primarily liable on a bill is the acceptor. By accepting a bill he agrees to pay the bill according to the terms of his acceptance. He also acknowledges the existence of the drawer, and his authority and capacity to draw, and no subsequent denial of these things can be of any avail.

The party next liable is the drawer. By drawing a bill he undertakes that if it is not paid he will compensate the holder or any endorser who is compelled to pay the bill.

Next in order of liability are the endorsers of the bill in the

order in which they endorsed. When there are several endorsements on a bill, each endorsement is deemed to have been made in the order in which it appears on the bill until the contrary is proved. *Before, however, the drawer or the endorsers of a bill become liable for payment of it they must have received notice from the holder that the bill has been dishonoured.*

A practical illustration will exemplify the foregoing points more clearly.

Robert Green draws a bill at three months date on J. White in favour of F. Brown. J. White accepts the bill, which is subsequently handed by R. Green to F. Brown. Thus we have Drawer, Robert Green.
Acceptor, James White.
Payee, F. Brown.
The bill is negotiated by F. Brown to one of his creditors, R. Anderson and Co. Further negotiation of the bill takes place, and the endorsements appear as follows:

Pay to R. Anderson and Co. or order.
F. Brown.

Pay to Williams and Ford.
R. Anderson and Co.

Pay to the order of Allpress and Onions.
Williams and Ford.

Pay The Vulcan Steel Co., Ltd. or order.
For collection.
Allpress and Onions.

For and on behalf of
The Vulcan Steel Co., Ltd.
Arthur Tooth, Managing Director.

The Vulcan Steel Co., Ltd., pay the bill to their bankers for collection. The bankers present the bill to James White, the acceptor. It is dishonoured, subsequently noted and returned by the bank to The Vulcan Steel Co., Ltd. Immediately The Vulcan Company have notice of the dishonour, they write to Allpress and Onions and inform them of the fact. Allpress and Onions send The Vulcan Steel Co., Ltd., a cheque for £100 plus expenses, and receive from the company the dishonoured bill.

In the meantime, Allpress and Onions have advised Williams and Ford of the dishonour, Williams and Ford have advised Anderson and Co., Anderson and Co. have advised F. Brown, the payee of the bill, and F. Brown has advised Robert Green, the drawer of the bill.

Williams and Ford pay Allpress and Onions £100 plus expenses and receive back the bill. Anderson and Co. compensate Williams and Ford; F. Brown compensates Anderson and Co.; till, finally, Robert Green, the drawer of the bill, having compensated the payee, F. Brown, resumes possession of the bill. Robert Green then, failing immediate payment of the amount of the bill plus expenses and interest from James White, the acceptor, would seek his remedy by bringing an action against the acceptor in the courts.

The Vulcan Steel Co., Ltd. naturally look for redress to Allpress and Onions, from whom they received the bill. But as a matter of fact, if Allpress and Onions failed to compensate them, the company could call upon Williams and Ford, or upon Anderson and Co., or upon F. Brown, the payee, or Robert Green, the drawer of the bill, to compensate them, provided that these parties had received notice of dishonour. Hence, for their own protection the Vulcan Co. would, if possible, give separate notice of dishonour to all the parties Any endorser of a dishonoured bill can call upon any other endorser above him, or on the drawer of the bill, to compensate him, provided the party sought to be charged has received notice of dishonour. Thus the student sees that, in the case of the bill under review, The Vulcan Steel Co., Ltd., have, leaving out the acceptor of the bill, the guarantees of five different parties that the bill will be paid. Each endorser becomes a guarantor for the payment of the bill. It is because of this manifold security that Bills of Exchange are readily discounted by banks.

Stamping Bills of Exchange. It has been explained (see p. 164) that a cheque is always stamped to the value of twopence, and that the stamp may be either embossed on the cheque form, or adhesive. Bills of Exchange, however, must be drawn on paper embossed with the proper stamp duty, which varies with the amount and tenor of the bill. The following is the scale for *Inland* bills:

	s.	d.
Bills drawn payable on demand, or within three days, for any amount		2
Other bills, and all Promissory Notes not exceeding £10		2
Exceeding £10 but not exceeding £25		3
„ £25 „ „ „ £50		6
„ £50 „ „ „ £75		9
„ £75 „ „ „ £100	1	0
For each £100 or fractional part of £100, additional	1	0

The following is the scale for *Foreign* bills:

	d.
Bills drawn payable on demand, or within three days, for any amount	2
Other bills, not exceeding £5	2
Exceeding £5 but not exceeding £10 .	2
„ £10 „ „ „ £25 .	3
„ £25 „ „ „ £100 .	6
For each £100 or fractional part of £100, additional	6

In the case of foreign bills the stamp is not embossed, but is the special adhesive "Foreign Bill" stamp used for this purpose.

International Use of the Bill of Exchange

I remarked on p. 174 that the full usefulness of the B/E as an instrument of commerce was exemplified in connexion with export and import transactions. I will now explain this statement more fully.

Export Transactions. (1) Many British manufacturers and merchants have customers abroad, particularly in the great Dominions and in India, with whom they are perfectly acquainted, and whom they treat as they do some of their large buyers at home, that is to say, the British exporter runs accounts with them and periodically renders statements to them in the ordinary way. In such cases the account is settled either by the British exporter drawing a B/E on his foreign customer at the time he renders it, or by the foreign customer buying and remitting a Bank bill (or *draft*, as it is sometimes called) drawn by a local banker on his London agent or branch, and payable by that agent or branch, in London, on demand. Bank bills drawn abroad and payable on demand are stamped by the payees with the ordinary inland twopenny adhesive stamp.

(2) The British exporter may, in the case of some of his customers abroad, while fully trusting them for payment of the goods he sends them, treat each shipment on a separate basis, and draw a B/E against each shipment as it is made, instead of as in (1) either drawing, or receiving a single bill for all the shipments comprised within a particular period.

In both (1) and (2) the British exporter, where he himself draws, especially if he transacts a large export business, frequently draws through colonial or foreign banks established in those parts of the world where his customers reside, and sends his bills for collection to the London offices of the colonial or

foreign banks through whom he draws, instead of drawing and collecting his bills through his general bankers. Thus, *e.g.* a British exporter might draw upon a South African customer through the Standard Bank of South Africa, notwithstanding that his general bankers, the Westminster Bank, Ltd., would be quite willing to undertake the business.

Advances against Bs/E. In cases where the business offered to these banks is approved, the British exporter is able to secure advances against the bills out for collection up to two-thirds of the face value of the bills, even though, as from the nature of the case, the bills have not been accepted by the drawees at the time the advances are made, and the only security for their payment is the signature of the drawers. For such advances the banks charge interest. Every half-year the banks render an *account current* for loan transactions of the kind. On the Dr. side of the account appear the advances made against the bills, and the charge for interest; on the Cr. side the net proceeds of the collected bills. Interest is calculated in the manner shown in the specimen Account Current on p. 117.

(3) In (1) and (2) we considered the case of the British exporter who fully trusts his foreign customer by allowing him complete possession of the goods shipped without security for payment. Very generally, however, the British exporter requires his foreign customer either (*a*) to accept or (*b*) to pay a B/E for the price of the goods, before he will allow him to have possession of them. Either or both of these requirements are met by what are known as *Documentary Bills*.

Documentary Bills are not, however, brought into play solely from the point of view of the customer's trustworthiness. A British exporter who had reasonable grounds for believing that his foreign customer did not intend to pay for the goods would not ship them on any terms. Documentary Bills do undoubtedly afford very great safeguard against a defaulting buyer, but for that very reason they afford equally great security to a banker, and consequently such bills are very readily discounted. It is the combination of these two virtues that explains the popularity of Documentary Bills.

Documentary Bill of Exchange. A Documentary Bill of Exchange is a bill drawn against a particular shipment of goods to which is attached the shipping documents relating to the goods. These shipping documents are, as the student is already aware, the Invoice, the Bill of Lading, and the Insurance Policy (if the goods are insured under a separate policy). A fourth

document is sometimes given to the bank. This document is called a *Letter of Hypothecation*, and is retained by the bank.

Why Documents are attached to a B/E. The student will remember that a B/L is a document of title, and that it possesses many of the qualities of a negotiable instrument. Unless, therefore, the consignee has the B/L, the document of title to the goods, he cannot obtain them from the shipping company. Further, if, as is the case with Documentary Bills, the B/L is made out to the order of the exporters, and endorsed by them, either in blank, or to the order of the bank discounting the bill, then the discounting bank is in a position to obtain the goods.

Letter of Hypothecation. A Letter of Hypothecation is a formal document, addressed by an exporter of goods to a bank discounting a Documentary Bill, authorizing the bank, in the event of the B/E being dishonoured by the drawees, to sell the goods against which the B/E is drawn, and to apply the proceeds against the amount of the bill. It practically amounts to pawning the goods with the bank. If the goods are sold, and they realize the full amount of the bill, then the bank is fully compensated. If the sale realizes less than the amount of the bill, the bank calls upon the drawer of the bill to make good the difference. Should the sale realize more, the bank refunds the difference to the drawer. A Letter of Hypothecation may be (*a*) general or (*b*) particular. A general letter is one which covers the whole of a particular exporter's transactions in Documentary Bills with a particular bank. A particular Letter of Hypothecation is one that covers a particular shipment only.

Documents against Acceptance. When an exporter advises a bank that the shipping documents attached to a Documentary Bill are to be given up to the consignee upon his *acceptance* of a B/E, the B/E is said to be drawn *documents against acceptance* (abbreviation D/A).

Documents against Payment. When an exporter advises a bank that the shipping documents attached to a Documentary Bill are to be given up only when the consignee has *paid* a B/E, the B/E is said to be drawn *documents against payment* (abbreviation D/P).

Documentary Bills, in fact all bills drawn by British exporters on customers abroad, are either drawn payable to the order of the collecting bank, or to the order of the drawer, and endorsed to the order of the collecting bank.

Bills in a Set. Documentary Bills, indeed most Bills of Exchange drawn on customers abroad, are usually drawn in a set of two or three. In the case of Continental bills two are

sufficient. On other countries, three are usually used. Bills drawn on customers abroad are drawn in sets for the same reason that the shipping documents are made out in sets (see p. 112). To each copy of the bill is attached one copy each of the shipping documents. Should the first set of documents be lost then the bank, or the consignee, can fall back upon the second set, which is forwarded by the mail immediately following the first set. All the parts of a B/E drawn in a set constitute but one bill, and only one part should be accepted. If the drawee accepts more than one part, and such accepted parts get into the hands of different holders in due course, he is liable on each part

"Sight" Bills. We have seen that *inland* Bs/E are drawn payable either "on demand" or at so many days or months "after date." Bills drawn on customers abroad are usually drawn payable either "at sight" or at so many days or months "after sight." The reasons for this are (1) custom and (2) the practical difficulty of knowing exactly when a bill drawn on a foreign customer will be presented to him. For example, it takes from 26 to 33 days for a letter from London to reach Sydney, Australia. If, then, a B/E were drawn upon a Sydney importer at one month after date, the bill would be overdue before it could be presented for acceptance.

Import Transactions. Many illustrations might be given of the effectiveness of Bs/E in connexion with import transactions, but space will not allow me to offer more than one. The following is an illustration of a common type of import transaction financed by a B/E:

A, of Liverpool, is an importer of raw cotton from B, of New Orleans. A makes an arrangement, on terms, with his bankers, the National Provincial Bank, Ltd., to accept on his behalf Bills of Exchange drawn in respect of B's shipments. The National Provincial Bank, Ltd., thereupon send to B a document termed a *Letter of Credit*, by which they undertake to accept B's bills up to a stated sum, say, £10,000, provided B will observe certain conditions, such, *e.g.* as attaching to each B/E the relevant shipping documents.

B makes a shipment of cotton to A, value, say, £2000, draws a B/E upon the National Provincial Bank, Ltd., Liverpool, for the amount, and attaches to it the shipping documents. B then sells, *i.e.* discounts, the bill with his New Orleans banker, to whom he has previously submitted for inspection the Letter of Credit received from the National Provincial Bank. The New Orleans banker, in the course of his business, negotiates the B/E to a New York banker. The New York banker transmits

the B/E to his Liverpool agent, who presents it to the National Provincial Bank, Ltd., for acceptance. The National Provincial Bank accept the bill and retain the shipping documents, which they release, at their discretion, to A.

Why should B insist upon his bills being drawn upon, and accepted by, a great bank, instead of being drawn upon, and accepted by, A? The answer is that Bills of Exchange are bought and sold like other merchandise, and the price obtainable for a B/E is, amongst other things, determined by the security it offers. A bill accepted by such a bank as the National Provincial Bank, Ltd., offers the very finest security. It is what is known as a Bank Bill, and it commands the highest possible price in the market, because it offers the highest possible security that it will be duly paid.

Letters of Credit. A Letter of Credit (L/C) is a formal document addressed by a banker to a banker or merchant abroad, authorizing the person to whom it is addressed to draw bills upon the banker issuing the L/C up to a specified amount. Sometimes a L/C is addressed by the issuing banker to a number of bankers in different foreign towns authorizing such bankers to pay to the bearer of the document against his bills such sums as he may require within the limit of the sum mentioned in the L/C. As the payments are made, particulars are endorsed upon the L/C. Letters of Credit of this kind are much used by travellers, and are called *Circular Letters of Credit.*

Examples. (1) Messrs. Halliday and Harper, general merchants, London, make regular shipments to D. Guthrie and Sons, of Shanghai, and allow them a quarterly account. Halliday and

£316 10 7 — 12 ST. MARY AXE, LONDON, *July* 1, 1929

At Sight OF THIS *First* OF EXCHANGE (*Second and Third* OF THE SAME TENOR AND DATE UNPAID) PAY TO *The Hong Kong and Shanghai Banking Corporation, Ltd.* OR ORDER THE SUM OF *Three Hundred and Sixteen Pounds Ten Shillings and Sevenpence* VALUE RECEIVED. *With exchange and banker's charges added.*

2D

Halliday & Harper.

To Messrs. D. Guthrie and Sons,
The Bund,
Shanghai.

Harper's account, April 1 to June 30, amounts to £316 10s. 7*d*. They render the account on July 1, and at the same time inform Guthrie and Sons that they have drawn on them for the amount, at sight, through the Hong Kong and Shanghai Banking Corporation, Ltd. The bill would appear as shown on p. 191.

For the form of the Second and Third of Exchange consult the specimen bill drawn in a set given on p. 196. Note that only the First of Exchange is stamped. The Second and Third of Exchange are drawn on unstamped paper.

(2) If, however, it was the practice for D. Guthrie and Sons to remit by sight draft on receipt of the account the bill would appear as follows:

£316 10 7 SHANGHAI,
September 1, 1929.

THE HONG KONG & SHANGHAI BANKING CORPORATION, LTD.

On Demand Pay THIS FIRST OF EXCHANGE (SECOND OF THE SAME TENOR AND DATE UNPAID) to the order of Messrs. Halliday and Harper.

VALUE RECEIVED.

FOR THE HONG KONG & SHANGHAI BANKING CORPORATION, LTD.
C. J. White,
GENERAL MANAGER.

To THE HONG KONG AND SHANGHAI BANKING CORPORATION, LTD.
31 LOMBARD STREET,
LONDON, E.C.

On reaching this country the above bill would be stamped by the payees with a 2*d*. adhesive stamp.

(3) Brown and Sons, Ltd., London, make a shipment value £180 10s. to Power and Ford, of Dunedin, N.Z., and draw at sixty days against the shipment, attaching the documents to the bill. They discount the bill with their general bankers, The Westminster Bank. Ltd. The bill would appear as follows:

£180 10 0 16–19 HATTON GARDEN,
LONDON, E.C.
December 8, 1929.

Sixty Days AFTER SIGHT OF THIS *First* OF EXCHANGE (*Second and Third* OF THE SAME TENOR AND DATE UNPAID), PAY TO THE ORDER OF *The Westminster Bank, Ltd.*, THE SUM OF *One Hundred and Eighty Pounds Ten Shillings* VALUE RECEIVED. *With exchange and bankers' charges added.*

2/-

FOR BROWN & SONS, LTD.,
J. Brown, DIRECTOR

To Messrs. Power and Ford,
Dunedin,
New Zealand.

Alternatively, the above bill might have been drawn by Brown and Sons, Ltd., payable " to us or our order," and then endorsed by Brown and Sons, Ltd., to the order of The Westminster Bank, Ltd.

PRECAUTIONARY REMARKS

On p. 174, I spoke of the B/E as being, in this country, a more generally used instrument of negotiation than the cheque. On p. 182, I illustrated the procedure when negotiating a B/E; and, on p. 185, for the purpose of showing the respective liabilities of the parties to a B/E, I used, by way of illustration, an *inland* bill that had been negotiated four times. These illustrations (pp. 182–185) are valid for the purposes for which they are there employed, viz. to show how negotiation of a B/E is effected, and the legal liability attaching to endorsement of a B/E. It must, however, be said that, in practice, the only negotiation of an *inland* B/E that takes place is when the bill is discounted, and Bs/E are not always discounted. All Bs/E can be negotiated in the way described (pp. 182–185) but, in the commercial practice of this country, *all* Bs/E are not so negotiated.

Take, for example, the case of a British manufacturer drawing upon his home customers. Almost invariably he draws the bills payable to himself " or order." When the bills have been accepted and returned to him, he either discounts them, or he keeps them in his bill case till maturity, and then pays them into his bank for collection. The bills never leave his hands except to go to the bank. There are several reasons for

this. One is that business men at home prefer to keep their business to themselves, and not to disclose the extent of their transactions to other business persons, who may possibly be trade rivals. Another reason is that the book-keeping would become more complicated if Bs/E (and cheques) were *generally* negotiated. A third reason arises from the practice frequently followed of *renewing* bills, a process explained in the next paragraph.

Renewing Bs/E. It sometimes happens that a person who has accepted a B/E finds that he will not be able to meet it when it is presented for payment at the due date. He accordingly arranges that his creditor, the drawer of the bill, shall either withdraw the bill from the bank if he has discounted it, or abstain from paying it into the bank for collection if he is holding the bill till maturity. The acceptor may either, by arrangement with his creditor, the drawer of the bill, renew the whole bill, or pay some part of it by cheque and renew the balance. Whether the whole or only a part of the bill is renewed, the renewal is usually effected under interest, to which is added the cost of the new bill stamp. *Example*: A accepts B's bill at 3 m/d for £150. B discounts the bill. Ten days before the due date of the bill, A asks B to accept an immediate cheque for £75, and to renew the balance of £75 for one month. B agrees to A's proposal, and pays into the bank A's cheque for £75, and the new bill to be discounted. The new bill is drawn for £75 + 1 month's interest at the bank's discount rate, say 6 per cent. per annum + bill stamp, 1*s.* = £75 8*s.* 6*d.* B then instructs the bank to return A's original bill for £150 to him, and on receiving it B remits the bill to A. The bank, of course, debits B's account with £150, the amount of the returned bill.

It will be seen that if inland Bs/E were generally negotiated the renewing of bills would not only be difficult, but decidedly detrimental to the general credit of the renewer.

The Bs/E that are negotiated freely in the manner shown (pp. 182 and 185) are the bills arising out of international transactions, one kind of which is described on p. 190. But these are bills which the majority of business persons never see. To be familiar with this highly important and varied class of bills, one must be in the bill department of a large bank, or in the employ of one of the few " accepting " houses, or in a bill broker's office, or in the office of one of the " discount " houses, or in a firm that has large foreign connexions. These bills, payable sometimes in foreign currency, and sometimes in sterling, drawn on the chief monetary centres of the world, are the principal means

of international exchange. They form an international currency, and comprise the stock-in-trade of discount houses and bill brokers, whose business it is to deal in them. They are bought and sold at the current rates of exchange as quoted day by day, allowances being made in the price for interest, bill stamps, and the element of security afforded by the character of the bills.

Promissory Notes

A Promissory Note (P/N) is legally defined as "an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person or to bearer."

From this definition it is clear that while a B/E has, primarily, three parties, a Promissory Note has, primarily, only two, viz. the maker and the payee. Thus, in the following Promissory Note, James McLaren is the maker, and Edward Foster is the payee.

London, 16 *Regent Street.*
October 26, 1929.

I promise to pay on demand to Mr. Edward Foster or bearer the sum of Sixty-five Pounds. 9D

James McLaren.

The law as to Promissory Notes is the same as that for Bills of Exchange, but with some exceptions, *e.g.* Promissory Notes are, obviously, not presented for acceptance. Promissory Notes are not much used in business except in the form of Bank Notes. A Bank Note is a Promissory Note issued by a banker payable to bearer on demand. A Promissory Note payable on demand for less than £5 (other than a Bank Note) is void in England. For stamping of Promissory Notes see p. 186.

Joint and Several Notes. If a B/E is accepted by more than one drawee, the acceptors are jointly liable for payment of the bill, *i.e.* in case of dishonour, all the drawees must be sued. If a Promissory Note is made by more than one maker it depends upon the wording of the note whether the makers are jointly liable, or jointly and severally liable. If a P/N begins "We promise to pay," the makers are jointly liable; if it begins "I promise to pay," and is signed by two or more persons, the

FOREIGN BILL OF EXCHANGE IN A SET.



1876 Exchange for [redacted] London November 24th 1876

Ten Days after Sight of this First of Exchange
(Second · Third) of the same tenor and date unpaid pay to the
order of The Hongkong & Shanghai Banking Corporation Ltd
[redacted]
Value received With Exchange and Bankers Charges added

To Messrs Fox Mumbead & Co
The Bund.
Shanghai

Heywood & Platts

[redacted]



1876 Exchange for [redacted] London November 24th 1876

Ten Days after Sight of this Second of Exchange
(First · Third) of the same tenor and date unpaid pay to the
order of The Hongkong & Shanghai Banking Corporation Ltd
[redacted]
Value received With Exchange and Bankers Charges added

To Messrs Fox Mumbead & Co
The Bund.
Shanghai

Heywood & Platts

[redacted]



1876 Exchange for [redacted] London November 24th 1876

Ten Days after Sight of this Third of Exchange
(First · Second) of the same tenor and date unpaid pay to the
order of The Hongkong & Shanghai Banking Corporation Ltd
[redacted]
Value received With Exchange and Bankers Charges added

To Messrs Fox Mumbead & Co.
The Bund.
Shanghai

Heywood & Platts

[redacted]

makers are jointly and severally liable for payment. If the makers are jointly and severally liable, one may be sued alone, and a judgment obtained against him, if not satisfied, does not discharge the other makers. Severally = separately.

TEST PAPER XIV

1. Show by means of a cheque drawn by A payable to B how an exchange of goods may be effected between B and a third person, C.

2. A B/E is a negotiable instrument. Is it the usual practice for business persons in this country to negotiate the cheques they receive? To what extent is it usual for them to negotiate inland B/E's?

3. Draw up in tabular form the differences between a cheque and a B/E.

4 What greater advantages has a B/E than a cheque as an instrument of commerce?

5. Give the legal definition of a B/E, and paraphrase the definition in your *own* words.

6. How many parties are there primarily to a B/E? Illustrate your answer from the following: On June 12, 1925, James Walker & Sons, Kilmarnock, drew a B/E at 1 m/d for £86 10*s*. 7*d*. on the Alcala Stores, Ltd., London, payable to "us or our order." Draft the bill, indicating the stamp.

7. What are days of grace? An inland bill is dated December 10, 1925, and payable at 3 d/d, when does it fall due for payment? When would it fall due if it were drawn payable at 1 m/d? Are days of grace allowed on a bill payable "at sight"?

8. Indicate the stamp on the following inland Bs/E: (1) bill for £327 10*s*. 9*d*. payable on demand, (2) bill for £87 10*s*. 6*d*. payable at 3 m/d. What stamp would be required on a 60 d/s bank draft for £920 10*s*. 8*d*. drawn abroad and payable in London? What stamp would be required if the draft were payable at sight instead of at 60 d/s? Would the stamps used for the two drafts last mentioned be of the same kind as the stamps on the two drafts first mentioned?

9. Explain in your own words the legal definition of a negotiable instrument.

10. What is meant by "accepting" a B/E? Can an acceptance be qualified? If so, give two examples of qualified acceptances.

11. What is the "tenor" and what the "domicile" of a B/E. If a B/E is not domiciled, where is it presented for payment (*a*) in the case of a business man, (*b*) in the case of a private person?

12. Write an account in your own words of the circumstances that give rise to a B/E.

13. Suppose you agree to supply A with £50 worth of goods and to allow him three months' credit provided he accepts your B/E for the amount. What precisely is your position as regards A, if, when the accepted bill reaches maturity, A dishonours it? What would have been your position if when A received the goods he refused to accept your bill?

14. Describe the process of discounting a B/E. What happens if you have discounted a B/E and the acceptor dishonours it at the due date?

15. How are Bs/E negotiated? Give examples. Would a bank discount a B/E for A to which A had not become a party by endorsement? If not, why?

16. In what ways can a B/E be dishonoured? What must be done by the holder of a B/E dishonoured by non-payment before he can make the other parties to the dishonoured bill liable for the amount?

17. What is noting and protesting? State the rule as to noting and protesting (*a*) in the case of inland, (*b*) in the case of foreign bills.

18. State the order of liability of the parties to a B/E, with special reference to a bill drawn by A on B, payable to C, and negotiated and endorsed by C, D, and E, and endorsed and paid in for collection by F, to whom it is subsequently returned dishonoured, a charge of 3*s*. 4*d*. having been incurred for notarial expenses.

19. What is a documentary bill?

20. What is a Letter of Hypothecation? Is a Letter of Hypothecation always used in connexion with documentary bills?

21. Give the abbreviations for and explain the meaning of (*a*) documents against acceptance, (*b*) documents against payment.

22. When is a B/E drawn in a set? Draw out a B/E in a set of three, using the following particulars: Drawers, Toms, Son & Howard, London. Payees, The Commercial Banking Company of Sydney, Ltd. Drawees, Hudson and Karslake, Sydney, N.S.W. Amount £327 10*s*. 8*d*. Tenor, 60 d/s.

23. What is a Letter of Credit? What is a Circular Letter of Credit?

24. Give the legal definition of a P/N. How many parties are there primarily to a P/N? When is a P/N a joint and several note?

25 Is a cheque a B/E? Is a bank note for £5 a P/N? Is a P/N for less than £5 payable to bearer on demand legal in England? Can a bank note for less than £5 be issued in (*a*) Scotland, (*b*) Ireland, (*c*) England and Wales?

CHAPTER XV

BANKING AND THE BRITISH MONETARY SYSTEM*

In Chapter XIII I dealt with cheques, and in Chapter XIV with Bills of Exchange and Promissory Notes. If the student will turn back to p. 163 he will find there a statement to the effect that Bills of Exchange could not have come into such extended use in modern commerce but for the establishment of banks. It is proposed in this chapter to discuss briefly some aspects of our banking system, and to show how the instruments of exchange mentioned in Chapters XIII and XIV fit in with it.

Savings Banks and Commercial Banks. There are two different kinds of banks in this country, viz. (*a*) Savings Banks, (*b*) Commercial Banks.

Savings Banks. The most widely known of these is the Post Office Savings Bank, which is under Government control. There are other savings banks known as Trustee Savings Banks, and these are supervised by a Committee of Inspection appointed in 1891.

In every town and in almost every village small savings may be paid in at the Post Office. The money, the repayment of which is guaranteed by the Government, may be drawn out through the local Post Office wherever the owner may be. Special facilities are also afforded to depositors in the Post Office Savings Bank for making investments in Government Stock, and for purchasing Annuities.

The object of savings banks is not to afford banking facilities to the trading community, but to encourage thrift amongst the people. Hence so far as this book is concerned they do not call for further mention, except to say that the savings deposited in these banks are handed over to the Bank of England for investment in Government securities, and that the money thus saved by the people's thrift not only fulfils its primary object of forming a fund upon which the depositors can draw in times of need, but also provides cheap capital for the Government, the interest

* In September, 1931, the British Government abandoned the gold standard, and our monetary system is no longer based upon gold. The external value of the pound sterling, as represented by the paper pound, has a fluctuating value. The student must remember this particularly when studying pp. 218–220.

allowed being 2½ per cent. These considerations are at all times valuable, but never more so than they are to-day in helping to meet the strain imposed upon the national credit by the Great War.

Commercial Banks. Practically the whole commercial banking business of this country is in the hands of a comparatively small number of joint stock banks. First, we have the Bank of England, which though a private institution occupies the same place in our banking system as do the Central State Banks of other countries. Then, in point of size, come the group of banks known as the "big five," viz. The Midland Bank, Ltd.; The Westminster Bank, Ltd.; The National Provincial Bank, Ltd.; Lloyds Bank, Ltd.; and Barclays Bank, Ltd. In addition to these there are a number of other large English joint stock banks, and the joint stock banks in Scotland and Northern Ireland, some of these latter being affiliated to English banks, others being unaffiliated. Then there are the London offices of the banks in the self-governing Dominions; of those British banks operating in the Colonies and some foreign countries; and of the foreign banks. Lastly, there are the large joint stock discount houses, and the private financial firms. In England and Wales the only bank that may issue Bank Notes is the Bank of England, but several banks in Scotland and Northern Ireland have that privilege.

Joint Stock Banks. A joint stock bank is a bank owned by a joint stock company, *i.e.* a company of persons that has been incorporated into a legal entity. There are three means by which a joint stock company can be formed: (*a*) by special Act of Parliament, (*b*) by the grant of a Royal Charter, (*c*) by registration under the Companies Acts with the Registrar of Joint Stock Companies. There is no instance of a joint stock bank being incorporated by Act of Parliament. Several, however, have been incorporated by Royal Charter, *e.g.* the Bank of England, the Bank of Scotland, the Bank of Ireland, the Royal Bank of Scotland, and the British Linen Company's Bank. But the great majority of joint stock banks have been incorporated in the most usual way in which joint stock companies are formed, *viz.* by registration with the Registrar of Joint Stock Companies under the various Companies Acts, now codified into one Act, *The Companies Act*, 1929.

Advantages of a Joint Stock Bank. A joint stock bank enjoys all the advantages which a joint stock company has over a private partnership. The chief of these are: (*a*) the proprietors (termed the shareholders, if the capital is divided into shares;

the stock-holders if the capital consists of stock *) may be unlimited in number, consequently the capital that can be got together to run a joint stock bank is usually very much larger than the capital employed to run a private bank, and so the operations of a joint stock bank can be conducted on a far more extended scale than those of a private bank, (*b*) the liability of each member (shareholder or stock-holder) of a joint stock bank is limited to the amount of the capital he has subscribed for, *i.e.* the amount of the capital he has contributed or agreed to contribute to the common capital fund. The liability of the partners in a private bank is unlimited, *i.e.* in case of bankruptcy, the whole of the partners' property can, if necessary, be taken from them to satisfy the claims of the creditors of the bank. Private banks are almost extinct in this country. It should be added that no bank that has the right to issue notes enjoys limited liability in respect of its note issue.

The Lank of England

Its Origin. The Bank of England, proudly and honourably distinguished as *The Bank*, is not a Government institution, but as stated above, a Joint Stock Company founded by Royal Charter in 1694. The original capital of the Bank, £1,200,000, was lent to the Government of William III, in order to prosecute the war with France, and in consideration of the loan, the Bank was granted its charter, and empowered to issue notes to the amount of the loan on the security of the Government. The capital has been increased from time to time, and in 1816 had reached £14,553,000, the amount at which it stands to-day. Only one other bank has a larger paid-up capital.

The Bank's charter has been altered on many occasions. In 1708 a clause was inserted in the charter giving the Bank a monopoly of Joint Stock banking in England and Wales. This monopoly proved impolitic, since it encouraged the establishment of private banks, many of which failed; and, in 1826, it was

* The capital of Lloyds Bank, Ltd., is divided into 14,372,956 shares of £5 each, but up to the present the shareholders have only been called upon to pay £1 per share, the balance of £4 being a contingent liability on the shareholders. The capital of the Bank of England is £14,553,000 fully paid up, and has been consolidated into stock. Thus the members of Lloyds Bank, Ltd., are shareholders, those of the Bank of England are stock-holders. The difference between shares and stock is this: Shares are bought and sold singly, or in multiples of the share unit. Stock can be bought and sold in fractional parts. You may buy, *e.g.*, one, ten, or any number of £5 shares (£1 paid) in Lloyds Bank, Ltd., but you would buy, say, £500 worth of Bank of England Stock.

curtailed to the district comprised within a radius of sixty-five miles from St. Paul's Cathedral. In 1833 the monopoly was altogether abolished, although the Bank was allowed to retain the monopoly of issuing notes within the sixty-five miles radius. In 1834 the London and Westminster Bank, the first of our modern Joint Stock banks, was established, and this was soon followed by many others. The modern history of the Bank dates from the passing of the Bank Act of 1844, which was brought in to prevent the recurrence of monetary crises, such as, *e.g.*, those of 1796, 1825, and 1839.

The course of banking in Ireland followed closely that in England with the establishment, by Royal Charter, in 1783, of the Bank of Ireland. But in Scotland the banking monopoly granted to the Bank of Scotland, founded by Royal Charter in 1695, was of short duration. It was rescinded in 1716, and the consequence has been that banking has had a free course in Scotland from a much earlier period than it has had either in England or Ireland, and has developed many excellent features that have been absent from English and Irish banking.

The Bank Act, 1844. Under this Act the power of banks to issue their own notes was restricted to the average amount which the banks of issue had in circulation at the time the Act was passed. Notes in excess of that average could be issued provided they were covered by gold held against their redemption. But by the *Currency and Bank Notes Act*, 1928, S. 9, the banks of issue in Scotland and Northern Ireland may now issue their own notes against Bank of England Notes held as cover, such notes being treated as gold coin. No banks established after the passing of the Act were to have the right to issue notes, and any bank that had the right, and suspended its note issue, whether voluntarily, or by amalgamation with another bank, or by default, could not resume it.

The Bank of England was to divide its business into two separate and distinct departments—(1) the Issue Department, (2) the Banking Department—and was to publish each week a Bank Return or statement of its assets and liabilities for each department. The Issue Department was to take over the liability for all Bank of England notes then in circulation. Against this liability was to be set the debt of £11,015,100 owing to the Bank by the Government of that date, and interest-bearing securities to the extent of £2,984,900 = £14,000,000 in all. It was further provided that the Bank should have the right of adding to its notes issued against securities, two-thirds of the average note issue of any bank of issue that should allow

its note issue to lapse. All the banks in England and Wales allowed their note issues to lapse, and the Bank accordingly increased its note issue against securities to the sum of £19,750,000. This was the amount of the old *Fiduciary Issue* (Lat. *Fiducia* = faith).

A further most important provision was that for all notes issued beyond the fiduciary issue, standard gold to an equal amount was to be held in the Bank's vaults against their repayment.

I give below a specimen of the Bank's weekly Return for the week ended November 21, 1928, made up in accordance with the provisions of *The Bank Charter Act*, 1844, and append brief explanatory notes of the items composing it. But it must be remembered that this form of Return is now of historical interest only, as it has been superseded by the new form of Return that followed the amalgamation of the Currency Note issue of the Treasury and the Bank's own note issue (see p. 206).

Issue Department

Notes Issued	£180,964,085	Government Debt	£11,015,100
		Other Securities	8,734,900
		Gold Coin and Bullion	161,214,085
	£180,964,085		£180,964,085

The above statement explains itself. Notes were issued to the value of £180,964,085, and their redemption was provided for by the Government debt of £11,015,100, on which it annually pays interest to the Bank; by securities of the finest possible quality to the value of £8,734,900, these two items together making up the fiduciary issue of £19,750,000 referred to above; and by £161,214,085 gold coin and bullion held in the Bank's vaults.

Banking Department

Proprietors' Capital	£14,553,000	Government Securities	£48,340,327
Rest	3,204,147	Other Securities	34,757,491
Public Deposits	14,898,189	Notes	48,161,710
Other Deposits	99,472,105	Gold and Silver Coin	870,504
Seven Day and other Bills	2,591		
	£132,130,032		£132,130,032

According to this Return the total liabilities of the Banking Department were £132,130,032. This amount was made up of: (1) Capital, £14,553,000 (see remarks as to this, p. 201); (2) Rest, £3,204,147. This item represented the undivided profit made by the Bank. It is the Bank's policy never to allow this item to fall below £3,000,000, the dividends paid to its stock-holders being restricted to keep it at or above that sum. It is therefore to the extent of £3,000,000 what in other balance sheets would be termed a Reserve Fund. (3) Public Deposits, £14,898,189. This item consisted of the balances of the National Exchequer, Savings Banks Deposits, Deposits by the Commissioners of the National Debt, and sums held for the payment of dividends on Government and other stocks administered by the Bank. (4) Other Deposits, £99,472,105. This item represented the combined balances of customers' accounts, including the balances kept at the Bank by the other British banks; both of which may be compared with the current accounts kept by traders with other banks, since the Bank allows no interest on them. All the London Clearing banks, and many of the country banks, keep large balances at the Bank, these balances forming a cash reserve on which they can draw in case of need. (5) Seven Day and Other Bills, £2591. This small item represented the Bank's liability in respect of Bank Post Bills, which are bills issued for cash by one branch of the Bank payable at another branch of the Bank. The Bank issues these bills free of charge to persons who desire to remit money to the provinces, the Bank's remuneration being the interest on the purchase money from the date of issue of the bills to the date of payment. There are no days of grace on Bank Post Bills (B.P.B.).

The assets of the Bank were composed of: (1) Government Securities, £48,240,327. These comprised Consols Certificates,* Treasury Bills,† Exchequer Bonds,‡ etc., all bearing interest, the payment of which is guaranteed by the Government. (2) Other Securities, £34,757,491. This item represented the Bank's Ways and Means Advances,§ investments in Indian, Colonial, and Corporation Stocks, and Railway Companies' Debentures‖; its

* *Consols Certificates.* The word *Consols* is a contraction for "Consolidated Annuities." Consolidated Annuities form part of that portion of the National Debt known as the "Funded Debt." The interest payable on this Government security is 2½ per cent. per annum.

† Treasury Bills are issued by the Treasury through the Bank of England. Originally they were issued to enable the Government to meet expenditure in advance of the receipt of revenue, and the interest on them was insignificant. But during the Great War these bills were utilized

stock of discounted bills of exchange, and the loans made on security to bill brokers and stockbrokers. (3) Notes, £48,161,710. This item formed part of the "Notes Issued, £180,964,085" which appears in the Issue part of the Return, and, as the total note issue was guaranteed by gold and securities, it could be taken as being equivalent to gold. This stock of notes was sometimes referred to as "Notes in Reserve" in opposition to the notes in active circulation, *i.e.* the notes actually in the hands of the banks and the public, and used for purposes of exchange. The amount of the Active Issue was the difference between the total issue and the notes held by the Banking Department. In this return it amounted to £132,802,375. (4) Gold and Silver Coin, £870,504. This was the amount of cash in the Bank's tills.

as a regular means of Government borrowing. This large item forms part of what is known as the "Floating Debt." Treasury bills are issued at a discount from their face value and are sold, usually, by tender, but sometimes at a fixed price. The currency of these bills nowadays is three months.

‡ Exchequer Bonds are bonds issued by the Treasury, payable to bearer. They carry interest at a fixed rate and are repayable on fixed dates.

§ It frequently happens that the national revenue for the year, which is paid into the Bank of England for Government account, does not come in promptly enough to enable the Government to discharge liabilities for the year, as and when they arise. The Bank of England, by making advances for short periods at interest, enables the Government to anticipate the receipt of revenue. Such advances, known as Ways and Means Advances, are automatically paid off as revenue comes in.

‖ A Debenture is an instrument issued by a Joint Stock Company as security for a loan. There may be a single debenture issued to one person, or a series of debentures, each for the same round sum, say £100, issued to many persons, the whole forming one debenture issue. The instrument itself is called a *debenture bond*. Frequently, a debenture issue is governed by an instrument called a *Trust Deed*, which sets forth the terms of issue, and conveys the property charged as security for the issue to trustees for the debenture-holders. A debenture bond or the trust deed, if there is a trust deed, or both these instruments, usually gives the debenture-holders a floating charge upon the company's general undertaking, and a fixed charge upon the company's fixed assets, such as land, buildings, machinery, etc., and provides that interest shall be paid half-yearly at a stated rate upon the capital sum borrowed, and that the capital shall be repaid upon a fixed date. Further, that in the event of default in the payment of interest, or repayment of the capital, or of any of the conditions of issue the debenture-holders, or the trustees for them, may step in and realize the company's assets over which the debenture charge has been given.

Bank of England's Reserve. The most important disclosure made in the Bank's Return is the amount of the Cash Reserve held by the Bank. It is not specifically mentioned in this form of Return, but it could easily be computed. The liability of the Bank in the Return quoted above (other than to its own stockholders) was as follows:

Public Deposits	£14,898,189
Other Deposits	99,472,105
Seven Day and Other Bills	2,591
	£114,372,885
The Cash held by the Bank was:	
Notes (equivalent to gold)	£48,161,710
Gold and Silver Coin	870,504
	£49,042,214

Therefore the Bank's Cash Reserve in this Return was (approx.) 42·9 per cent. of its liabilities.

The New Bank Return. The above Return for November 21, 1928, has been selected for illustration and explanation because, on the day following, November 22, 1928, there came into force the *Currency and Bank Notes Act*, 1928, by virtue of which the Bank of England assumed liability for the outstanding issue of Currency Notes, and began to replace those notes by its own issues of £1 and 10s. notes. The Bank's next weekly Return, dated November 28, 1928, shows the effect of the amalgamation of the Currency Note issue with the Bank's own issue, and it also reveals certain important changes in making up the Return, decided upon by the Treasury with the concurrence of the Bank, the object of these changes being to assist the banking and financial world to a more accurate understanding of the monetary position than could be gathered from the old form of Return. The Return for November 28, 1928, is given below:

Issue Department

Notes Issued:		Government Debt	£11,015,100
In Circulation	£367,001,148	Other Government Securities	233,568,550
In Banking Department	52,087,797	Other Securities	10,176,193
		Silver Coin	5,240,157
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	159,088,945
	£419,088,945		£419,088,945

Banking Department

Proprietors' Capital		£14,553,000	Government Securities		£52,180,327
Rest		3,254,001	Other Securities:		
Public Deposits		21,452,051	Discounts and Advances	£13,586,293	
Other Deposits:			Securities	20,214,855	
Bankers	£62,379,409				33,801,148
Other Accounts	37,185,203		Notes		52,087,797
		99,564,612	Gold and Silver Coin		757,041
Seven Day and Other Bills		2,649			
		£138,826,313			£138,826,313

Currency Notes outstanding on November 21, 1928—£285,504,130.

As compared with the old Return it is to be noted that:

(1) The notes actually in circulation are separately stated.

(2) The large item "Other Government Securities, £233,568,550," has been brought in from the Currency Note Reserve to balance the Bank's liability for the bulk of the outstanding Currency Note Issue which it has taken over.

(3) The item Other Securities has been increased from £8,734,900 to £10,176,193. Under the *Currency and Bank Notes Act*, 1928, the Bank is empowered to hold a certain amount of commercial bills as security against its note issue, and, in all probability, the difference of £1,441,293 is accounted for by this fact. The Bank's right to add to its securities in respect of the lapsed note issues of private banks (see p. 202) came to an end when the sole survivor of those note-issuing banks, Fox Fowler & Co., amalgamated with Lloyds Bank, Ltd., in 1921, and henceforth any changes in this item will be due to an increase or decrease in the amount of commercial bills held by the Bank.

(4) For the first time for many years silver coin appears in the Return of the Issue Department. Under the Bank Charter Act, 1844, the Bank was allowed to hold silver as cover for its note issue, but not to a greater proportion than one-fourth part of the gold; but the Bank had not availed itself of this provision for many years. The *Currency and Bank Notes Act*, 1928, allows silver to be held, but not to a greater amount than £5,500,000. The actual item of £5,240,157 was taken over from the Currency Note Reserve, but it is to be observed that the amount forms no part of the metallic reserve of the note issue, which is exclusively a gold reserve.

(5) "Other Deposits" have now been split up into (*a*) bankers' deposits, (*b*) the deposits of the Bank's ordinary customers, similarly

(6) "Other Securities" have been divided as between (*a*) discounts and advances, (*b*) Securities. The former (*a*) represent bills discounted and advances made to bill-brokers and discount

houses at the request of these borrowers; the latter (*b*) represent the Bank's purchases, on its own initiative, of securities other than Government securities, and its balances held in foreign banks.

The Bank of England's Reserve in this Return, which shows £52,844,838 of Notes and Gold and Silver Coin held against £121,016,663 of Public Deposits, Other Deposits, and Seven Day Bills, works out at about 43·66 per cent. of the Bank's liabilities to its deposit creditors. But the proportion has been much increased in later Returns, and in all probability this increased proportion will be maintained and may be raised higher still. It must be remembered that whereas before the Bank took over the Currency Note issue its notes were backed by very nearly 100 per cent. of gold, now, owing to the great expansion of the fiduciary issue, the proportion of gold held by the Bank against the total note issue does not much exceed 38 per cent. (See additional note p. 225.)

Currency and Bank Notes Act, 1928. The *Currency and Bank Notes Act*, 1928, is described in the preamble to that Act as "An Act to amend the law relating to the issue of bank notes by the Bank of England and by banks in Scotland and Northern Ireland, and to provide for the transfer to the Bank of England of the Currency notes issue and of the assets appropriated for the redemption thereof, and to make certain provisions with respect to gold reserves and otherwise in connection with the matters aforesaid and to prevent the defacement of bank notes."

Apart from the changes effected by this Act, mentioned in the preceding pages, it is provided:

(1) By S. 2, that the Bank shall issue notes up to the amount representing the gold coin and bullion for the time being in its Issue Department, and in addition issue notes to the extent of £260,000,000 in excess of the amount first mentioned. The latter part of the issue (*i.e.* that part not covered by gold) is termed the "fiduciary note issue."

(2) By the same section, the Treasury may at any time, on being requested by the Bank, direct that the amount of the fiduciary note issue shall be reduced by such an amount and for such a period as may be determined by the Treasury after consultation with the Bank. Similarly, by S. 8, the Treasury, upon the Bank's representation that such a course is expedient, may authorize the Bank to increase the fiduciary note issue to some specified amount in excess of the amount of £260,000,000, not exceeding the amount specified by the Bank, and for such period, not exceeding six months, as the Treasury think proper.

Such authority may be renewed or varied from time to time, but no such authority shall be renewed, whether with or without variation, after the period of two years from the date on which it was originally given unless Parliament otherwise determines. Any Treasury Minute authorizing such an increase shall be laid forthwith before Parliament.

(3) With a view to the concentration of the gold reserves and to the securing of economy in the use of gold, the following provisions shall remain in force so long as S. 1 s.-s. (1) of the *Gold Standard Act*, 1925, remains in force.

(1) Any person owning any gold coin or bullion to an amount exceeding £10,000 shall, if the Bank in writing so requires, forthwith furnish in writing particulars of the stocks held, and shall, if the Bank so requires, sell to the Bank the whole or any part of such stocks, other than any part thereof which is *bona fide* held for immediate export or for industrial purposes [*i.e.* for manufacturing purposes—dentistry, plate, jewellery, etc.]. The Bank must purchase gold coin at its nominal value, and gold bullion at the rate of £3 17*s.* 9*d.* per standard oz.

(2) Any person who prints or stamps, or by any like means impresses, on any Bank Note any words, letters, or figures, shall in respect of each offence be liable on summary conviction to a penalty not exceeding £1.

The Pre-eminence of the Bank. The unique position occupied by the Bank of England is explained by the following facts:

(1) The Bank transacts all the financial business of the British Government, and a good deal of business for foreign Governments. It receives the proceeds of the Government taxes, manages the National Debt, the issue and withdrawal of Treasury Bills, Exchequer Bonds, etc., and arranges the issue of new Government loans. For these services, the Bank is remunerated by the Government according to a fixed scale. Under the *Currency and Bank Notes Act*, 1928, the Bank hands over to the Government the whole of the profit arising from its Issue Department, and is exempted from all liability in respect of stamp duty on its Bank Notes. The other note-issuing banks in Scotland and Northern Ireland are liable for stamp duty on their note issues.

(2) The Bank acts in close consultation with the Treasury, and, jointly, the Bank and the Treasury regulate the amount of credit and internal currency in order to preserve the internal prices of commodities as expressed in the legal tender currency as nearly as possible the same as if they were expressed in terms of gold, and so maintain industry, trade, and commerce in a healthy state, free, if possible, of those alternating booms and

depressions that have so frequently occurred in the past. It thus performs the same banking functions in this country as do the Central State Banks of other countries.

(3) The Bank's stock of gold in coin and bars is the great and only free stock of gold in the country, maintained to preserve the convertibility of its note issue. At times, this stock is liable to be drawn upon and depleted, and the Bank must then adopt defensive measures to preserve its stock of gold.

(4) The Bank is the bankers' bank. As remarked on p. 204, all the London Clearing Banks, and many of the other banks, keep large balances at the Bank for the purpose of settling their respective liabilities one to the other, and as a cash reserve upon which they can draw in time of need. When the banks require more legal tender currency than usual, as they do at times, *e.g.* to meet increased public needs for currency during the holiday seasons of the year, and during periods of brisk and expanding manufacturing and trading activity, they draw the additional supplies of £1 and 10*s.* notes from the Bank.

(5) The Bank affords very great assistance to the Money Market, which includes Discount Houses and Bill Brokers, at times when loanable capital is scarce and other lenders to the money market, *e.g.* the large joint stock banks, are calling in their loans. At such times the Bank relieves the financial strain by freely lending on the security of approved bills of exchange.

The importance of the Bank's Reserve. The stock of gold coin and bullion held by the Bank is, as already remarked, the only stock of free gold in the country. The Bank must hold a sufficiency of gold in order to ensure the convertibility of its notes, and for the proper functioning of its *Gold Bullion Standard*, that one of the three forms of the gold standard now adopted by this country. Before the Great War, this country had a *Gold Specie Standard*, which requires for its working the free coinage of gold and the use of gold coins as the internal circulating medium of exchange. The third form of the gold standard is known as the *Gold Exchange Standard*, and this system has been adopted by some of the Continental countries.

We have seen that anyone may draw upon the Bank's gold by tendering the equivalent legal tender currency, but that no one can obtain any less quantity than 400 oz. of fine (= not less than 99·5 per cent. pure) gold. So long as there is a sufficiency of £1 and 10*s.* notes to do the work of internal exchange, nobody requires to handle gold sovereigns or half-sovereigns for the purpose of his daily buying and selling from and to his fellow-

nationals. By law, the standard gold coins have no greater value in internal exchange than the £1 and 10s. notes that have displaced them. It is a different matter, however, when it comes to questions of external exchange; and the principle of the convertibility of the note into gold is maintained in support of the obligation of this country to pay the debts which it incurs to foreign countries, in gold, if required so to do. Gold may be required to be exported in discharge of this country's debts to foreign countries for more reasons than one. But all these reasons may be summed up in the broad generalization, that a *drain* (as it is called) upon the Bank's stock of gold may arise from the course of international trade. But the expression "international trade" must be taken to mean much more than the buying and selling of merchandise. (See also page 161.)

International Trade. By this expression, as used above, we must understand, not only the exporting and importing of merchandise that is continually going on between two countries, but *every* transaction between the Governments and the nationals of two countries, which creates a demand by one country for the currency of the other. The importation and exportation of merchandise (including gold and silver bullion), sometimes referred to as *Visible Exports and Imports*, is doubtless the greatest cause of the demand by one country for the currency of the other, but there are other most important ways in which this demand arises. These further sources of demand, sometimes referred to as *Invisible Exports and Imports*, may be enumerated under the heads of (*a*) Services. (*b*) Stock Exchange Transactions. (*c*) Banking Transactions. (*d*) Speculation. (*e*) Loans. (*f*) Miscellaneous Sources of Demand.

(*a*) *Services.* These comprise the shipping, banking, and insurance services rendered by the nationals of one country to the nationals of another country, including the services of brokers and commission agents. Those benefiting from the services must pay the charges of those who render them. The cost of all these services adds to the cost of the merchandise exported or imported by a country.

(*b*) *Stock Exchange Transactions.* These debts arise from the investments made by the nationals of one country in those Government or industrial securities issued by another country, for which there is an international market, including interest or dividends payable on those investments. In addition to this genuine investment business there is a considerable amount of speculative dealing by financial institutions in such securities. Speculation differs from genuine investment business inasmuch

as those who engage in it have no intention of holding the securities dealt in, but by simultaneous purchase in one financial centre and sale in another to reap quick profits on their transactions.

(*c*) *Banking Transactions.* Apart altogether from the demands for currency that arise from the settlement of international indebtedness, in respect of the importation and exportation of merchandise, which constantly necessitates the transference of funds by bankers in one financial centre to bankers in other financial centres, a most important additional demand arises from the transference of floating funds in the hands of the banks in one financial centre to the banks in a foreign financial centre, *e.g.* by the New York banks to the London, Paris, Berlin, Amsterdam, banks, etc. Such transactions may be undertaken on private account or Government account, but in the main they are made by the banks and financial houses on their own account. The general reason for such transferences of floating funds by the banks and financial houses is that at times a higher rate of bank interest can be earned on fixed deposits in one financial centre than in another. Such transferences are usually in large amounts.

(*d*) *Speculation.* These debts arise from dealings by the financial institutions of one country in the currencies of other countries, not for the purpose of settling debts arising from genuine trade, but by in and out dealing to secure a quick profit on the transactions themselves.

(*e*) *Loans.* Every loan contracted by one country from the Government or the general public of another country occasions money payments between the two countries; if the loan is taken in cash, for the capital sum loaned, and always for the periodical repayments on capital account, and for interest on the outstanding amount of the loan.

(*f*) **Miscellaneous Sources of Demand.** In the aggregate, large sums are remitted annually by the nationals of one country to the nationals of another, (*a*) on grounds of affection, *e.g.* by emigrants to the United States who have prospered there to their poorer relations in Great Britain, (*b*) in respect of tourist traffic. For example, every British tourist in the United States, and every tourist from the United States in Great Britain, must provide himself with the currency of the country he is visiting in order to pay his expenses there, and usually he does this by carrying with him a Traveller's *Letter of Credit.**

* A Traveller's Letter of Credit is a document in the form of a letter, issued by a banker, against cash paid by the purchaser, addressed to that

Settlement of International Debts. The trade, financial, investment, speculative, and other activities enumerated above are constantly going on, all or some of them, now with greater, now with lesser, intensity between this country and practically every other country in the world, with the result that demands are continually arising for British currency on the part of foreign countries, and for the currencies of foreign countries on the part of Great Britain.

It will, however, simplify matters if we narrow our view to two countries, selecting for our purpose two of the most important commercial countries, say Great Britain and the United States of America, understanding, of course, by the word "countries" the Governments, banking companies, insurance companies, shipping companies, manufacturers, merchants, brokers, commission agents, and private persons of the two countries, who, by their international transactions, create demands for British or United States currency as the case may be.

First, we must remember that dollars are not currency in Great Britain, and pounds sterling are not currency in the United States. A small business is done by importing into Great Britain and selling here actual dollar notes, and by importing into the United States and selling there actual Bank of England notes. But this business is carried on mainly for the convenience of travellers between the two countries, though sometimes actual notes are purchased and remitted in payment of accounts of small amount. Apart from this money-changing business, dollars stay in the United States and pounds sterling stay in Great Britain. Those persons in the United States who have monetary claims upon persons in Great Britain will expect those claims to be discharged by the payment of dollars in the United States; and, in fact, those claims will be thus discharged.

banker's correspondents abroad, directing them to pay the sight drafts drawn upon him by the person named in the letter (provided the total of the drafts drawn do not exceed the sum stated in the letter), and to recoup themselves by negotiating the drafts so drawn. The beneficiary mentioned in the letter is identified, and his signature is attested, by an additional document, termed a Letter of Indication, which he carries with him separately from the Letter of Credit. Such letters are issued by bankers for the convenience of travellers, and a foreign correspondent who pays a draft drawn under the authority of such a letter enters particulars of the payment on the letter itself. A similar purpose is served by *Circular Notes*. These consist of cheques, each for the same round sum (£10, £20, etc.), drawn upon the issuing banker. The correspondent who pays such a note recoups himself by drawing a sight draft for the amount upon the banker who issues the note.

Similarly, those persons in Great Britain who have monetary claims upon persons in the United States will expect those claims to be discharged in pounds in Great Britain, and they will, in fact, be so discharged.

Secondly, we must understand that in the process of international settlement the rights of the two countries each to receive payment in its own currency, and the obligations of the two countries each to discharge its debts in the currency of the other, will be transferred to the banks of the two countries, and will finally, in the ordinary course of banking organization, be gathered up and concentrated in the foreign departments of the banks and financial houses of their respective financial centres—New York and London respectively.

Thirdly, we must understand that the banks and financial houses in New York have their banking correspondents in London, and the banks and financial houses in London have their banking correspondents in New York, and, for the purpose of international settlement, the New York institutions maintain sterling accounts in the books of their London correspondents, and the London institutions maintain dollar accounts in the books of their New York correspondents. Interest is allowed on the balances shown by these accounts, if they are credit balances. If the balances are debits, interest is charged. As a rule, of course, the important banking institutions maintain very large credit balances.

The dollar balance maintained by any one of the London banking institutions, in the books of its New York banking correspondents, is necessarily a fluctuating balance.

The Balance is Replenished :

(*a*) From the proceeds of bills of exchange, dividend warrants, interest coupons, drawn bonds, securities, etc., each representing monetary claims by British nationals upon United States nationals, received or purchased by the London institution from its customers, and sent by that institution to its New York correspondent, for realization and credit of proceeds in dollars.

(*b*) By the London institution's purchases of the rights to United States currency possessed by British trading corporations and firms. These rights will exist in the form of credit balances in New York banks, and will be transferred to the purchasing London institution by means of cheques drawn upon the New York banks. Nowadays, many large British corporations and firms transact their business in the United States through agents, and invoice their sales in dollars. The agents collect the invoices and pay the amounts into an account in a New York bank for

the credit of their British principals. From time to time the British principals will offer portions of their New York balances to their London bankers for the sterling equivalents.

(*c*) By purchases from other London banking institutions, of portions of their rights to United States currency (see p. 216).

The Balance is Reduced :

(*a*) By the London institution's sales of rights to dollars to British corporations, firms, and private persons, who are under obligation to pay dollars to persons in the United States. Against the payment of sterling in London, the London institution will issue Demand Drafts or Cheques, Telegraphic Transfers * (T.T.'s), or Mail Transfers † (M.T.'s), to be paid by its New York correspondent in dollars, to the beneficiaries named in those instruments.

(*b*) By any payments made on behalf of the London institution by its New York correspondent, in respect of bills or drafts issued under Letters of Credit.‡

(*c*) By sales to other London banking institutions of portions of its rights to United States currency (see p. 216).

The maintenance of the sterling balance kept by any one banking institution in New York with its London correspondent proceeds upon similar lines as outlined above. The London sterling balance is augmented (*a*) by the proceeds of bills of exchange, etc., representing monetary claims by United States nationals upon British nationals, received or purchased by the New York bank, and sent by it to its London correspondent

* A Telegraphic or Cable Transfer is an order conveyed by telegraph from a banker in one financial centre to his correspondent in a foreign financial centre, directing that correspondent to pay a stated sum to a named person. The order is in code, and is authenticated by a test word (known only to the transmitting and paying bankers) inserted in the telegraphic message. If a London banker issues a cheque on his correspondent, say, in New York, a week at least must elapse before the cheque can be presented and paid; whereas when a T.T. is issued, the payment is made in New York within an hour of its transmission from London.

† A Mail Transfer is an order for the payment of money sent by mail by a banker in one financial centre to his banking correspondent in a foreign financial centre. It is not a cheque, but it serves the same purpose as a cheque. The foreign paying banker (from details contained in the M.T.) informs the beneficiary by whose instructions the payment is made, and for what purpose it is made, and obtains a receipt for the payment. Mail Transfers are not confined to a single payment to one person, but one M.T. may direct many payments to many different persons.

‡ Travellers' Letters of Credit have been explained at p. 212. The Letters of Credit here referred to are commercial letters of credit, issued for the purpose of facilitating and financing international trade. A

for realization and credit of proceeds in sterling, (*b*) by purchases of sterling cheques from United States corporations and firms who maintain sterling accounts with London banks, (*c*) by purchases of the rights to sterling possessed by other New York banks. The sterling balance is reduced by the New York Bank's sales of rights to sterling to persons in the United States, who have to remit money to London, by sales to other New York bankers, and by payments made by its London correspondent in respect of bills or drafts drawn under Letters of Credit.

Foreign Exchange Markets. The actual work of buying and selling foreign currencies is effected in the Foreign Exchange Markets of the financial centres of the world. The London Foreign Exchange Market (so, too, the New York Foreign Exchange Market) consists of two groups. On one side are the bankers and financial houses, on the other the exchange brokers. The bankers and the financial houses are the *principals*; they are the actual buyers and sellers of the currencies, for they have to supply both their customers' and their own requirements for foreign currency. The brokers act as impartial price-makers. They bring two principals together and enable those principals to deal at the ruling market rates for the currencies as ascertained and quoted by the brokers. All deals are done through the brokers, and no principal knows of whom he has bought or to whom he has sold currency until the broker discloses the name of the seller or buyer as the case may be. When the broker has disclosed the name, he steps aside and leaves the two principals to complete the transaction, the buyer to pay for the foreign currency by a sterling cheque and the seller to deliver the foreign currency by means of one or other of the instruments mentioned at the end of this paragraph. The

letter of credit (L/C) may be defined as a document issued by a banker (*e.g.* in London) authorizing his banking correspondent in a foreign centre (*e.g.* New York) to pay the drafts of the person in whose favour the letter is issued (termed the beneficiary), provided that that person observes the formalities mentioned in the letter, and to charge the drafts so paid to the account of the grantor of the letter. Such a letter is restricted to a definite amount, and is valid only for a specified period of time. The banker issuing the letter debits his own customer, who arranges the issue of the letter, with the payments as and when they are made, or obtains from him cover in advance. There are many varieties of these documents, viz. (*a*) Acceptance Credits (banker undertakes to accept and pay drafts drawn upon him), (*b*) Documentary Credits (drafts must be accompanied by bills of lading, insurance policies, etc.), (*c*) Confirmed Credits (irrevocable), (*d*) Unconfirmed Credits (revocable), (*e*) Revolving Credits (renewable when the amount of the original credit has been utilized), (*of*) Blank Credits (used between banker and banker), etc.

brokers have no interest in the rates. They quote the same rates both to buyers and sellers. Thus they may quote New York $4 \cdot 86–4 \cdot 86\frac{1}{16}$, which means that, on behalf of the market, they can sell dollars at 4·86 to the £1 and buy dollars at $4 \cdot 86\frac{1}{16}$ to the £. The brokers are not rewarded by a profit, *i.e.* by the difference between the buying and selling rates, but by a small fixed brokerage, paid to them by the principals, on the amount of business transacted on their behalf. Principals and brokers are connected by telephone, and all business is done by telephone.

The chief instruments used for the transfer of currency resulting from these dealings are the Telegraphic Transfer, the Mail Transfer, and the cheque or Bankers' Draft. These instruments are drawn by the London principals upon their New York banking correspondents, and are payable in dollars to the beneficiaries, and by the New York principals upon their London correspondents, payable in sterling to the beneficiaries.

Exports are Paid for by Imports. If the foregoing brief explanation is sufficiently clear, the student will be able to understand that what really happens in this daily work of international settlement is that the debts of the United States to Great Britain, represented by bills of exchange, cheques, T.T.'s, M.T.'s, etc., are set off against similar instruments representing the debts of Great Britain to the United States; or in other words that British exports of all kinds to the United States—goods, services, securities, etc.—are paid for by the same sort of exports by the United States to Great Britain. Further, it will be understood that at any particular point of time the indebtedness on both sides arising for settlement may, roughly, be equal, or one country may be under the necessity to pay much more than the other, and that either position may persist for considerable periods of time.

The Law of Supply and Demand. The buying and selling of foreign currencies is governed by the same law of supply and demand as is the buying and selling of ordinary commodities. If, for example, the demand for wheat exceeds the supply of that commodity in the market, the price of wheat rises; if supply exceeds the demand, the price falls. Similarly, if on a particular day more dollars are bid for in the London Foreign Exchange Market than are offered for sale, the price of dollars in terms of pounds rises; and if, on the other hand, more dollars are offered than are bid for, the price of dollars falls. It will be understood, of course, that the bidding for dollars will arise on behalf of those who are under obligation to pay dollars in the

United States, and the offering of dollars will arise on behalf of those who are due to receive pounds from the United States.

The Mint Par of Exchange. Both United States and British currencies are based upon the gold standard, and, as before remarked (see p. 158), one gold sovereign is of exactly the same value as 4·86⅝ gold dollars, because, according to the currency laws of the two countries, one gold sovereign contains the same weight and fineness of gold as 4·86⅝ gold dollars. This relationship between the two currencies is known as the *Mint Par of Exchange*, and, so long as the currency laws of the two countries remain what they are, it is an invariable relationship. The Mint Par of Exchange may be defined as the exact equivalent of the currency unit of one country expressed in terms of the currency unit of another country, determined by the quantity of pure gold contained in the two units, as fixed by the currency laws of the two countries. So 4·86⅝ gold dollars *in London* is exactly equivalent to one gold sovereign, and one gold sovereign *in New York* is exactly equivalent to 4·86⅝ gold dollars. But to send sovereigns or bar gold from London to New York entails expense for freight, insurance, commission, loss of interest, and, in the case of bar gold, assaying, so that after deducting these expenses the *net* rate of exchange realized by buying gold in London, shipping it to New York and selling it there, will be somewhat lower than $4·86⅝ for each £1. Similarly, the sending of gold dollars or bar gold to London entails the same items of expense, so that adding these expenses to the cost of the gold the *net* rate of exchange realized in London will be somewhat higher than $4·86⅝ for each £1. The exact *net* rates of exchange produced by sending gold from London to New York and *vice versa* cannot be fixed with meticulous accuracy, but roughly speaking the rate produced in New York is £1 = $4·8467, and the rate produced in London is $4·897 = £1. These two rates of exchange, the one below, the other above, the mint par are known as *gold*, or *specie*, or *Bullion Points*. They are so called because, when the market rate of Exchange London on New York falls below £1 = $4·8467, gold may begin to be shipped from London to New York, since it will then be cheaper for London to discharge its indebtedness to New York by shipping gold, thus realizing $4·8467 for each £1, than by buying and remitting T.T.'s, M.T.'s, cheques, bills of exchange, etc., and realizing fewer dollars per £1 than $4·8467; and when the market rate of exchange rises above $4·897 = £1 gold may begin to be shipped from New York to London, because it will then be cheaper for New York to discharge its indebtedness to London

by sending gold, thus realizing £1 for every $4·897, than to buy and remit T.T.'s, M.T.'s, cheques, bills of exchange, etc., and realize less than £1 for every $4·897.

Payment in Gold. If, then, at any particular point of time, there are more buyers than sellers of dollars in the London Foreign Exchange Market, because Great Britain is under the immediate necessity of paying a much greater sum in the aggregate to the United States than it has immediately to receive from that country, the price of the pound in terms of dollars, or the *market rate of exchange*, as it is called, will begin to fall; that is to say, sellers of dollars will offer fewer dollars for each pound than they would if the supply of dollars approximated more closely to the demand. And if this state of affairs persisted day by day for a considerable period of time, there would be a progressive fall in the price of the pound, fewer and fewer dollars being offered for each £1, until it might very well happen that less than 4·8467 dollars would be offered for each pound. As already explained, when the market rate of Exchange London on New York falls to a lower level than 4·8467 dollars to the pound, it becomes profitable to ship gold to the United States, because the gold will realize in New York a rate of exchange of $4·8467 per pound. The result is, if this condition is likely to continue, that the New York bankers will secure as many bills of exchange on London as possible (for they can then be bought cheaply), forward the bills to London for discount or sale, withdraw the proceeds in Bank of England notes, exchange the notes for gold at the Bank, and have the gold shipped to New York. Thus the Bank's stock of gold, and the proportion of its metallic reserve to its liabilities, will steadily be reduced.

Raising the Bank Rate. When the Bank of England is faced with such a situation as outlined in the last paragraph, its great defensive measure is to raise the Bank Rate. Bank Rate is the official minimum rate at which the Bank of England will discount approved bills of exchange. This official minimum rate is the rate upon which all other interest and discount rates throughout the country are based. For example, the interest rate for bank deposits is 2 per cent. under the current Bank Rate, and the interest rates for money lent by the banks in the London Money Market to bill brokers, stockbrokers, and others, for short periods, and to customers on loans and overdrafts, is also adjusted to the current Bank Rate, rising or falling as Bank Rate is increased or decreased. A rise in Bank Rate induces the public to increase their bank deposits, because of the increased interest then paid on deposits; and if the deposit rate is superior to

that allowed in New York, will attract bank deposits from that centre. At the same time, for the reason that higher interest is charged for loans, production will be slowed down, and credit and currency in this country will be curtailed, with the result that the purchasing power of the currency will be increased and commodities will become cheaper. Hence our exports will be likely to increase and our imports to decline. And so, with a flow of money from New York to be placed on deposit in our banks, and a lowered internal price-level, resulting in expanding exports and diminishing imports, the market rate of exchange, pounds for dollars, will begin to rise—that is, more and more dollars will have to be given for each £1 until it no longer becomes profitable to withdraw gold from London. Indeed, the pound sterling may go on appreciating in terms of dollars until it may become profitable for New York to send gold to London. That situation is reached when, owing to the greater demand for sterling than for dollars (because the United States has daily more to pay than to receive from Great Britain), the market rate of Exchange London on New York, or the price of the pound sterling in terms of dollars, has risen above the exporting gold point, viz. £1 = $4·897, for then it is cheaper for New York to send gold to London than to buy and remit credit instruments at the less favourable market rate of exchange.

The student is cautioned that the skeleton outline given above of the way international indebtedness is contracted and discharged, does not pretend to provide anything more than a broad, general outline of the process. Within its limits the description is roughly true, and the student can safely build upon it. But the whole subject is very difficult, and an adequate grasp of it can be secured only by studying a formal treatise, such as *The Principles and Arithmetic of Foreign Exchange*, by S. E. Thomas. That, however, will come later in the student's career.

The Clearing-House System

I now come to the very centre of our banking system, viz. the method by which the cheques and bills paid into the banks of the country for collection are brought together in central establishments, and the resulting claims of each bank against the others are settled.

Principle of the Clearing House. Suppose, for example, there were in London only two banks, and that every London trader banked with one or the other. Call these banks A and B.

Every day A would have a number of cheques and bills sent in by its customers payable by B, and B would have a number of cheques and bills sent in by its customers payable by A. Assume that at the end of a particular day A's claim in respect of the cheques and bills payable by B was £100,000, and B's claim in respect of the cheques and bills payable by A was £110,000. Then, if A and B each exchanged the cheques payable to the other, and A paid B £10,000 in cash, the whole day's transactions between A and B would be settled. It would then remain for A and B to adjust matters as between them and their respective customers. A would (1) debit his customers with the cheques and bills paid by him on their account to B, and return them to the customers concerned, and (2) credit the customers concerned with the cheques and bills paid to him by B. Similarly, B would (1) debit his customers with the cheques and bills paid by him on their account to A, and return them to the customers concerned, (2) credit the customers concerned with the cheques and bills paid to him by A.

The student will note from the foregoing that if the balance arising for settlement in cash between A and B was always roughly in the proportion of £10,000 to a total cheque and bill value of £200,000, then goods to any value could always be exchanged on a 5 per cent. cash basis. This, as a matter of fact, is the general principle on which banking credit is based.

Extension of the Principle. Instead of two banks, there are in London ten banks which settle their dealings with one another on the basis of the payment of differences. These ten banks are known as *Clearing Banks*, and each of them is a member of the Clearing House, and has a seat at that establishment. The Bank of England also has a seat, but the Bank clears *outwards* only. Cheques, etc., payable by the Bank are presented direct to the Bank. Their names are :

The Bank of England.
Bank of Liverpool & Martin's Ltd.
Barclays Bank, Ltd.
Coutts and Co.
Glyn, Mills, Currie, Holt and Co.
Lloyds Bank, Ltd.
Westminster Bank, Ltd., Lombard Street.
Do., Head Office.
Do., Bartholomew Lane.
Midland Bank, Ltd., Princes Street.
Do., Head Office.
Do., Branches.
National Bank, Ltd.
National Provincial Bank, Ltd., Head Office.
Do., Princes Street.
Williams Deacon's Bank, Ltd.

Every bank in the provinces has either its London office or its

London agent. All cheques remitted from the provinces, drawn on London banks, and all cheques drawn on provincial banks and paid into London banks for collection, as well as cheques drawn and paid in London, are cleared or paid through one of these clearing bankers.

The London Clearing House. This was established by the chief banks in the metropolis and is managed by a committee appointed by the bankers composing it. It is situated in Post Office Court, Lombard Street. There are four clearings daily, viz. (1) two for town cheques and bills, (2) one for metropolitan cheques and bills, *i.e.* cheques and bills payable by banks in the metropolis that are not in the town clearing, (3) one for cheques and bills drawn on provincial banks. These are termed respectively town, metropolitan, and country clearing. The clearing through which any cheque will pass is indicated by the letter T, or M, or C printed on the lower left-hand corner of the cheque. In the following exposition I shall confine myself to the London Clearing House and to the town clearing. The Provincial and the Scotch and Irish Clearing Houses vary a little in their mode of procedure, but the principle on which all are conducted is the same.

Conduct of the London Town Clearing. Take, by way of illustration, one member of the Clearing House, *e.g.* Lloyds Bank, Ltd. Every day Lloyds receives from London and provincial banks millions of pounds of cheques and bills payable by the banks comprised within the town clearing. These cheques and bills (or *charges* as they are called) are entered as they come in upon sheets. The sheets are ruled with columns which are headed with the names of the other different clearing bankers, and each charge is entered under the heading of the particular bank which has to pay it. The entering is done by type machines, which, by pressing a key, automatically cast the columns of figures. The clerks who compile these sheets are termed *out-clearers*, and the sheets themselves are known as *out-books*.

As the charges are entered on the out-books they are tabbed together, each clearing banker's charges in a separate bundle, and taken to the Clearing House. At the Clearing House, seated at the different desks, are other clerks, servants of their respective banks, termed *in-clearers*, and these have before them *in-books*, which are sheets similarly ruled to the out-books. The tabbed bundles of charges from Lloyds are deposited on the desks of the banks which have to pay them, and, as fast as they are deposited, are entered by the in-clearers in the appropriate

column of the various columns in their in-books, in this case the column headed Lloyds. When the charges have been entered, they are taken away to the paying banks to be scrutinized by the clerks whose duty it is to pay the clearing. Cheques or bills that cannot be paid are returned to the Clearing House, and the total of all such cheques and bills is deducted from the final total at the end of the clearing. This process goes on till ten minutes past four o'clock, when the doors of the Clearing House are closed, and Lloyds' representative brings along his out-books. Then begins the work of determining the final balances.

It will be apparent to the student that Lloyds' out-books will show, separately, the gross totals of the cheques and bills which each of the other clearing banks owes to Lloyds, and, after the cheques and bills that cannot be paid have been deducted, the net amounts due to Lloyds. Similarly, Lloyds' in-books will show the net amount which Lloyds owes to each of the other clearing banks. Lloyds' out-books are credits, and their in-books are debits. Again, each total of the separate columns in Lloyds' out-books will agree with the corresponding total of the Lloyds column in the in-books of the other clearing banks, so that when Lloyds' representatives have side by side in the Clearing House their out-books and in-books, and have agreed all the totals with the representatives of the other banks—out-book totals with corresponding in-book totals and *vice versa*—they are able by simple subtraction to determine what balance Lloyds owes to, or is owed by, each of the other clearing banks. If, having done that, they draw up a Dr. and Cr. statement, entering the balances due to Lloyds on one side, and the balances due by Lloyds on the other, the final balance is the net sum which Lloyds is either to pay or to receive as the result of the day's clearing.

The Settlement. In the illustration of the two banks given on p. 220 a settlement was made by one banker paying cash to the other. The settlement in the case of the Clearing House is simplified still further. The Clearing House keeps an account with the Bank of England, so also, as we have seen, do the clearing bankers. If Lloyds has to pay on the day's clearing, its representatives make out an order, addressed to the Bank of England, directing the Bank to transfer from Lloyds' account to the account of the Clearing House the sum due. This order is signed by the Chief Inspector of the Clearing House. If on the other hand Lloyds has to receive on the day's clearing, an order is made out, and signed by the Chief Inspector, directing the

Bank to transfer the sum due from the account of the Clearing House to Lloyds' account. The same procedure is followed by each of the other clearing bankers. The student thus sees that the whole number of cheques and bills passed through the clearing on any day is settled simply by means of debit and credit entries in the books of the Bank of England, and that these entries, while they adjust the differences as between the clearing bankers themselves, in no way affect the Bank's position, which remains the same after the transfers have been made as it did before.

Provincial Clearing Houses. There are Bankers' Clearing Houses in eleven of the largest provincial cities and towns for the clearing of cheques and bills on local banks. The final settlement is made through the local branch of the Bank of England in these centres.

Scotch and Irish Clearing. There are several Clearing Houses in Scotland, the chief of which is the Glasgow Clearing House. The chief Irish Clearing House is in Dublin. Scotch and Irish clearings are conducted separately from the English clearings through Agents. Formerly the charges held by English bankers had to be remitted for clearing. This explains why many English bankers used to charge a commission for collecting cheques on Scotch and Irish banks.

TEST PAPER XV

1. Name the two different kinds of banks and explain the functions of each.
2. What are banks of issue? What is the chief bank of issue in this country, and how does its authorized issue compare with the authorized issues of the few other banks of issue?
3. Describe the difference in constitution between Private and Joint Stock Banks. What advantages do Joint Stock Banks enjoy over private banks?
4. Give an outline of the history of the Bank of England.
5. What were the chief provisions of the Bank Act of 1844?
6. Explain how it is that whereas by the Bank Act of 1844 the fiduciary note issue of the Bank was fixed at £14,000,000 it is now £260,000,000.
7. Explain why the Bank of England Note for £5 is as good as five sovereigns.
8. What is the *Rest* which appears in the Bank's Return? Of what do the Government securities in the Banking part of the Return consist?
9. Explain what the items "Public Deposits" and "Other Deposits" in the Bank's Return consist of, and also explain the item "Seven Day and other Bills."
10. Define "Consols," "Treasury Bills," "Exchequer Bond" and "Debentures."

11. What is the Bank's Reserve, and how is it computed from the Bank Return?
12. What is Bank Rate?
13. Explain the pre-eminence of the Bank of England in British banking.
14. What is the law of legal tender?
15. For what purposes is legal tender required in normal times? What is the chief cause which gives rise to an unfavourable balance of trade between Great Britain and a foreign country? Mention other elements that enter into an unfavourable trade balance.
16. What medium of exchange can be used for internal currency other than Bank Notes? Mention the precautions that have to be taken to make this substitute a safe medium of exchange.
17. What is a Cable Transfer and for what purpose is it used.
18. What is the purpose of Bankers' Clearing Houses? Give an illustration of your own showing the principle on which they are worked.
19. Mention the instruments of credit for conducting (*a*) home, (*b*) foreign trade.
20. What are clearing banks? How many London clearing banks are there?
21. Give an account of the way in which the Town clearing is conducted at the London Bankers' Clearing House.
22. Describe the mode by which the indebtedness of one clearing banker to another in respect of the day's clearing is discharged.
23. Explain the difference between Stock and Shares.

NOTE (see p. 208).—In 1936, the Bank of England purchased gold to the value of £65,000,313 from the Exchange Equalization Account, and the amount of the Fiduciary Issue was reduced by £60,000,000.

The Return of the Issue Department for the week ending February 3, 1937, was as follows:

Issue Department.

Notes issued:		Govt. debt.	11,015,100
In Circulation	457,311,181	Other Govt.	
In Bkg. Dept.	56,349,479	securities	187,879,503
		Other securities	1,091,347
		Silver Coin	14,050
			200,000,000
		Gold Coin and	
		Bullion	313,660,660
	£513,660,660		£513,660,660

The Reserve in this Return was shown at £56,856,056, and the proportion of gold to the Bank's outside liabilities was 38¾%.

CHAPTER XVI

THE ORGANIZATION OF TRADE, TOGETHER WITH BRIEF NOTES ON THE LAW RELATING TO THE SALE OF GOODS

In the previous chapters I dealt, mainly, with the routine observed in a commercial office, with the terms on which the exchange of goods is effected, and with the character and purpose of the documents used in that connexion. I also considered, at some length, (*a*) the use of gold as the medium facilitating the exchange of goods, (*b*) the various substitutes for gold, and (*c*) the part these substitutes play in conserving the use of gold and still further facilitating the exchange of goods. As a necessary complement of (*a*), (*b*), and (*c*), I dealt with our banking system, and the particular kind of credit, termed banking credit, created by the banks. But I have said little about the organization of trade. In this chapter I propose to deal with the way in which the various branches of trade are correlated by the co-operation and association of our mercantile classes.

Trade, Industry, and Commerce. It will be well at the outset to define these terms.

Trade. Trade is the exchange of goods for money and money for goods that is constantly going on between the inhabitants of a country (Home Trade), or between some of them and the inhabitants of a foreign country (Foreign Trade—Export and Import). Trade is divided into many branches according to the particular kind of goods traded in, *e.g.* the Coal trade, the Iron and Steel trades. Trade may be retail or wholesale. It may be concerned with tea grown on the hill-sides of Assam, or with pottery manufactured in the Five Towns of Staffordshire. The goods may be paid for in cash as soon as an agreement is made to buy them, or by a bill of exchange payable six months from the date of the invoice. But whether the goods are sold for cash or on credit, whether in large or in small parcels, whether they are of native or of foreign origin, all is equally trade.

Industry. Industry has a more specialized meaning than the word trade. It means labour, capital, and science organized for a particular end or purpose. Thus the Iron and Steel trades embrace all that is necessary for the efficient mining and smelting of iron ore, and its subsequent conversion into steel. This word is properly applied to the production and manufacture of those commodities which form the staples of a country's trade.

Commerce. Commerce has a wider significance than either trade or industry. It means the trade of a country considered both in its national and international aspects. The word trade is applied as well to the petty buying and selling that takes place in a village, as to the infinitely wider trade of a capital city. But, when we use the word commerce, we lose sight of a particular locality, and embrace the whole earth in our view. Thus we speak of the Home, the Export, and the Import trades, but sum them all in the comprehensive expression " the commerce of the United Kingdom."

The Market. The means by which trade is carried on is the market. A market may be defined as an assembling together of persons for the purpose of buying and selling. It is unnecessary here to trace the various steps, from " silent " trading upwards, by which the market as we know it to-day has been evolved. It is sufficient for our purpose here to note that, in accordance with natural law, markets tend to root themselves in particular localities, and that in order to constitute a market there must be free general knowledge as to the supply of and the demand for the commodities in which a particular market deals.

In days when the telegraph and the railway were unknown, markets were always of a local character, but the vast extension of the means of communication of recent times has tended to impair this restricted form of market, and by wide diffusion of the particular kind of knowledge on which the free exercise of commerce depends, practically to convert the whole world into one wide market-place. Still, the local market, through community of interest, still flourishes, and some of our most important markets are " centralized " markets, though in some cases the centralization must be interpreted in a fairly free sense.

Thus, for example, there are in London, amongst others (and the large provincial towns have their counterparts of these, often more important in the magnitude of the operations carried on than the London market), the Wool Exchange, or market for the sale of Colonial wool; The London Commercial Sale Rooms, a great centralized market for the sale of Tea, Coffee, and Dried Fruit; The Insurance Market, which centres round

Lloyd's and the few Companies conducting marine insurance; the Baltic, a great market for the sale of ships, timber, grain, tallow, etc.; the Money Market, comprising the Bank of England, the Joint Stock banks, the private banks, the "accepting" and "discount" houses, the bill-brokers, the stockbrokers, the largest of our foreign merchants, in fact the aggregate number of lenders and borrowers of loanable capital, which, because the chief of them are centred round Lombard Street and its neighbourhood, is often, by a figure of speech, referred to as Lombard Street; The Stock Exchange, or market, which exists for the sale and purchase of securities, and which, so various are the kinds of securities dealt in, exhibits even within itself a further subdivision into a number of separate markets, the members of each subdivision meeting together in a particular spot on the floor of the House, as the Stock Exchange is called.

The Law of Contract. The sale of goods is based upon the law of contract. The word "contract" is another name for "agreement." An agreement takes place when two or more parties declare their consent as to anything which some one or more of them is to do or to abstain from doing. Consent is the most essential part of an agreement, and this consent is generally declared by the acceptance of an offer or proposal.

When an offer is accepted, the acceptance usually amounts to a promise, and the offer also becomes a promise by its being accepted. Thus if A say to B, "I will sell you 20 qrs. of this wheat at 40*s.* a qr.," that is an offer or proposal. If, in reply, B says, "I will buy 20 qrs. at that price," then there is an acceptance of the offer. The agreement of the offer is complete, and by the acceptance of his offer A's offer has become a promise to sell 20 qrs. of wheat at 40*s.* a qr., and B has promised to buy 20 qrs. of wheat at that price.

Contracts are of two kinds: (1) Contracts by Deed; (2) Simple Contracts, *i.e.* contracts not made by deed. It is with the latter only we have to deal in this book.

Simple Contracts. A promise made in any manner except by deed is not binding unless some valuable return for the promise is to be made by the person to whom the promise is made. This return is called "Consideration."

In the commonest cases the consideration usually consists of some benefit to the party who makes the promise, and also of some loss or trouble to the person to whom the promise is made, but it is not necessary that the person who makes the promise should personally benefit, provided that the person to whom the promise is made should suffer loss or trouble, or show forbearance

or assume responsibility in return for the promise. Thus if A promise to pay money to B provided B render some service to C, a third person not a party to the agreement; or if A promise to indemnify B against any loss provided B becomes surety for the debt of C—then in neither case is there necessarily any benefit to A; but in the first case B is put to trouble, and in the second case he incurs responsibility because of A's promise, therefore in both cases there is good consideration for A's promise.

In the sale of goods the commonest kind of valuable consideration is money. Thus, where an agreement is made between A and B that A shall buy and B shall sell certain goods for a certain price, A promises to pay the price, and the consideration for his promise is the benefit to him of becoming the owner of the goods; and this consideration is a loss to B, who parts with the goods. Also in this case B promises to sell the goods, and the consideration to him is the money he will receive for them.

How a Simple Contract for Sale of Goods is expressed. The agreement which is the foundation of a simple contract for the Sale of Goods may at common law be expressed in any one of four ways, viz.: (*a*) by writing, (*b*) by word of mouth, (*c*) partly by writing and partly by word of mouth, or (*d*) the agreement may be implied from the conduct of the parties. It is, however, provided by the *Sale of Goods Act*, 1893, that a contract for the sale of goods of the value of £10 or upwards shall not be enforceable by law, unless (1) the buyer shall accept * part of the goods so sold and actually receive * the same, or (2) give something in earnest to bind the contract, or in part payment, or (3) unless some note or memorandum in writing of the contract be made and signed by the party to be charged or his agent in that behalf. The point to note about this provision is that where either (1) or (2) can be proved there is no need to prove the existence of a written contract.

In practical business (*a*) above usually consists of a written order for the goods received by the seller from the buyer. It

* These words "accept" and "receive" are here used in a peculiar sense. To "accept" in this connexion means to do anything in relation to the goods (either a part or the whole of the goods) which one could not do unless one recognized that one had made a contract to buy them (see p. 230). To "receive" in this connexion means to deliver the goods or the documents of title to the goods to the buyer, or to any agent of the buyer's, or to a carrier for transport to the buyer, or to place the goods at the disposal of the buyer in such a way that the seller has no longer a lien on them for the price. Also, the buyer has "received" the goods when, by agreement with the buyer, the seller has become the mere custodian (or bailee) of the goods for the buyer, even though, in this case, the seller may still retain a lien on the goods.

often happens, however, that before an agreement for the sale of goods is finally reached a number of letters pass between buyer and seller. These letters and the replies to them, in their entirety, form the contract, and it is for this reason that the careful filing of commercial papers—copies of replies with the letters to which they are replies—is so important in business.

Examples of (*b*) above are afforded by the verbal orders taken by travellers who call upon customers and show samples of their firms' products for the purpose of securing orders for them, and the invoicing and despatch of the orders so taken by the travellers' principals.

An instance of (*c*) above may be found in cases where a definite order for goods has been given in one or a series of documents, and the order has been subsequently modified by conversation on the telephone, or at a personal interview between buyer and seller.

For an example of (*d*) above, one may instance the case of a trader, A, who, having given an order for goods to B, verbally, subsequently repudiates the order. If it can be shown that A, after having given the verbal order, had made an attempt to sell the goods to a third party, C, that fact would show that A had made a contract with B to buy the goods, since A would not have attempted to sell the goods had he not recognized that he had made a contract to buy them.

The general business principle emerging from this brief consideration of the law relating to the sale of goods is that it is always advisable for the seller to have a written order for goods irrespective of the value of the goods sold. But as I have repeatedly pointed out in this book, trade, all the way through, is largely a matter of trust between buyer and seller, and in 999.9 cases in a thousand that mutual trust is thoroughly justified. It is true that, by law, no one can enforce payment for a sale of goods of the value of £10 or over unless there is a memorandum of the contract signed by the buyer (except in the two cases mentioned above), but, as a matter of fact, in actual business, sales of goods to the extent of thousands of pounds in a single transaction frequently take place on a mere nod of the head. Still there is a risk in all transactions where the legal requirements for recovery in the event of default have not been observed, and unless a seller possesses a sufficiently intimate knowledge of a prospective buyer's character and financial standing to know that any bargain to which that buyer commits himself will be faithfully observed, it is only common prudence for the seller to ensure that he has omitted nothing to safeguard his legal remedy in the event of default.

Principal and Agent. Speaking generally, whatever contract a man may make in his own person he may make through the instrumentality of another person whom he has appointed to act for him. A person who is appointed to act for another is called an "agent," and the person who appoints an agent to act for him is called in relation to that agent a "principal." An agent may, as a rule, be appointed without any formality, except that if he is appointed to execute a deed for his principal he must be appointed by deed. Such a deed is called a "Power of Attorney." The rights and duties of principal and agent as between themselves are regulated by the agreement between them, but it is implied that the principal must indemnify the agent against all costs, charges, and expenses which the agent has properly incurred in transacting his principal's business. An agent must make no profit for himself out of his principal's business without the full knowledge and consent of his principal, and if an agent has any personal interest in any business which it is his duty to transact for his principal he must make full disclosure of such interest to his principal. For example, if an agent was appointed to buy goods for his principal, the agent could not buy his own goods except with the consent of the principal.

Agents form a very large class of the mercantile community. Every traveller or other employee in a business house is to some extent an agent for the firm employing him. A large part of the wholesale trade in almost every commodity (particularly in the textile trades) is conducted through agents, who act as middlemen between the producers of the commodities and the wholesale merchants dealing in these commodities. Such agents are known as "mercantile agents" They are divided into three classes, viz.: (1) Factors, (2) Brokers, (3) Auctioneers. Factors and Brokers are especially prominent in the conduct of business at the great centralized markets mentioned on p. 227. In fact all the business at these markets is transacted through such agents. On the Stock Exchange (where stocks and shares are sold) a factor is called a "Jobber."

Factor. A factor is a mercantile agent to whom goods are entrusted for the purpose of being sold on behalf of the owner. He is usually remunerated by his principal by way of commission, and is therefore sometimes called a "Commission agent." A factor has possession of the goods he sells. He sells in his own name, and sometimes sells goods of which he himself is the owner. In the great markets for Home-grown produce in London and the Provinces, the agents are generally factors.

Broker. A broker is an agent who buys or sells goods, or stocks and shares,* for a principal on commission. A broker does not have possession of the goods he sells, nor does he sell in his own name. When dealing with a broker one must assume that he is dealing with an agent, but no such assumption need be made when dealing with a factor, who, as we have seen, may act, in particular transactions, as a principal.

Auctioneer. An auctioneer is a person authorized to sell property on commission at a public auction. He has legal possession of the goods he sells, a lien upon the goods in his possession for his charges, and the right to sue for the price of the goods he sells. An auctioneer is the agent of the owner when selling goods, and when he has accepted a bid he becomes the agent of the buyer to sign a contract of sale. His signature is sufficient to bind both buyer and seller.

Del Credere. An agent for the sale of goods sometimes acts under an agreement with his principal by which in return for a higher commission than usual he undertakes that in the case of all the goods he sells the principal shall receive the price. Such an agreement is called a *Del Credere Agreement*, and the extra commission, above the normal, is termed *Del Credere* commission.

Manufacturer, Agent, Merchant (wholesale and retail) Wholesale and retail trade is conducted by the association and co-operation of these four categories of traders.

First there is the manufacturer, who converts the raw material of commerce into the finished products. He may, in a few instances, himself possess sources of supply of the raw materials, and be independent of the market, but generally he goes into the great centralized markets of which we have spoken, and buys for himself in competition with other manufacturers using the same materials, or he buys through a buying agent and pays that agent a commission on his purchases. Buying agents are experts, and, in cases, owing to their intimate knowledge of the sources and extent of supplies, and the demand for the supplies, they are able to buy cheaper than the manufacturer himself could, particularly if the latter be in a small way of trade.

Having obtained his raw material and produced the goods, the manufacturer must sell them. He may have his own showroom in one or more towns where his manufactures are displayed, and employ his own travellers to call upon wholesale merchants dealing in his class of wares and to secure orders from them.

* Stocks and shares are not goods, a share in a company being merely an intangible right to participate in the profits made by the company.

He may send out broadcast to the trade catalogues and price lists of his goods, thus keeping his name and his products before them, and influencing a steady flow of orders. He may employ the services of selling agents (factors with their own selling agencies), paying such agents a commission on the business they do for him. He may, by methods of advertising familiar to all, get into touch with the actual consumers of his products, and thus establish a demand for them behind the wholesale and the retail trader, and so force both wholesaler and retailer to stock and deal in his goods. He may even, by opening shops in the populous centres, supply his products direct to the consumers. Any or all of these selling methods may be employed by the manufacturer.

The wholesale merchant and the retailer employ similar methods to the manufacturer, but with the modifications necessary to their respective spheres of activity, for, since the wholesaler's and, to a more pronounced extent, the retailer's interest in a particular manufacturer's goods extends no further than the percentage of profit they make in handling them, and the briskness of the public demand for them, neither could, in general, afford to pay heavy commissions to selling agents, or to incur a large capital outlay for advertising the goods. Expenses, of course, they must incur, and advertising, too, must to some extent be done, but expenses in respect both of travellers and general advertising is conditioned by the margin of profit allowed, in the first case, by the manufacturer to the wholesaler, and, in the second case, by the wholesaler to the retailer.

In all this we see two prime agencies at work: (*a*) the market, (*b*) publicity. The market in its widest significance is the aggregate number of buyers and sellers. But trades and industries, owing to economic and geographical causes, tend to establish themselves in particular districts. Hence, in places, we see that the market assumes particular intensity and is centralized. This applies more particularly to the supply of raw materials and to wholesale dealings. The retail market is generally diffused, but rises to great activity in dense centres of population. Supporting the market and making it effective is the publicity which ensures to both buyers and sellers free general knowledge of the character of the goods offered, the extent of the supplies, and the strength of the demand for them. In the markets for raw materials and produce this knowledge is diffused by means of market reports cabled from all parts of the world, and by the expert estimates of prominent traders given in trade circulars and journals. In wholesale trade the knowledge is

afforded by the Prices Current, the Price List, and the Trade Catalogue. It is this conjunction of a fully representative body of buyers and sellers, and free general knowledge of the goods bought and sold, that determines the prices paid and fixes those prices with close approximation at the level of their true market value.

I have already (see pp. 110 and 111) touched upon Lloyd's as a great centralized market for effecting marine insurance, and what I have said there is sufficient for the student at this stage of his progress. I will now conclude this chapter by giving the student a glimpse of the course of business at two other centralized markets, viz. (*a*) the London Wool Exchange, (*b*) the Stock Exchange.

The London Wool Exchange

The London Wool Exchange is a small, but highly organized, and, owing to the magnitude of its operations, a very important centralized market. It is the great world-centre for the sale of Colonial wool and sheepskins. It is composed of about thirty firms of selling Wool-brokers and the buyers, who are drawn to the Wool Exchange from all over the world. The raw materials are obtained from Australasia, New Zealand, and the Cape, and the sales take place six times yearly, each sale lasting for from two to three weeks, according to the amount of wool offered for sale.

The wool is consigned from the producing centres to merchants in this country. By "merchant" is to be understood not exclusively an "importer" of wool, but, also, Banks and Loan Companies who have accepted Bills of Exchange against the shipments, and who therefore hold the shipping documents.

When the wool arrives in this country it is warehoused, either by the Port of London Authority or at one of the private wool warehouses. The merchant then sends to the particular selling wool-broker he deals with a "specification" of the wool, and also a sampling order, by which the broker is enabled to draw from the warehouse a sample from each bale of wool. The broker, with his expert knowledge of the market, then values the wool, and submits a "report" upon it to the merchant, asking the latter for instructions.

If the merchant decides that the time is opportune for the sale of the wool he instructs the broker accordingly, and the latter then includes it with other shipments to other merchants in his next sale catalogue. These catalogues are not always sent to buyers. All wool consumers know when the sales will

take place, since the dates of sales are fixed by the Colonial Wool Merchants' Association, and all wool-buyers are advised of the sale dates. When a buyer attends one of these sales, he applies first of all for a catalogue, and then goes on to the warehouse and inspects the lots he thinks he will purchase. When the sale is on, he may himself bid for the wool, or he may employ the services of a buying broker to bid for him, and pay the buying broker a commission on his purchases. Lots are knocked down to the highest bidder. When a lot is knocked down the broker makes a memorandum of the bid by the side of the lot in his sale catalogue and the bidder makes a similar note in his catalogue.

After the sale, the selling broker hands the buyer an invoice for the whole of his purchases. When, at the due date, the buyer pays the invoice, the selling broker hands him a Delivery Order, which enables the buyer to obtain possession from the warehouse people of the lots he has bought. After the selling broker has invoiced to the buyers the whole of a merchant's consignment, he sends to the merchant an Account Sales and, at the due date, a cheque for the amount there shown to be due. I give a specimen Delivery Order and Account Sales below.

SELLER'S CHARGES TO DEPOSIT A/C. BUYER'S CHARGES TO BEARER.

PALGRAVE BROS. & CO.

NO. 198. PUBLIC SALE. *December* 16, 1925.

LONDON, *December* 20, 1925.

TO SUPERINTENDENT, *Wool Floor, London Docks.*

PLEASE DELIVER TO *Messrs. John Jones & Co.* OR ORDER THE FOLLOWING *Eighty* BALES WOOL.

LOT	BALES	MARK	SHIP	TO BE MARKED
1	33	*J.S.I.* (*NEW CLIP*)	*"Osterley"*	G 1/33
2	47			" 34/80
	80 *Bales*			

Palgrave Brothers & Co.

PLEASE MARK AS ABOVE, AND DELIVER TO THE ORDER OF

The Great Western Railway Co.

John Jones & Co.

ACCOUNT SALES of 80 *Bales* WOOL ex "*Victoria*" @ *Australia*

SOLD BY ORDER AND ON ACCOUNT AND RISK OF

Messrs. Hardy, Mann & Co.

By PALGRAVE BROTHERS & CO.,

18 Coleman Street, London,

December 16, 1925.

DRAFT 1 lb. per CWT.

MARK	LOT	BALES	TARE	GROSS WEIGHT	TARE AND DRAFT	NET WEIGHTS	NET lb.	PRICE	£	s.	d.	£	s.	d.
X	1	33	12	107 3.2	4 2 0	103 1.2	11566	25	1204	15	10			
	2	47	12	152.1.3	6.1.16	145 3.15	16339	27	1838	2	8			
		80	*Bales*									3042	18	6
				CHARGES										
				Freight, £66 0.0					66	0	0			
				Consolidated Rate, 80				@ 4/-	16	0	0			
				Rent										
				Auction Expenses, 80				*Bales* @ 4*d.*	1	6	8			
				Fire Insurance, £3300 @				2/9%	4	10	9			
				Brokerage on £3 042.18.6				@ ½%	15	4	4	103	1	9
												£2939	16	9

Net proceeds due Cash *December* 30, 1925.

E.E., London, *December* 20, 1925.

The London Stock Exchange

The London Stock Exchange is the chief market in this country for the purchase and sale of stocks, shares, and other marketable securities. The student knows that the capital of Joint Stock Companies is divided into shares of a specific nominal value, or is consolidated into so much stock, and that each member of a Joint Stock Company owns so many shares (or so much stock) in the company. The possession of shares or stock in any particular company is evidenced to the shareholder or stockholder by his possession of share or stock certificates, which are issued by the company and registered in its books.

Now these shares or stocks can, like goods, be bought and sold. They are quoted (at least most of them, for not all securities are so quoted) in the Stock Exchange List, which is a publication issued by the Stock Exchange authorities giving the official prices ruling on the Stock Exchange for such shares or stock. The market price of shares in a particular company is, like the market price of goods, determined by the relative intensity of the demand for the shares and the supply of them. If a particular Joint Stock Company is prosperous and pays a high rate of dividend to its shareholders, and the dividend is likely to increase rather than diminish, then investors will be inclined to secure the shares if they can; but those who have the shares will want to retain them, and so the price for the shares will rise, till it is sufficiently high to tempt their present owners to sell the whole or some part of their holding.

In addition to the shares or stock of Joint Stock Companies there are many other kinds of securities in which the Stock Exchange deals. The Government from time to time issues loans, on which it pays a stated interest to the persons who have taken up the loans. Consols has already been mentioned, but there are now the new War Loans. These Government loans are managed by the Bank of England, and the evidence of a holding in a Government loan by a particular person is an entry to that effect in the Bank's books relating to the loan. Certificates to bearer are, however, in the case of some of the loans, also issued. Not only does the British Government, but Municipal Authorities and Foreign Governments also issue loans. Most of these securities are marketable on the Stock Exchange, the prices quoted for them depending upon the rate of interest payable on the loans, and the degree of credit attaching to the Municipality or Government responsible for the repayment of the capital of the loan.

The student will see that with so many different kinds of shares and stock and securities—shares or stock of Railway, Brewery, Mining, Lighting, Shipping, and many other Companies; Loans issued by every Government and the chief Municipalities of the world—that a high degree of specialization is necessary in those whose business it is to conduct their sale and purchase. Hence, as I have pointed out, the London Stock Exchange, though it is one market housed under one roof, is divided into sections—*e.g.* the railway market, the Consols market, the rubber market, etc.—the brokers and jobbers specializing in and constituting the separate market meeting together in one particular spot on the floor of the House.

Constitution. The Stock Exchange building is situated in Throgmorton Street, and the site is owned by a Joint Stock Company. The Stock Exchange itself is managed by the Stock Exchange Committee of Management, drawn from and annually elected by the members. Membership of the House is secured by election and by the payment of heavy fees. Each member, and the conduct of business, is controlled by the Committee. Members are precluded by the rules from settling by process of law any disputes that may arise during the course of business. All such differences must be composed by the Committee of Management.

Jobbers and Brokers. The members of the House are divided into two main classes: (*a*) Jobbers, (*b*) Brokers. The Jobber, or dealer, is comparable to the Factor. He deals in his own name and both ways, *i.e.* he both buys and sells, and makes his profit by fractional differences between his buying and his selling prices. But he does not generally buy to hold. If he buys a parcel of stock he sells it again as soon as the market offers a favourable opportunity, and his endeavour is to "even up his book," *i.e.* to make his purchases for a given period equal his sales for the same period. The broker, on the other hand, is an agent. He deals in the name and on behalf of a principal who has specially commissioned him to buy or sell. Hence he is remunerated not by a profit, but by commission according to a fixed scale, charged by him to the principal for whom he acts.

Method of Business. When a holder of securities wishes to sell them (or if a person desires to buy securities) he must go to one of the stockbrokers, whose offices are to be found in every street contiguous to the Stock Exchange, and instruct him to that effect. Suppose, for example, a person holding £500 worth of Consols gives instructions to a broker to sell them. The broker goes to the House, and to that part of it called the Consols

market, frequented by dealers in Consols, and asks a jobber there to "make him a price," but the broker gives no indication whether he is a seller or a buyer of Consols. The jobber names two prices, *e.g.* 92–92½. The first, the lower, is his buying price; the second, the higher, is his selling price. The meaning of the price is that the jobber is willing to buy Consols at the rate of £92 for each £100 of Consols nominal, and to sell Consols at the rate of £92 10*s.* for each £100 nominal. When a jobber has quoted a price he is by the House rules bound to deal, and when no specific number of shares or no specific amount of bonds or stock is mentioned, a superior limit has been fixed up to which he must deal if required. When the deal has been agreed between jobber and broker, both parties make a memorandum of it in their jobbing books, and at the close of the day our broker will send to his client a contract note for the sale of £500 Consols. The contract note will take the following form:

CONTRACT NOTE

February 4, 1935.

WILLIAM JENNER,
STOCK AND SHARE BROKER,
14 AUSTIN FRIARS, E.C.

SOLD for *Robert Falconer, Esq.*

£500	2½%	*Consolidated Stock* @ 92½	£462	10	0
		Brokerage ¼% *and Stamp*	1	4	2
			£463	14	2

For Cash.

William Jenner
MEMBER OF THE STOCK
EXCHANGE, LONDON.

Dealing for Cash or the Account. Stock and shares may be bought or sold for cash, but more frequently the dealing takes place for the account. An account runs for the period intervening between one settlement and the following settlement. The *account* is the period during which dealing takes place; the *settlement* is the three days during which the transactions

entered into for the account are settled. Prices quoted for cash are naturally a fraction lower than those quoted for the account. The settlement occurs twice a month; about the middle and the end, known, respectively, as the *mid-monthly* and the *end-monthly* settlement, but the settlement in Consols, India, and Corporation Stocks is now for cash only. The first of the three days allotted for the settlement is *Contango* or *Making-up day*, the second is called *Ticket* or *Name day*, and the third *Settling* or *Pay day*, or in the Stock Exchange rules, *Account day*. Contango day is the day when those brokers or jobbers or members of the public who do not wish to settle their bargains arrange to carry them over to the next account. For this accommodation they must pay a premium, or interest of so much per cent. or so much per share. This consideration is called *Contango* in the case of a buyer postponing payment for stock or shares he has bought, and *Backwardation* in the case of a seller who postpones delivery to the purchaser of the stock or shares he has sold. Ticket or name day is so called because on that day a ticket revealing the name of the purchasing broker's client is passed to the jobber from whom the stock has been purchased. It is thus a demand for delivery of the stock or shares. Settling, pay, or account day is the day when all differences (Contango in one case, Backwardation in the other) must be paid, and all deals not carried over, closed either by payment or delivery of the securities.

Method of Settlement. I said above that the jobber does not buy to keep but to sell again. When he buys, as in the illustration given above, £500 worth of Consols, he sells it again. Not perhaps immediately, for he has all the time intervening between one settlement and another in which to choose his moment for selling. He may sell to another jobber, and the second jobber who buys may sell to a third jobber, or the first jobber may sell to a broker who has been commissioned by a client to buy £500 worth of Consols. The point the student must fix upon is that in all these Stock Exchange dealings there is at the beginning a member of the public (a *bona fide* investor, or a mere speculator) who buys or sells through a broker, and, at the end, another member of the investing or speculating public who sells or buys through a broker. There is an original buyer and therefore a final seller, or an original seller and therefore a final buyer. Between the single transaction of these two principals, each acting through a broker, there may be many buying and selling transactions between intermediate jobbers concerned with the identical stock which one of the principals buys and the

other sells, or *vice versa*. Thus the settlement has to take cognizance not only of the relations between the two principals, one a buyer and the other a seller, or *vice versa*, but also of the relations of the intermediate jobbers, *inter se*. It is therefore somewhat complicated, and difficult to explain except at length, and I can do no more here than say that the settlement is effected either by means of what is called *the ticket* (see p. 231) or through the Stock Exchange Clearing House.

Ex Div. and Cum Div. Ex In. and Cum In. There are many terms peculiar to the Stock Exchange which will become familiar to the student as he proceeds with his studies. I do not propose to explain them all in this book, but I make exception in the case of the abbreviations which stand at the head of this section, because questions are sometimes asked about them in intermediate examination papers. I remarked earlier in this chapter that the quoted price of a particular security depended upon its merit as a producer of revenue to the holder, and the degree of safety in respect of the capital with which the security could be held. Quite apart, however, from either of these considerations, an influence is at work which *temporarily* affects the price of a security.

Securities are of two kinds. They are either *Registered Securities*, such, *e.g.*, as shares in a Company, or those loans which are registered in the books of the Bank of England, or they are *Bearer Securities*. A bearer security has attached to it a number of small slips, called *coupons*, which are numbered in conformity with the bond, and dated. These coupons are vouchers for the payment of the interest on the bond as the interest falls due, and the holder of the bond pays the coupons into his bank for collection when the dates upon the coupons are reached, just as he would pay cheques into his bank for collection. When a registered security is sold, the stock or share certificate, or the entry in the books of the bank managing the stock, must be altered from the name of the old to the name of the new holder. When a bearer security is sold, the security itself is handed to the new holder against his cheque for the purchase price.

Dividends on stocks and shares, and interest on other securities, is paid sometimes half-yearly, sometimes at yearly intervals. Suppose you hold ten £1 shares in a Company which for some years past has regularly on January 1 paid a dividend of 10 per cent. to its shareholders. Suppose also that the quotation in the Stock Exchange List for these £1 shares is £1 7*s*. 6*d*. per share, *i.e.* that the appraised value of one £1 share in this particular company, offering the particular degree of safety that

it does offer, and regularly returning a 10 per cent. dividend to its holder, is £1 7*s.* 6*d.*, or, in other words, that the share stands at a premium of 7*s.* 6*d.* It is clear that on January 1, when the dividend for the preceding year has been paid, that the market value of the share will be exactly £1 7*s.* 6*d.* But as the year goes on, there accrues to the share a growing proportion of the 10 per cent. dividend that will be paid upon it in the January following. On July 1 the share will be worth £1 7*s.* 6*d.* + one-half of 10 per cent. on £1 = £1 8*s.* 6*d.*, and towards the end of December it will be worth £1 7*s.* 6*d.* + the whole of the 10 per cent. on £1 = £1 9*s.* 6*d.* The price of the share is thus augmented by the dividend accrued and payable upon it. A share sold together with the dividend accrued upon it is sold *cum div.* = cum dividend = with dividend; a share sold without giving to its purchaser the right to the dividend accrued is sold *ex div.* = ex dividend = without dividend. Similarly, a bearer security sold with the coupon for the past interest accrued is sold *cum in.* = with interest, and with that particular coupon torn off = *ex in.* = without interest.

These temporary variations in price only obtain during the periods when (1) the transfer books of companies that have issued stock or share certificates, or the transfer books of banks managing public loans, are closed for the purpose of making out the dividend or interest warrants payable to the persons who stand as owners of the shares or stock in the books of the Companies or the banks; (2) when a coupon attached to a bearer security nears the due date for payment. Stocks, shares and other securities are constantly being sold, and the student will see that unless the companies issuing stock or share certificates, or the banks managing loans, adopted some safeguard they might pay the dividends or interest due upon particular securities to a person who, while he was at one time the owner of such securities, was at the time of paying the dividend or interest no longer the owner. The safeguard they adopt is to close their books for about three weeks or a month prior to the making out of dividend or interest warrants, and to refuse to give effect to any transfers during that period. The Stock Exchange List, to which reference has been made, has two columns (amongst others), one headed "Interest Due," which gives the date when the interest on any particular security is due, and another column headed "x. d." or "x. in.," which shows whether the dividend or interest on any particular security is or is not included in the price.

TEST PAPER XVI.

1. Define the words "Trade," "Commerce," "Industry."

2. What is the function of a "market"? What conditions are necessary to an effective market? How is it that some markets are centralized and others are diffused?

3 Name some of the chief centralized markets in London, and any in the Provinces with which you may be familiar, and the commodities in which they deal.

4. Is the money market a centralized market? Of what is it composed? What does the money market deal in?

5. Explain in your own words the meaning of the word "contract" and show how the sale of goods is based upon the law of contract.

6. In what ways may a contract for the sale of goods be expressed? Illustrate these ways from your own knowledge of business.

7. State the precise meaning of the words "accept" and "receive" as used in the *Sale of Goods Act*, 1893, with reference to the sale of goods of the value of £10 or over.

8. Define the words "Principal" and "Agent" Name the different kinds of mercantile agents and explain the functions of each.

9. What is Del Credere Commission?

10. Explain how the manufacturer, the agent, the wholesale trader, and the retailer co-operate in the carrying on of trade.

11. Give a description in your own words of the constitution of the London Wool Exchange and also of the course of business followed at that Institution.

12. In what does the Stock Exchange deal? Explain the functions of the jobber and the broker on the Stock Exchange.

13. What determines the market price of any particular security?

14. Explain the constitution of the Stock Exchange.

15. I desire to buy £300 London County Council 3 per cent. stock. Explain how I should go to work and the actual course that would be followed.

16. What is meant by quoting the price of a security x d. or x.in? Explain precisely how these quotations arise.

17. What is meant by Contango and Backwardation? Are the terms "the settlement" and "the account" as used on the Stock Exchange identical? Explain exactly what the settlement is, and name the two ways by which it is effected.

18. What general principles govern the relationship between agent and principal?

19. If I send a consignment of goods to A in Hobart, Tasmania, in what relationship does A stand to me? What is the name and what is the character of the document which A will send to me when he has completed his part of the business.

20. Give one reason why it is so important that all commercial documents should be carefully and accurately filed. What general principle should prevail in any well-ordered filing system?

21. What is a Dock Delivery Order? Is it a Document of Title? If it is, what qualities does it possess on that account?

22. James Ford & Co. of Durban, South Africa, receive on consignment from William Watson & Co. of London three cases of woollen goods marked



1, 2 & 3

The first case sells for £80, the second for £92, and the third for £120. James Ford & Co. have incurred expenses as follows: For Landing Charges and Carriage to Warehouse £1 2*s.* 6*d.*, for Fire Insurance £3 10*s.* 9*d.*, and for Sale Expenses £5 4*s* 2*d.* Their commission is 5 per cent. and in addition 2½ per cent. Del Credere. Make out the Account Sales as it would be rendered by James Ford & Co. to William Watson & Co.

23. Explain why although the London Stock Exchange is one market it should be composed of a number of separate markets.

24. Why should traders sometimes employ the services of a buying broker?

25. From what sources do the buyers and sellers comprising a centralized market obtain the free general knowledge of the commodities dealt in which is essential to the efficiency of the market? By what means is the necessary knowledge diffused in the case of the wholesale and retail trades?

APPENDICES

SOME FOREIGN WORDS AND PHRASES USED IN COMMERCE

FRENCH

compte—on account (*i e* in part payment).
argent comptant—ready money.
chemin de fer—railway.
compte rendu—account rendered.
édition de luxe—an expensive edition.
grande vitesse—fast goods train.
lettre de change—bill of exchange
lettre de créance—letter of credit.
petite vitesse—ordinary goods train.
poste restante—to be left at the Post Office till called for.
Rentes—French Government Stock.
résumé—a summary.
sans frais—without expense.

LATIN

ad infinitum—to infinity.
ad valorem—according to the value.
Anglice—in English
de jure—by right.
de facto—actually.
dies non—a day on which the judges do not sit.
ex parte—from one point of view
ex toto [1]—absolutely.
in extenso—at full length.
in re—in the matter of.
in situ—in its original position.
inter alia—among other things.
in toto [1]—on the whole.
locus standi—no standing-place (*i e.* no right to interfere).
pari passu—at an equal rate; on the same footing.
per—by; by means of.
per annum—by the year.
per capita—by the head.
per centum—by the hundred.
per diem—by the day.
prima facie—on first considera tion.
pro forma—as a matter of form
pro rata—at the same rate.
re—in the matter of.
sine die—without (naming) a day.
stet—let it remain (printing).
sub judice—under consideration
ultra vires—beyond legal power
vice versa—the reverse.

[1] In almost every instance these two expressions, *ex toto* and *in toto*, are used in a wrong sense. If one person differs *absolutely* from another upon a particular subject, he differs *ex toto*; if, however, he only *partially* differs with that person upon that particular subject, he differs *in toto*.

LIST OF ABBREVIATIONS USED IN COMMERCIAL CORRESPONDENCE

a.	anna (Indian coin).
@	at.
a/c, acct	account.
A1.	the description of a First Class Ship in Lloyd's Register of Shipping
ad lib.	at pleasure (Latin, *ad libitum*).
ads., advts.	advertisements.
ad val.	according to value (Latin, *ad valorem*).
agt.	against.
Agt.	Agent.
Al., Ala.	Alabama (U.S.A.).
amt.	amount.
a.m.	morning (Latin, *ante meridiem*).
Ans.	Answer.
a/o.	account of.
a/or	and or.
Arr.	Arrival.
Ark.	Arkansas (U.S A.).
Ariz.	Arizona (U.S.A.).
A/S.	Account Sales.
Asst.	Assistant.
avoir.	avoirdupois
Bal.	Balance.
Bdl.	Bundle.
Beds.	Bedfordshire.
Berks.	Berkshire.
B/E.	Bill of Exchange.
Bk.	Bank ; brick.
bl.	bale.
B/L.	Bill of Lading.
B. P.	Bills Payable.
B. R.	Bills receivable
brl.	barrel.
Br(s)., Bro(s).	Brother(s).
bt.	bought.
Bucks.	Buckinghamshire.
bush.	bushel.
Bx(s)	Box(es).
c.	cent, American coin ; centime, French coin.
Ca., Cal	California (U.S.A.).
Cambs.	Cambridge(shire).
caps.	capital letters (printing).
Capt.	Captain.
C/B.	Cash Book.
C. C.	County Council
cent.	hundred.
cf., cp.	compare.
c. f.	cost and freight.
cg.	centigram.
Chqe., Chq.	Cheque.
Cie.	Company (French *Compagnie*).
c. i. f.	cost, insurance and freight (pronounced [*siff*].
ck	cask.
cm.	centimetre.
C/N.	Credit Note.
c/o.	care of.
Co.	County ; Company.
C. O. D.	Cash on Delivery.
Com., Comm.	Commission.
C. P. R.	Canadian Pacific Railway.
C. R.	Caledonian Railway.
Cr.	Credit ; Creditor.
c/s.	cases.
ctge.	cartage.
cum div.	with dividend.

C. W. O.	Cash with Order.
cwt.	hundredweight.
d.	pence.
D/A.	Documents against acceptance.
Dak.	Dakota (U.S.A.).
Dbk.	Drawback.
D. C.	District of Columbia (U.S.A.).
D/D.	Days after date.
Deld.	Delivered.
De., Del.	Delaware (U.S.A.).
Dept.	Department.
Dft.	Draft.
Div.	Dividend.
Dis., Disct.	Discount.
D/N.	Debit Note.
D/O.	Delivery Order.
Do.	Ditto.
Dols.	Dollars (American coin).
Doz.	Dozen.
D/P.	Documents against payment.
Dr.	Debtor; Doctor.
D/S.	Days after sight.
dwt.	pennyweight.
d/y, dely.	delivery.
E.	Eastern Postal District of London.
E. C.	East Central Postal District of London.
e. g.	for example.
Enclo(s).	Enclosure(s).
etc.	and the rest (Latin, *et cetera*).
ex cont.	from contract
exd.	examined.
ex div., e. d., x. div.	exclusive of dividend.
et seq.	and that which follows.
et sqq.	and the things following.
f. a. s.	free alongside ship.
Fa., Fl., Fla.	Florida (U.S.A.).
fcp., fcap.	foolscap.
fl.	florin (Austrian coin).
f. o. b.	free on board.
f. o. c.	free of charge.
f. o. r.	free on rail.
f. o. s.	free on steamer.
f. o. t.	free on truck.
fo., fol.	folio.
fr.	franc (French coin).
ft	foot or feet.
f'wd.	forward
Ga., Geo.	Georgia (U.S.A.).
Gal(s)., Gall(s).	Gallon(s).
G. C. R	Great Central Railway.
Gdns.	Gardens.
G. E. R.	Now part of the L.N.E.R
Glam	Glamorgan.
Glos	Gloucestershire.
Gloster	Gloucester.
gm.	gramme.
G. M. Q.	Good Merchantable Quality.
G. M. T.	Greenwich Mean Time.
Goods.	Goods Train.
G. P. O.	General Post Office.
Govt.	Government.
gr.	grain.
grs.	gross; grains.
G. S. W. R.	Glasgow and South Western Railway.
G. W. R.	Great Western Railway.
Hants	Hampshire.
Herts.	Hertfordshire.
hf. cf.	half calf (binding).
hhd.	hogshead.
H. M. C.	His Majesty's Customs.
Ho.	House.
hr.	hour.
Hunts	Huntingdonshire.
Ia., Io.	Iowa (U.S.A.).
Ida.	Idaho (U.S.A.).
Id.	the same (Latin, *idem*).
i. e.	that is (Latin, *id est*).
Ier	First (French, *premier*).
Ill.	Illinois (U.S.A.).
Ind.	Indiana (U.S.A.).
in.	inch.
Insce.	Insurance.
inst.	instant (*i.e.* the present month).
Int.	Interest.
Inv.	Invoice.
I. O. M	Isle of Man.
I O U.	I owe you (*no full stop between letters*).

I. W.	Isle of Wight.
Jun., Junr., Jr.	Junior.
Kan. Kans.	Kansas (U.S.A.).
Ken., Ky.	Kentucky (U.S.A.).
kg., kilo., kilog.	kilogram.
kilom.	kilometre.
kl.	kilolitre.
kr.	kreutzer, Austrian coin; German coin; krone, Norwegian coin.
£	Pound(s).
Lancs.	Lancashire.
lb.	pound(s) (weight).
L/C	Letter of Credit.
l.c	lower case (printing).
L. G. O. C.	London General Omnibus Company.
Lincs.	Lincolnshire.
lit.	litre.
L. M. S. R.	London, Midland and Scottish Railway.
L. N. E. R.	London and North Eastern Railway,
L'pool.	Liverpool.
Ltd., Ld.	Limited.
m.	metre.
M.	Monsieur (French).
Ma., Minn.	Minnesota (U.S.A.)
Mass.	Massachusetts (U.S.A.).
max.	maximum.
Md.	Maryland (U.S.A.).
M/D	Months after date.
Me.	Maine (U.S.A.).
Mem., Memo.	Memorandum.
Mlle.	Mademoiselle (French).
Mme.	Madame (French).
Messrs.	Gentlemen; Sirs (French, *messieurs*).
mk(s).	mark(s) (German coin).
Miss., Mi	Mississippi (U.S.A.)
Mich.	Michigan (U.S.A.).
Min.	Minimum.
MM.	Messieurs (French).
Mo., Mis.	Missouri (U.S.A.).
M. O.	Money Order.
M. O. O.	Money Order Office.
Mon., Mont.	Montana (U.S.A.).
Mon.	Monmouthshire
mo.	month.
M. O.	Medical Officer.
Mr. Mrs.	Mister; Mistress.
M/S.	Months after sight.
MS(S).	Manuscript(s).
N.	Northern Postal District of London.
n/a.	NoAccount(Banking).
Na., Neb.	Nebraska (U.S.A.).
N. B.	New Brunswick; North Britain (*i.e.* Scotland); Take Notice (Latin, *nota bene*). The use of N.B. for Scotland is not favoured by the P.O.
N. C.	North Carolina (U.S.A.).
N. Dak.	North Dakota (U.S.A.).
N. E.	North Eastern Postal District of London.
Nev.	Nevada (U.S.A.).
N. H.	New Hampshire (U.S.A.).
N. J.	New Jersey (U.S.A.).
No.	Number
Northants.	Northamptonshire.
Notts.	Nottinghamshire.
N. S.	Nova Scotia.
n/s	Not Sufficient (Banking).
N. S. W.	New South Wales.
N. W.	North Western Postal District of London.
N. Y.	New York.
N. Z.	New Zealand.
O.	Ohio (U.S.A.); order.
%	per cent.
o/d.	on demand.
O. H. M. S.	On His Majesty's Service.
On. Or., Ore.	Oregon (U.S.A.).
Ont.	Ontario.
On a/c.	On Account.
o/p.	out of print.
O. R.	Owner's Risk.
Ord	Ordinary.
O/S	On Sale; out of stock.
Oxon.	Oxfordshire.
oz.	ounce (weight).
p., pp.	page, pages.

Pa., Penn.	Pennsylvania (U.S.A.).
Par(s).	Paragraph(s).
Passenger, Pass. Train	Passenger Train.
p. c.	post card ; per cent.
Pd.	Paid.
per ann., p. a.	by the year (Latin *per annum*).
per pro., p. pro., p.p.	on behalf of (Latin, *per procurationem*).
pf.	pfennig (German coin).
pk.	peck (measure).
pkg., pkge.	package.
P. & L.	Profit and Loss.
p.m.	afternoon or evening (Latin, *post meridiem*).
P. M. G.	Postmaster-General.
P. N.	Promissory Note.
P. O.	Postal Order.
P. O. O.	Post Office Order.
P. O. D.	Pay on delivery.
P. & O.	Peninsular and Oriental Steam Navigation Company.
P. P.	Parcel Post.
pr.	pair ; price.
pro tem.	for the time being (Latin, *pro tempore*).
prox.	next month (Latin, *proximo*).
P. S.	Postscript.
P. T. O.	Please turn over.
pun.	puncheon (measure).
qr.	quarter ; quire.
qt.	quart.
q. v.	which see (Latin, *quod vide*).
qy.	query.
r.	rouble, Russian coin ; rupee, Indian coin.
r/d.	refer to drawer (Banking).
re	with reference to.
Recd.	Received.
Recpt.	Receipt.
Ref.	Reference.
Regd.	Registered.
Retd.	Returned.
rm.	ream.
R. M. S.	Royal Mail Steamer.
R. P.	Reply Paid.
R. S. V. P.	Please reply (French, *Répondez, s'il vous plaît*).
Rly., Ry.	Railway.
s.	shilling ; sailing vessel ; sou (French coin).
$	dollar or dollars (American coin).
Salop	Shropshire
S. C.	South Carolina (U.S.A.).
s. caps., sm. caps.	Small capitals (printing).
S. Dak.	South Dakota (U.S.A.).
Sec., Secy.	Secretary.
S. E. C. R.	Now part of the Southern Railway.
S. E.	South Eastern Postal District of London.
Sen., Senr.	Senior.
sq.	square.
ss., s.s.	steamship.
St.	Saint ; Strait ; Street
Staffs.	Staffordshire.
Ster., Stg.	Sterling.
Stk.	Stock.
sup., super.	superficial.
t.	ton (weight).
Ten., Tenn	Tennessee (U.S.A.).
Tex., Ts.	Texas (U.S.A.).
T. M. O.	Telegraph Money Order.
T. O.	Telegraph Office.
tr.	tare.
Tr.	Trustee.
T. T.	Telegraph Transfer
U. K.	United Kingdom.
ult., ulto.	last month (Latin, *ultimo*).
U. S., U. S. A.	United States of America.
Ut.	Utah (U.S.A.).
Va.	Virginia (U.S.A.)
viz.	namely.
vol.	volume.
Vt.	Vermont (U.S.A.)
W.	Western Postal District of London.
W. C.	West Central Postal District of London.
Whf.	Wharf.
W. I.	West Indies.

Wilts.	Wiltshire	yd.	yard.
Wis.	Wisconsin (U.S.A.).	Yorks.	Yorkshire.
wk.	week.	yr.	year.
wt., wgt.	weight.	‡‡	number.
W. Va.	West Virginia (U.S A)	′	foot (measure).
		″	inch (measure).

THE MONTHS OF THE YEAR The correct way to abbreviate the months of the year is as follows :

Jan., Feb., Mar., Apr., Aug., Sept., Oct., Nov., Dec.
May, June and July should not be abbreviated.

ABBREVIATIONS TO BE AVOIDED. Besides the foregoing list, one continually meets with other abbreviations, e.g *cd.* for could, *shd.* for should, *yrs. fthly.* for yours faithfully, *yrs. try.* for yours truly, *Gents* for Gentlemen, *Dr. Sir* for Dear Sir, and the like, but these should be avoided by the student, especially the vulgar *Gents.*, which no self-respecting clerk should on any account use.

POST OFFICE INFORMATION

[Taken from the Post Office Guide, published quarterly at 1s., and obtainable from any Post Office.]

Inland Correspondence

THE expression "Inland" when used in relation to any postal packet, means a posted packet posted within the British Islands (*excluding* the Irish Free State area) and addressed to some place in the British Islands (*including* the Irish Free State area). Inland correspondence is divided into the following classes, viz: (*a*) Letters; (*b*) Post cards; (*c*) Printed Papers; (*d*) Samples; (*e*) Newspapers; (*f*) Parcels.

(*a*) LETTERS

The prepaid rate is: not exceeding 2 oz. in weight, 2½*d.*; for every additional 2 ozs. or fraction thereof, ½*d.* All letters should be stamped to the full amount. An unstamped letter is chargeable on delivery with *double postage*; an insufficiently stamped letter with *double the deficiency*.

Limits of Size: 2 ft. in length, 1 ft. in width or 1 ft. in depth.

REGISTRATION OF LETTERS.—All letters may be registered. The fee varies from 3*d.* to 1*s.* 11*d.* *plus* the postage The ordinary charge of 3*d.* entitles the sender to compensation not exceeding £5 in case of loss or damage. Additional compensation can be secured by paying higher fees —4*d.* for compensation up to £20, 5*d.* up to £40, and so on, an extra 1*d.* for every £20. The limit of compensation is £400. The packet must be marked in the bottom left-hand corner with the word "Registered," and when the fee exceeds 3*d.* the word "Registered" must be followed by the amount of the fee proper to the value up to which the sender desires to secure compensation, *e.g.*: "Registered, 4*d.*," &c. When claiming compensation, the value of the packet must be proved. Compensation for *damage* will only be paid if the packet is marked in addition with the words "Fragile, with care." Letters intended for Registration must *not be posted in a Letter Box*, but handed over a P O. counter. A P.O. receipt of registration will be given. Registered letters containing money (including Cheques, Postal and Money Orders, Notes, Stamps) should be enclosed in the official Registered envelopes purchasable at any P.O. If this is not done, no compensation in case of loss is claimable. The limit of compensation for coin is £5.

Method of Fastening.—All Registered letters (except those in the official Registered envelopes) must be fastened, not merely with string, but also with sealing-wax or lead at all parts (including string-knots) where the contents could be tampered with. This regulation does not, of course,

apply to Registered Post Cards, or ½*d.* Packets or Newspapers, which even when registered must be open for inspection.

RAILWAY LETTERS.—Most of the Rly. Cos. of the United Kingdom, by arrangement with the P.M.G., convey, by the next train or steamship, single Inland Post Letters not exceeding 2 oz. in weight, either to be called for at the station of address, or to be despatched by post to the residence of the addressee. Examples of the modes of address are here appended :

J. Smith, Esq.,
Parcel Office,
New St. Station,
Birmingham.
(To be called for)

J. Smith, Esq.,
" Woodside,"
Wimbledon Common.
To Wimbledon Station.
(To be posted on arrival)

Charges.—3*d.*, plus postage 2½*d.*, to be prepaid—the postage in affixed stamp, and the railway fee in cash. *Manner of Posting* —Must be handed in at the Passenger or Parcel Booking Office of the Rly. Co. over whose line it is to be sent.

FOREIGN RAILWAY LETTERS.—This scheme has now been extended to include letters addressed to places abroad. (See P.O. Guide.)

LATE FEE LETTERS.—At certain hours correspondence received is despatched to all parts of the country and abroad. Any letter posted within half an hour of these times would generally be too late for that particular mail, unless a late fee of ½*d.* is attached to the letter, when it will be generally received up to within 5 mins. of the despatch of the mail. *Manner of Posting.*—The late fee stamp should be affixed to the top *left-hand* corner of the letter, and the words " Late Fee " written over it. Such letters must be posted in the *special* boxes provided at the principal P.O.'s, or in the letter-boxes provided on all mail trains to which travelling P.O.'s or sorting-carriages are attached In the former case the correspondence will not be specially forwarded if the postage is not completely prepaid. In the latter case the letter is surcharged 1*d.*, if the late fee is not prepaid.

RE-DIRECTION OF LETTERS.—Letters may be re-directed free to the same addressee at another address, provided that the re-direction is made not later than the day after delivery (Sundays and public holidays not being counted) ; and that the letter has not been opened or tampered with.

RETURN OF UNDELIVERED LETTERS.—Undelivered letters bearing the full name and address of the sender on the outside are returned to the sender unopened and free of charge.

PREPAYMENT OF CORRESPONDENCE.—In order to avoid the labour of stamping large batches of correspondence of a *uniform* postage, the P.O. authorities allow the postage to be prepaid in money, provided : (1) That the amount is not less than £1. (2) That the correspondence is tied into bundles of 60, or in the case of exceptionally bulky packets into bundles of 10 or a multiple of 10. (3) That the addresses are all arranged in the same direction.

CERTIFICATE OF POSTING for any unregistered letter, post card, halfpenny packet or newspaper can now be obtained—fee ½*d.*

EXPRESS DELIVERY SERVICES

Speedier delivery than by the ordinary post may be secured in the following ways :

(1) By special messenger all the way.

(2) By special messenger after transmission by post.

(3) By special delivery in advance of the ordinary delivery at the request of the addressee.

(1) SPECIAL MESSENGER ALL THE WAY.—On week-days only at all the more important P O 's in London, and in the provinces at all P.O.'s from which there is a delivery of telegrams. *Charges* (including charges by any public conveyance, *e g.* bus, train, &c.): For every mile or part of a mile from the office of delivery to the address, 6*d.* On each package weighing more than 1 lb., a weight fee of 3*d.* If any special conveyance, such as a motor-cab, &c., is used, the cost of such conveyance must be paid plus the mileage fee, but *no weight fee is charged.*

When several packets are tendered by one sender for delivery to different addresses, or to different persons at the same address, the express fee of 6*d.* will be charged for the full distance traversed by the messenger up to the delivery of the last packet, and an additional fixed charge of 1*d.* for each packet above one. Ten packets is the limit. The weight fee is only charged on packages above 1 lb. in weight.

Method of Posting.—Each packet must be handed over the counter with the word "*Express*" boldly and legibly written above the address in the top left-hand corner of the cover. Money and jewellery can be sent in this way at the *sender's risk* without registration.

Reply and Further Service.—When a reply or further service is required by the sender, the words "Wait reply," or "Wait further service," should be written above the address of the packet. The charges are the same, unless the reply is taken to an address on the messenger's homeward route, or within half a mile of the P.O. from which the messenger started, in which case only half the mileage rate of 6*d.* is charged.

(2) EXPRESS DELIVERY AFTER TRANSMISSION BY POST.—If express delivery from the nearest P.O. is desired, the words "Express delivery" must be boldly and legibly written as before indicated, and if from the G.P.O., or any head or district office, the words "Express Delivery, G.P.O.," &c. Such letters must also be marked both back and front with a broad perpendicular mark from top to bottom. *Method of Posting:* Either in a letter-box or over P.O. counter. *Charges:* 6*d.* per mile from the P.O. from which express delivery is desired, plus the ordinary postage, but no weight fee is charged. Generally speaking, the charge for express delivery in London is never more than 6*d.*, plus the ordinary postage, save when it is expressly delivered from the G.P.O. or head district office to an address outside the ordinary delivery of those offices.

(3) SPECIAL DELIVERY OF CORRESPONDENCE IN ADVANCE OF THE ORDINARY DELIVERY. *Charges.*—Full express fee of 6*d.* a mile for each packet, plus 1*d.* for every ten or less number beyond the first packet, payable on delivery. Application for this special delivery must be made on the proper form obtainable at most Post Offices.

(*b*) POST CARDS

Either the Post Cards issued by the P.O., or private cards made of cardboard, not thicker than the official cards—the limit of size, too, being the same, viz., not greater than 5½ in. by 3½ in., and not less than 4 in. by 2¾ in. Most business houses use private cards with their name and address, telephone number, &c., printed on the top of the correspondence side of the post card. *A post card of the regulation size can be sent anywhere in the United Kingdom for 2d; every reply postcard, 4d.*

Return of Undelivered Post Cards. See p. xi.
Certificate of Posting. See p. viii.

(*c*) PRINTED PAPERS

The limit of weight for this Post is 2 lbs., and it can be used for all printed or written matter not in the nature of a letter. It is usual to send by this Post all business documents of no value except as between the sender and addressee, *e.g.* orders for goods, invoices, receipts for goods or money, confirmation of orders, advice notes, way-bills, statements of account, price lists, market reports, quotations for goods, inquiries for quotations, circulars, invitation cards, &c. Many other commercial documents, *e.g.* bills of lading, tenders for goods, estimates for work, confirmations of contracts, share transfer notices, &c., are also allowed to be sent by this Post, but in practice such documents are most often forwarded by the ordinary Letter Post. *Charges t* For 2 ozs. or fraction thereof, 1*d.*; ½*d.* for every additional 2 ozs.

Regulations.—The writing on the documents sent by this Post must refer solely to the subject-matter, or consist of formulas of courtesy or of a conventional character, not exceeding five words or initials, *e.g.* " E. and O. E." ; " With compliments and thanks " ; " To follow when ready " ; " Triplicate " ; " Corrected Invoice " ; " Order No. 1572," &c. Such phrases as : " Please send cheque by return " ; " Your immediate attention will oblige " ; " Forward without delay," are not allowed.

Every printed packet must be posted either without a cover, or in an unfastened envelope, or in a cover which can easily be removed for examination.

Return of Undelivered Printed Paper Packets. See p. xi.
Certificate of Posting. See p. viii.

(*d*) SAMPLES

The prepaid rates on Sample Packets are as follows:—Not exceeding 4 oz., 1½*d.* (minimum charge); between 4 and 6 oz., 2*d*; between 6 and 8 oz., 2½*d.* The Limit of weight is 8 oz., and no parcel may exceed 12 inches in length, 8 inches in width, or 4 inches in depth.

(*e*) NEWSPAPERS

Only registered newspapers printed and published in the United Kingdom, and issued not less than once a week, can be sent by this Post, at a cost of 1*d.* for each newspaper not exceeding 6 oz. in weight, with a further charge of ½*d.* for every additional 6 oz., or fraction of 6 oz. Any number can be sent in one packet, provided that the total weight of the package does not exceed 2 lb. Newspapers must be posted either without a cover, or in a cover open at both ends to admit of examination. The newspaper should also be folded so that the title is plainly discernible. Nothing must be written on the newspaper except the name and address of the addressee, the words, " With Compliments," and a short reference (*e.g.* " See p. 42 ") to any part of the newspaper to which the addressee's attention is desired, and a request of return in case of non-delivery.

Note.—Monthly, quarterly, and annual magazines are not admissible, and, of course, no letter may be enclosed in any newspaper sent by this post. ***Limits of Size.*—Same as for Letter Post.**

Return of Undelivered Post Cards, ½d. Packets, and Newspapers.—Such undelivered correspondence is only returned to the sender when it bears his full name and address on the outside, together with a request for return in case of non-delivery. A second postage is charged for this service.

Certificate of Posting. See p. viii.

(*f*) PARCELS POST

The rates for postage—which must be prepaid—on parcels are as follows:

For a parcel not exceeding 3 lb. in weight *7d.* For each 1 lb. extra up to 8 lb. *1d.* additional. For a parcel exceeding 8 lb. and not exceeding 15 lb. the postage is 1*s.* 1*d.* No parcel may exceed 15 lb. The parcel rates for the Irish Free State are different, and the limit of weight is 11 lb. The limits of size are the same as for this country.

Limits of size.—Length must not exceed 3½ ft., nor the length and girth (*i.e.* the measurement round its thickest part) exceed 6 ft.; *e.g.* if a parcel measures only 3 ft. in length it may be as much as 3 ft. in girth.

Method of Posting.—The parcel must not be posted in a letter box but handed over a P.O. counter. It should be marked "Per Parcel Post" in the top left-hand corner of the printed label which most firms stick on the outside wrapper. A receipt should be obtained from the P.O. authorities, either on a form provided at the P.O., or in an ordinary Parcels Book. There is no Sunday delivery of parcels.

REGISTRATION OF PARCELS.—The same regulations apply as in the case of Registered Letters. See p. vii.

Imperial and Foreign Correspondence

LETTER POST

Rates.—Not exceeding 1 oz. 2½*d.*; each additional oz, 1*d.* to all British Possessions, to Egypt, and the U.S.; 3*d.* *for the first oz.*, and 1½*d.* *each additional oz.* for all other places abroad. *Note:* This latter rate now applies to Shanghai, Canton, and other Treaty Ports in China.

Reply Coupons.—In the case of certain countries indicated in the Postal Guide, a prepaid reply can be provided for by purchasing a 3*d.* coupon at a P.O., which the addressee can exchange for a 3*d.* stamp in the postage of the country to which the letter is sent.

Special Postal Conditions apply to some countries. (See P.O. Guide.)

REGISTRATION. The fee is 3*d.*, *except for parcels*, which cannot be registered. In the case of letters containing coin, jewellery, and other precious articles neither transmission by post nor registration is always possible (see P.O. Guide). Correspondence addressed to certain countries (see P.O. Guide) can only be registered to the port of arrival.

Insurance of Letters. See p. xiii.

Certificate of Posting. See p. viii

POST CARDS, PRINTED AND COMMERCIAL PAPERS

POST CARDS.—To parts of the British Empire generally, the U.S.A., and Egypt the rate is *2d.* (*4d.* for a reply-paid card). The rate to all other places abroad including Irak and Trans-Jordan is *2d.* (*4d.* for a reply-paid card).

PRINTED PAPERS (*i.e.* impressions or copies obtained upon paper, parchment or cardboard by means of any mechanical process) may be sent at the rate of *1d. per 2 oz.* Under this heading are included books (bound and unbound), newspapers, pamphlets, circulars, catalogues, prospectuses, &c. The same regulations apply to typewritten or written copies produced by the copying press as in the case of the Inland Printed Papers Post. Books, papers, music, &c., may contain the invoices relating to them.

COMMERCIAL PAPERS (*i.e.* all papers, documents written wholly or in part by hand, when not in the nature of a letter). The rate is *2½d.* for the first 10 oz. *or under*, and *½d.* for each extra 2 oz.

Limits of Size and Weight for Printed and Commercial Papers.—Limit of size for packets sent to British Possessions, or to Non-Union Countries or Colonies, is 2 ft. in length and 1 ft. in width or depth ; to Foreign Countries in the Postal Union the length is limited to 1½ ft. Packets in the form of a roll may not, in any case, exceed 2½ ft. in length, and 4 in. in diameter. *The limit of weight* varies from 4 lb. to 5 lb. (See P.O. Guide.)

Manner of Posting.—Same as for the Inland Printed Papers Post.

Duty on Advertising Matter.—Most Colonies levy a duty on advertising matter (*i.e.* catalogues, price lists, &c.) at varying rates. This duty may either be paid by remittance direct to the Postmaster-General at the different capitals, or by affixing Fiscal Stamps to be obtained at the offices of the respective Agents-General in London.

CANADIAN MAGAZINE POST.—All newspapers registered in the United Kingdom can be sent to Canada under the same conditions as for Inland transmission, at the rate of *½d.* for each packet less than 2 oz. ; *1d.*, over 2 oz., but not over 6 oz. ; *1½d.* over 6 oz., but not over 1½ lb., and an additional *½d.* for each extra ½ lb. or part of a ½ lb. Other magazines, newspapers and trade journals are also eligible, provided (1) They are printed and published and sold in the United Kingdom at intervals of not more than thirty-one days ; (2) they are paper-bound ; (3) not more than five-sixths consists of advertisements ; (4) a copy of the periodical be sent with a fee of *5s.* per annum to the Secretary of the P.O. *Limit of Weight :* 5 lb. *Limits of Size :* 2 ft. in length by 1 ft. in width or depth. These regulations also now apply to packets sent to *Newfoundland* by direct Packet or via Canada by direct Canadian Packet. They do not, in either case, apply to packets sent via New York.

Certificate of Posting. See p viii.

SAMPLE POST

The use of this post is restricted to (1) Samples of *bona-fide* merchandise of no commercial value ; (2) Natural history specimens, dried plants, &c., sent for no commercial purpose. *Charges:* 1½*d.* for 4 oz.; ½*d.* each additional 2 oz., maximum 8 oz. *Limits of Size:* To British Possessions and Non-Union Countries, 2 ft. long, 1 ft. wide or deep. To Foreign Countries generally, 12 in. long by 8 in. wide by 4 in. deep, unless in the form of a roll, when the limits are 12 in. in length by 6 in. in diameter.

Limits of Weight. For British Possessions generally, 5 lb. For Foreign Countries generally, 1 lb.

Manner of Packing and Address.—Must be packed so as to be easy of examination, and, when practicable, in covers open at one end.

Certificate of Posting. See p. viii.

PARCELS POST

The rules for posting and addressing are similar to those for Inland Parcels. But for every foreign and colonial parcel a Customs Declaration (on a form obtainable at any P.O.) must be filled up declaring the value and contents.

Two forms are in use: (1) *An Adhesive Form* (*A*) for parcels to all British Possessions and a few Foreign Countries. (2) *A Non-Adhesive Form* (*C*) for all other Foreign Countries. When this form is used the sender must also fill up a Despatch Note obtainable at most P O.'s. Sometimes more than one *C* form is necessary. *Rates* vary for different countries. A full list is given in the P.O. Guide. The Table on p. xiv gives the limits of size, and the form of declaration required for the principal countries. The figure after *C* in the second column denotes the number of non-adhesive forms required.

General Regulations —No letter may be enclosed in any parcel sent to a Foreign Country, and to many British Possessions, but parcels for Aden, British East Africa, British Guiana, Ceylon, Cyprus, Gibraltar, India, Jamaica, Malta, Newfoundland, Nigeria, Roumania, Zanzibar, and a few other places may contain one letter only for the addressee. Any parcel may contain an invoice in an open envelope. *Coin* (unless clearly intended for ornament) or bullion exceeding £5 in value cannot be sent by Parcels Post from this country to Foreign Countries. *Coin, watches, jewellery,* or any article of gold or silver, must be insured for at least part of their value if they are sent to any Foreign Country or British Possession included in the Insurance System, and must also be packed in accordance with the regulations for insured parcels given below.

Re-direction of Parcels addressed to the United Kingdom involves additional postage for each re-direction, unless the original and second address are both within the delivery of the same P.O. and the re-direction is made not later than the next business day after delivery.

Undelivered Parcels.—The sender is advised and his instructions conveyed to the P.O. at which the parcel is lying. Returned parcels are subject to the ordinary rates of postage, and in the United States and some continental countries also incur charges for warehousing.

INSURANCE.—Though parcels cannot be registered, they can, in many cases, be insured, which amounts practically to the same thing Letters also containing bank notes, coupons, securities, &c., can be insured, but post cards, printed and commercial papers and samples cannot be insured.

Manner of Posting —Insured letters must be handed in at a P.O counter and must be enclosed in a strong envelope, securely fastened and sealed with wax in a manner shown on p. xv, and impressed with a private device that cannot easily be imitated.

Mourning envelopes, or those with coloured borders, must not be used and if the packet is tied with string the knots must be sealed. Parcels for insurance must be very strongly packed, and properly sealed with wax or lead ; all string knots must be sealed, and the same coloured wax and the same private device used throughout.

Regulations.—The amount for which a letter or parcel is insured must

be stated both in words and figures on the address cover or label, *e.g.* "Insured for Fifty Pounds (£50)," and care must be taken not to alter or erase this inscription. In the case of a parcel the amount insured must also be stated on the Despatch Note (necessary where form *C* is used).

Limit of Insurance varies with different countries. (See P.O. Guide.)

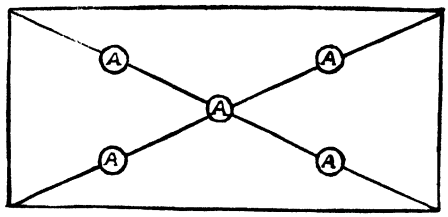
Note.—The following table gives the pre-war regulations. Parts of this table are now, of course, obsolete.

Place of Destination	Form of Declaration	Limits of Size: Length and breadth combined	Limits of Size: Length and girth combined	Rates
Holland	C 2	3½	6	
Belgium	C 2	3½	6	
Denmark, Germany, Norway, France	C 1	3½	6	
Egypt	C 2	3½	6	
Barbados, Bermuda, British Somaliland, Br. E. Africa, Br. Guiana, Br. Honduras, Br. N. Borneo, Burmah, Ceylon, Cyprus, Falkland Is., Gambia, Gibraltar, Grenada, Hong Kong, India, Jamaica, Leeward Is., Malay States, Malta, Mauritius, Morocco, Newfoundland, St. Lucia, St Vincent, Sarawak, Sierra Leone, Str. Settlements, Trinidad, Zanzibar	A	3½	6	
Canada	A	3½	6	
New Zealand (for parcels not exceeding 4 ft length and girth combined)	A	—	4	*For rates see P.O. Guide*
New Zealand (for parcels not exceeding 6 ft. length and girth combined)	A	—	6	
Sweden	C 1	3½	6	
Italy	C 2	3½	6	
Austria, Portugal	C 1	3½	6	
Hungary	C 2	3½	6	
Spain	C 4	3½	6	
Switzerland	C 2	3½	6	
Argentine Republic	C 2	3½	6	
Guatemala, Honduras, Japan, Peru	C 1	3½	6	
Chile, Costa Rica, Uruguay	C 2	3½	6	
Greece	C 3	3½	6	
United States	A	3½	6	
Czecho Slovakia	C 1	3½	6	
Yugo Slavia	C 2	3½	6	
Australia	A	3½	6	
Union of South Africa	A	3½	6	
Rhodesia (see P.O. Guide for alternative routes)	A	3½	6	
Parcels to some of the foregoing countries by alternative routes are charged at higher rates (see P.O. Guide).				

Cash on Delivery Service.—The P.O. authorities undertake to collect from the addressee the value of articles sent by post from Grt. Britain and N. Ireland to certain countries abroad (see P.O. Guide). The value of the articles, called the *Trade Charge* (including postage and

collection charges), must not exceed £40, and such articles may be sent either as insured or uninsured parcels, insured letters or registered packets. *Method of Address.*—The sender's name and address, together with the amount of the Trade Charge in figures and words, and the name of the office on which the M.O. or P.O. in payment of the Trade Charge is to be drawn, must appear on the cover of the packet. The sender must fill up a special Trade Charge Card, which will eventually be returned to him as a M.O. for the full amount entered on it. *Method of Posting.*—The packet must be handed in at a P.O. counter, and a certificate of posting obtained, which must be given up when the M.O. is presented for payment.

The same regulations apply to parcels sent to Gt. Britain and N. Ireland *from* those countries participating in the Service, except that when the Trade Charge is over £5 the parcel will be kept at the P.O. to be called for, notice of arrival being sent to the addressee. (For charges see P.O. Guide.)



METHOD OF SEALING AN INSURED LETTER

N.B. There is now an Inland C.O.D., excluding the Irish Free State.

Inland Telegrams

Charge.—Ordinary 9*d.* for nine words, 1*d.* each additional word; Night, 1*s* for thirty-six words, 1*d.* each three words additional; Greetings, 3*d.* in addition to ordinary charge; Batches, (identical telegrams) 4*d.* for sixteen words, 1*d.* for each four words additional. The rate for the Irish Free State is 1*s.* 6*d* for twelve words and 1*d.* for each additional word.

A Prepaid Reply of not more than forty-eight words may be obtained by affixing in stamps the estimated amount of the reply to the telegraph form.

COUNTING OF WORDS.—Each word in a modern European language or in Latin counts as one word, but words of any other language or unintelligible combinations of letters are charged at the rate of five letters a word.

Hyphen words such as *son-in-law, procès-verbal, fifty-three, warehouse-man,* count as one word; so also do all names of towns and villages in the United Kingdom. Names of railway stations not in towns used by the P.O for telegraphic purposes, e.g. *Ashby-de-la-Zouch, Bodmin Road Stratton-on-the-Fosse,* are each counted as one word.

Names with a prefix, such as: *De Crespigny, De la Touche, O'Byrne, MacNeill, St. Pancras,* are charged as one word, but *double names,* like *Massey-Mainwaring, Smith-Dorrien,* are charged as two words.

Names of Town Sub-Offices and Branch Offices, and all other names including the names of *Streets, Roads,* &c., are reckoned according to the number of words they contain, thus: *Drury Lane, Hanging Ditch, Oxford Street,* are each counted as two words

Exceptions.—The name of a county or town added to the name of another place to distinguish it from other places of the same name is not

counted, e.g. *Newport* (*I. of W.*), *Newport* (*Mon.*), *Bradford* (*Manchester*), *Bradford* (*Wilts*), are each counted as one word.

Figures count at the rate of five figures as one word ; *Fractions* according to the number of figures in them, the division mark being reckoned as one figure, *e.g.* 2½, 12½, are counted as one word but 112½, 1112½ would each be two words. A stop or stroke between figures is reckoned as one figure, *e.g.* 10/12, 10.12, are each one word ; 10/12/09, 10.127, each count as two words.

Ordinal Numbers.—The suffixes *st, nd, rd, th,* are counted as two figures, thus : 1*st*, 2*nd*, are one word each, 1500*th* counts as two words. When, however, any other letter precedes or follows a figure or group of figures it counts as a word, thus : 193*a* and *B*105 each count as two words.

Exception.—In addresses a letter after the number of the house counts as a *figure*, thus : 119*a Fore St.*, would count as three words.

Initial letters are each counted as one word, thus : *Mr. A. P. Smith* would be four words ; *A. C. Payne, Esq., M D.*, would be six words.

Exceptions.—Letters used as abbreviations, such as : *o/o, a/c, d/s, B/L, B/E, c/o, a.m., p.m.*, are counted as one word ; so are the initials of a postal district (*S.W., N.E.*, &c.).

Underlined Words and Punctuation Marks.—Underlined words are charged one extra word, and each punctuation mark counts an extra word.

Special Instructions, such as " *Private, Confidential*," " *To be opened at once*," " *Urgent*," and the like, can be written on the outside of the envelope conveying the message to the addressee. Such words are charged as part of the message

MODE OF WRITING TELEGRAMS.—They should always be written upon the proper Telegram Forms provided free of charge at the P.O.

BOOKS OF TELEGRAM FORMS with embossed 1*s.* stamps, containing twenty interleaved forms, and with a sheet of carbon paper can be obtained from the P O., price 20*s.* 3*d.*

REGISTERED TELEGRAPHIC ADDRESS.—Any person may register his address in an abbreviated form, consisting of two words (one being the name of the town or place of delivery) for the sum of £2 per annum, payable in advance.

Imperial and Foreign Telegrams

Charges vary from 2½*d.* to 4*s.* per word, with a minimum of 1*s.* 3*d.*—payment to be made by means of affixed stamps. *Method of Writing.*—Either on the special forms provided at the P.O., or else on the forms of the various Cable Companies. The telegrams may be written in Plain language, in Code language, or in Cipher. When written in *Plain* language, *i.e.* in the words of any of the following languages, English, French, German, Italian, Spanish, Portuguese, Dutch and Latin, Roman characters must be used—the old method of writing German, for example, is not permissible. No word used must contain more than fifteen letters, or it will be charged as two words. *Hyphen names.*—Compound family names, names of towns, &c., written without using the hyphen are counted as one word, provided they do not contain more than fifteen letters, thus : *Bouverietracy* would be one word, *Bouverie-Tracy*, two words. *Newcastleontyne* would be one word ; *Newcastle-on-Tyne*, three words. Words must not be misspelt so as to bring them below the maximum, nor is it allowed (except in examples like the above) to join together two or more words to avoid payment

Code Language.—No word used must contain more than ten letters. *Cypher Language.*—Every separate letter or figure, or every group of five letters or figures, is charged as one word.

Replies can be prepaid to any amount (minimum, 1*s.* 3*d.*) but RP. (charged as one word) must be inserted before the address of destination.

Money Orders and Postal Orders

A MONEY ORDER is an order made by one Post Office upon another *specified* Post Office for the payment on demand to a named person, a certain specified sum of money not exceeding £40. The name of the payee and the remitter are not inserted in the body of the original Order, but are contained in the letter of advice, sent together with a carbon duplicate of the Order, to the paying office.

A POSTAL ORDER is an order made by one Post Office upon *any other* Post Office for the payment upon demand to a named person a specified sum of money not exceeding £1 1*s* (plus 5*d.* in affixed stamps).

THE DIFFERENCES BETWEEN MONEY ORDERS AND POSTAL ORDERS ARE: (1) An application form is necessary for a M.O., but not for a P.O.; (2) the limit for a M.O. is £40; for a P.O. £1 1*s.* 5*d.*; (3) the payee's name is not inserted on the M.O until it is presented for payment, but the payee's name can be inserted on a P O. either by the remitter or the payee; (4) the payment of a M.O. can only be made at one specified office (except when paid through a bank), but the place of payment of a P O. rests either with the remitter or the payee; (5) when presenting a M.O. for payment at a Post Office the payee must sign his own name and must furnish also the name of the remitter, but when presenting a P O. the payee is only required to sign his own name; (6) a M.O can be telegraphed, a P.O. cannot; (7) a P.O. contains a Counterfoil which can be filled in and filed for reference; a M.O. does not; (8) an uncrossed P O. in which the payee's name has not been inserted is subject to compulsory registration if discovered by the Postal authorities during transmission; a M O. is not so liable; (9) a M O. is legally void if not presented for payment within *twelve months* after the month of issue, but if good reason is given for the delay, a new order, subject to a charge of 6*d.*, will be issued. A P.O., if not presented for payment within *three months*, will only be paid on payment (by means of stamps affixed to the *back* of the order) of a commission equal to the original poundage. If not presented within *six months* from the last day of the month of issue, the order must be sent to the Controller of the M.O. Dept., London, with a request for payment at some specified office; (10) a P.O. is payable on demand, but the payment of a M.O. may be deferred for a period not exceeding ten days.

INLAND MONEY ORDERS.—The rates of poundage on Inland Money Orders are:

For sums not exceeding							£3	.	4*d.*
,,	,,	above	£3	and not	exceeding		£10	.	6*d.*
,,	,,	,,	£10	,,	,,		£20	.	8*d.*
,,	,,	,,	£20	,,	,,		£30	.	10*d.*
,,	,,	,,	£30	,,	,,		£40	.	1*s.*

No single M.O. is issued for more than £40, and no order may contain a fractional part of a penny.

Application for Money Orders must be made upon the printed requisition

form supplied free of charge at all M.O. offices, and the payee's name, title or designation, should be stated as fully as possible. *Crossing the Order.*—The remitter may request the Postal official issuing the order to cross it, or may cross it himself.

Transmission of the Order.—Duplicate copies are made, one of which is handed to the remitter and the other is sent to the paying office, together with a Letter of Advice, stating the amount and the payee's and remitter's names. Unless the order is presented through a bank the person presenting it for payment must furnish the remitter's name.

FOREIGN AND COLONIAL MONEY ORDERS.—*Charges.*—From 6*d.* for sums not exceeding £1, up to 10*s.* 9*d.* for a sum not exceeding £40. (See P.O. Guide.) *Limit* varies with different countries, but in no case exceeds £40. *Form of Application.*—A special form must be filled up, and the remitter will receive either (1) a M.O. to be posted to the payee; (2) a Certificate of Issue, in which case payment will be made by means of an Order issued by the Postal authorities abroad. (See P.O. Guide.) M.O's for transmission abroad should be taken out at least *one day* (in some cases *two days*) before the mail-day, but may be taken out later if the remitter pays the cost of a telegram to the M.O. Dept., London, plus a fee of 6*d.* *Payments of Orders Abroad.*—The P.O. Guide gives full information as to the currency in which payment is made, and its relation to English currency.

Postal Orders

Postal Orders are issued at 6*d.*, up to £1, and also at £1 1*s.* The nominal value of any P.O. may be increased up to 5*d.* by affixing stamps (not more than three in number) in the space provided on the face of the Order *Charges.*—1*d.* from 6*d.* to 1*s.*; 1½*d.*, 1*s.* 6*d.* to 5*s.*; 2*d.*, 6*s.* to 21*s.* *Counterfoil.*—Each P.O is provided with a counterfoil, which should be filled up, torn off, and filed for reference. In case of loss of the P O. through the post. the counterfoil must be produced when making any application to the postal authorities.

Transmission to the Payee.—Before transmitting, the remitter should fill in the payee's name, but it is better to leave blank the paying office. unless accurately known.

Postal Orders Payable Abroad —P.O.'s issued in the United Kingdom are payable in many of the British Possessions. (See P.O. Guide.)

Air Mail Services

Any kind of letter packet may be sent by Air Mail and may be posted in the ordinary way. A special Blue Air Mail label (free at any P.O.) should be affixed to the top left-hand corner of the packet. If a label is not available, the packet must be clearly marked "By Air Mail."

Charges.—Ordinary postage plus the Air Mail fee (see P.O. Guide).

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