

MODERN BANKING AND BANK ACCOUNTING

CONTAINING A COMPLETE EXPOSITION OF THE
MOST APPROVED METHODS OF BANK ACCOUNTING

DESIGNED AS A TEXT BOOK FOR
SCHOOLS AND PRIVATE STUDENTS
AND A
HANDBOOK OF REFERENCE FOR BANKERS

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INTRODUCTORY.

All progressive banks now prove their accounts by some method similar to the following: "The items of all kinds, before being removed from the teller's desk, are entered in proper columns upon books or sheets, and the totals of these columns (which show separately the total checks received for the clearing house, the checks on out of town banks, the checks of depositors, etc., etc.), must agree with the totals as shown by the various departments to which the items have been distributed."—*Banker's Magazine, June, 1899.*

It seems to be the consensus of opinion of the leading bank cashiers and accountants that the above embodies the true principle upon which all bank accounts should be kept. It not only affords the most satisfactory proof of the various accounts that has ever been devised, but, all things considered, it amounts to a great saving in time. Numerous banks have informed us that under the old system their clerks were never able to leave before six o'clock, and often not before eight or nine, while now the work is practically all completed by four o'clock, and the clerks are gone by half past four or five, it never being necessary for them to spend long weary hours searching for errors as by the old process.

We believe this book contains the most exhaustive, and at the same time, the most concise presentation of what may properly be termed the new bank accounting that has yet been given. The detailed account of the organization, practical management, and methods of banks is such as we have ascertained to be the most approved practice, and while much of the matter given is not usually found in works of this character, we have presented it feeling that there is a demand for more accurate and concise information in regard to the detail work of banking institutions.

MODERN BANKING AND BANK ACCOUNTING.

THE BUSINESS, ORGANIZATION AND PRACTICAL MANAGEMENT OF BANKS.

What is a Bank? A bank* is an institution organized for the purpose of receiving deposits of money, making loans, discounting paper, making collections, and effecting the transmission of money from one place to another. A bank is primarily a place for the safe keeping of money. A banker is a dealer in money.

Sources of Receipts. The disposable means of a bank consist of capital paid in by the shareholders; notes it can circulate, if it be a national bank; money deposited with it by its customers; money collected for customers and banks (which is frequently held a short time before being paid); money received in the course of transmission (sale of exchange) which, of course, must be repaid in another place; and bills rediscounted.

Sources of Disbursements. A bank's disbursements consist of checks, drafts, etc., cashed by the paying teller; bills discounted; time and demand loans made; money paid out for current expenses; shipments of money to other banks in settlements of balances; and interest paid on time deposits.

Profits. The profits of a bank arise mainly from discount, interest, dividends on stocks and bonds held, and collection and exchange.

Services Rendered Depositors. The principal services which a bank renders to its depositors are: Affording a safe and convenient place in which to keep money; paying checks as directed by the depositors; collecting checks, notes, drafts, etc.; discounting notes for and making loans to the depositors; and providing means for the transmission of money.

Kinds of Banks. Banks are divided into the following classes: national, state, and private. Banks which issue notes which circulate as money (as national banks) are often termed banks of issue, while those which do a discount business, but do not issue bank notes, are known as banks of discount.

NATIONAL BANKS.

What is a National Bank? A national bank is a bank organized under an act passed by Congress, entitled "The National Bank Act"; and in addition to doing a general banking business, it has authority to issue circulating notes against bonds deposited with the U. S. Treasurer. The government does not own nor conduct the bank, but only authorizes its creation and prescribes the mode of doing business. Every banking association doing business under this act is governed by the same principles, is subject to the same inspection, uses the same forms in making reports to the comptroller at Washington, and is liable to the same penalties for the violation of any requirement of the national banking law.

Comptroller. National banks are under the direct supervision of the Comptroller of the Currency, Washington, D. C. The comptroller is appointed by the President on the recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate. He holds his office for a term of five years, and receives a salary of \$5,000 per year.

*Any institution that receives deposits subject to check, and loans money on security, is doing a banking business.

He is required to give bond for \$100,000. He cannot be interested in any national bank, and must make a report to Congress once a year. He appoints all bank examiners and receivers for insolvent national banks.

National Bank Examiners. These officials are appointed by the comptroller to examine the affairs and report upon the condition of national banks. They are paid a certain amount for each bank examined. Under the law there is no limit to the number of examiners who may be appointed or the number of times a bank may be examined, both being left to the judgment and discretion of the comptroller. All national banks, however, are usually examined at least as frequently as once a year.

Powers. National banks have power to adopt and use a corporate seal; to have succession for a period of twenty years; to make contracts, to sue and be sued; to elect directors, and by its board of directors to elect officers, to make all needful by-laws not inconsistent with the national bank act, to discount and negotiate notes, drafts, bills of exchange, etc.; to receive deposits, buy and sell exchange, coin and bullion, to loan money on personal security, and to issue and circulate its own notes.

An act of July 12, 1882, provides that a national bank may, any time within two years previous to the date of the termination of its existence, extend its period of succession for not more than twenty years, by the approval of the comptroller.

The words "personal security" are used in contradistinction to real estate security, and do not mean that national banks are limited to loaning money on the security afforded by indorsers or personal sureties. On the contrary, national banks have a perfect right to loan money on stocks and bonds, bills of lading, warehouse receipts, choses in action, or other personal chattels. In the absence of collateral, banks usually endeavor to get at least two names to all paper which they discount or upon which they make loans, but such is not obligatory under the statute.

Stockholders' Liability. The stockholders of every national banking association are held individually responsible for all debts and engagements of said banking association to the extent of the par value of their stock in addition to the amount invested in such stock. In other words, if a stockholder owns \$2000 in capital stock of a national bank, and such bank should fail, he may be called upon by the comptroller to pay in to the bank \$2000 in cash in addition to the loss of his stock, if such be necessary for the adjustment of the bank's liabilities.

Real Estate. National banks are prohibited from holding real estate except under the following conditions:

The building in which it does business, and land mortgaged to secure a loan which was made in good faith upon personal security, but such land cannot be held for a longer period than five years. Banks cannot make loans on their own stock except to prevent losses on loans previously made.

Reserve. National banks are required to keep on hand at all times a lawful money reserve. This reserve shall equal 25% of the deposits if the bank is located in a large city, and 15% of the deposits if located in a small city.

Overcertifying Checks. National banks are prohibited under severe penalty from certifying a check in excess of the depositor's account.

Surplus. Each national bank shall accumulate a surplus by setting apart one-tenth of its net profits before declaring any dividend, until the surplus equals 20% of the capital stock. It is further provided that no dividend shall be declared in excess of the net profits, after deducting the surplus. It is unlawful to pay out the capital or surplus in dividends, without the surplus is in excess of the required 20%, in which case it may be disposed of as the bank sees fit.

Reports to Comptroller. Banks must make at least five reports to the comptroller during the year. These reports are made at such times as the comptroller may call for them.

ORGANIZATION OF A NATIONAL BANK.

SUCCESSIVE STEPS NECESSARY.

Number of Persons Necessary. An association for carrying on the business of national banking may be organized by any number of persons, not less than five.

Capital Required. The national banking law provides that national banks in cities of 50,000 persons, or under, must have a capital of not less than \$100,000. If the population of the city exceeds 50,000 persons no national bank can be organized with a capital of less than \$200,000. In towns of 6,000 inhabitants and under, national banks may be organized with a capital of \$50,000, and in towns of 3000 inhabitants and under national banks may be organized with a capital of \$25,000, with the approval of the Secretary of the Treasury.

Selecting a Name. Any name may be selected which does not conflict with some name already in use in that particular city. If there are other national banks in the city, but no First National bank, the name First National cannot be used. No bank or banking association except a national bank has a right to the use of the word "national."

Securing Subscriptions to the Capital Stock. This is usually done by a committee appointed to attend to the matter. It is generally considered wise to distribute the stock, so far as can conveniently be done, among the varied interests of the city and surrounding country. For the purpose of securing subscriptions a blank similar in form to the following is employed.

STOCK SUBSCRIPTION LIST.

We, the undersigned, do hereby subscribe for the number of shares of stock set opposite our respective names, for the organization of a national banking association, to be organized under the laws of the United States with a capital of One Hundred Thousand Dollars, divided into One Thousand Shares, the par value of each share being One Hundred Dollars; said national banking association to be located in the city of Chester, State of Pennsylvania, and to be called the "Traders National Bank."

DATE.	NAME.	ADDRESS.	SHARES.
June 1	Chas. M. Harriman	116 Main St.	One Hundred
	J. Smith	246 Fourth St.	Twenty
	Burton H. M. Main	257 Twelfth St.	Seventy

Notice to the Comptroller. When the promoters have selected a name for the bank the comptroller should be notified and his approval of the title obtained. The notice should be signed by at least five subscribers to the stock, and read as follows:

Chester, Pa., June 1, 1901.

To the Comptroller of Currency,

Washington, D. C.

Dear Sir:---Notice is hereby given that we, the undersigned, being natural persons of lawful age, intend, with others, to organize a national banking association under the title of "Traders National Bank of Chester," to be located at Chester, County of Delaware, State of Pennsylvania, with a capital of One Hundred Thousand Dollars.

In order that we may effect such organization we request that blank forms be sent to J. C. Williams, at Chester, Pa., and if the title selected shall be approved, that it be reserved for us for the period of sixty day

NAME.	RESIDENCE.
Chas. M. Harriman	216 Main St.
J. Smith	246 Fourth St.
Burton H. McNaig	357 Twelfth St.
P. A. Blair	54 State St.
J. C. Williams	34 Main St.

Good Faith. A statement should be made on the opposite side of the form above given as to the business of each of the applicants, and his financial strength. Also a statement should be made by some responsible person acquainted with the promoters that the information is, in his opinion, correct, and that the persons are acting in good faith. When convenient it is well for the application to be indorsed by the member of Congress from that district.

Natural Persons. The incorporators must be natural persons, that is, human beings. Corporations and joint stock companies cannot become organizers of national banks. Partnerships are also excluded under the terms of the statute. If a firm desires to take stock this should be done through one of the partners until after the corporation is formed, when the stock may be transferred to the firm name.

Articles of Association. Persons desiring to organize a national bank shall enter into articles of association which specify in general terms the object for which the association is formed. It may contain any provisions not inconsistent with the law. The articles shall be signed by five or more of the persons desiring to form the association, and a copy of them must be forwarded to the comptroller to be kept on file in his office, while another copy should be retained by the bank.

Forms. The forms of articles of association, organization certificate, etc., are furnished by the comptroller, and as it is advisable to use these forms, it has not been deemed necessary to show them in this work. Under the several titles we have given a brief explanation of the information which must be given.

Organization Certificate. The national bank act provides that persons desiring to organize a national bank shall make an organization certificate which shall specifically state (a.) the name of the association (which shall be subject to the approval of the comptroller), (b.) the location, that is, the place where its operations of discount and deposit are to be carried on, (c.) the amount of capital stock and the number of shares into which it is divided, (d.) the names and residences of the shareholders, and the number of shares held by each of them, and (e.) a statement of the fact that the certificate is made to enable such persons to avail themselves of the advantages of the national bank act.

Signed and Acknowledged. The persons who signed the articles of association must sign the organization certificate, and only such persons. Each person signing the certificate is required to acknowledge his signature thereto before a notary public or a judge of some court of record. As soon as acknowledged, the certificate should be filed with the comptroller.

Electing Directors. After filing the articles of association and the organization certificate, the next step is the election of directors, which is done by a meeting of stockholders held for this purpose.

Numbers and Qualifications of Directors. The national bank act requires that every national bank shall have at least five directors, and each director must own at least ten shares of the stock. They must all be citizens of the United States, and at least three-fourths of the directors must have resided in the state or district in which the association is organized for one year immediately preceding their election. The office of bank director is a very responsible position, and no man should accept it if his outside duties are such that he will be unable to give the necessary attention to the requirements of the position. Every director must take an oath that he is qualified to fill the office, and that he will faithfully perform the duties thereof. (Blank forms are furnished by the comptroller.)

The president of the bank must send the oath of the directors to the comptroller of the currency.

Electing Officers. The directors should elect a president, vice-president, and cashier. The cashier usually appoints the tellers and employs the clerks and other assistants.

Payment of Capital Stock. At least 50% of the capital stock of every national bank must be paid in before it will be authorized to commence business. The remainder of the

stock shall be paid in installments of at least 10% each, as frequently as one installment at the end of each succeeding month from the time it shall be organized by the comptroller of the currency to commence business. The payment of each installment must be certified to by the president or cashier at the end of the month, and such forwarded to the comptroller. Either the president or the cashier may be directed to attend to the collecting of the first payment of 50%. It is usually customary to collect the amount and deposit it in some bank until the association is ready to begin business.

Certificate of Officers and Directors. When 50% of the capital stock has been duly paid, a certificate should be made to the comptroller stating the amount paid in as permanent capital, the name and place of residence of each director and the amount of stock which he owns in good faith, and that the bank has complied with all the conditions prescribed by the national bank act. This statement must be signed and sworn to by a majority of the directors and by the president or cashier.

Deposit of United States Bonds. Every national banking association, before it can be authorized to commence business, shall deliver to the treasurer of the United States United States registered bonds bearing interest, to an amount not less than one-fourth of its capital if the capital is \$150,000 or less. If the capital is in excess of \$150,000, \$50,000 in bonds must be delivered. Before the bonds are delivered they should be assigned to the treasurer of the United States. In making the assignment great care should be taken to give the correct name of the bank. If the word "The" is included in the corporate name, it should never be omitted.

Coupon bonds may be used, as the treasurer is authorized to receive them and issue registered bonds for a like amount.

Circulation. National banks are entitled to receive circulating notes to the amount of 90% of the par value of the bonds deposited with the United States treasurer, unless the bonds are below par, in which case they are entitled to receive 90% of their market value. National banks holding thirty-year 2% gold bonds are permitted to circulate notes to the full face value of the bonds deposited with the United States treasurer up to amount of their capital stock. An order for these notes should be sent to the comptroller. The bank pays for the plates for engraving the notes, but the notes are printed by the treasury department and forwarded to the bank. These notes must be signed by the president or vice-president, and the cashier.

Tax on Circulation. A tax of 1% per annum on the average circulation is required to be paid to the treasurer of the United States. The tax on the circulation of banks holding thirty-year 2% bonds is $\frac{1}{2}$ % per annum.

Comptroller's Certificate. When all the conditions of the national bank act have been complied with, the comptroller of the currency issues a certificate authorizing the association to begin business. The bank must publish the certificate for at least sixty days (a weekly insertion is sufficient) in a newspaper published in the city or the county in which the bank is located.

STATE BANKS.

How Organized. State banks are organized under the laws of the state in which they are located. The preliminary steps are much the same as those in organizing national banks. The subscription list is taken, articles of association and a name are adopted, and a board of directors and officers elected. A copy of the articles of association is filed with the bank superintendent of the state when there is such an officer, or with the comptroller, and another copy is filed in the office of the clerk of the county in which the bank is to be located.

Circulating Notes. Previous to July 1, 1866, state banks issued notes which circulated as money, but on that date the government imposed a tax of 10% on the circulation of all state banks, which had the effect of withdrawing the circulation as the rate was too high to allow any profit to the banks.

Difference Between State and National Banks. National banks are organized under the national bank act which was passed by the United States Congress, and said banks are under the supervision of the general government at Washington. State banks are organized under the laws of the various states, and are subject to the restrictions imposed by the statutes of the said states. National banks alone issue circulating notes, and this latter feature forms the principal point of difference between the two kinds of banks.

Advantages. It is claimed that state banks possess some advantages over national banks, among which are the following:

They are not examined so critically; in some cases they are not required to make returns to state officials, and in no case such full returns as are required by the national bank act; they can certify checks in excess of the amount which the depositor may have in the bank, and are not required to hold United States bonds.

PRIVATE BANKS AND BANKERS.

Private Banks. A private bank is organized and operated by an individual or a firm. In opening such a bank no formality is required, unless restricted by statute. There is no responsibility to the government, state or national. The safety of such banks consists in the financial responsibility of the individual or individuals who conduct them. The business conducted by them is much the same as that conducted by state banks. They receive deposits on which they usually allow a small rate of interest. They buy and sell exchange, commercial paper, etc.

Private Bankers. Private bankers are of two kinds; those who conduct a business the same as private banks, and those who deal in foreign exchange. The latter buy commercial bills drawn against grain and other produce shipped to foreign countries, sell drafts on foreign banks, and issue letters of credit to travelers.

In New York state all private banks are examined by the state bank examiner, and, with a few exceptions, restrictions are imposed similar to those imposed upon state banks.

Bankers and Brokers. Bankers and brokers usually buy and sell stocks and bonds for their customers, and in addition to this carry on a general banking business, receiving deposits, paying sight drafts, checks, etc. They often permit their customers to overdraw their accounts, as they have for safe keeping the customers' stocks and bonds, and such securities are ample protection for overdrafts to a certain amount.

SAVINGS BANKS.

How Organized. Savings banks are organized under the statutes of the different states by a number of persons, usually more than ten, who make application in due form for the privilege of organizing such a bank. These associations are mutual. They have no capital like a state, national, or private bank, but their capital consists of the money put into the bank by the depositors. Every one who puts in money is practically an owner, and the profits are divided among the depositors in proportion to the amount that each has to his credit.

Purpose. A savings bank is, as its name implies, an institution for the purpose of encouraging economy and caring for the savings of the people. The deposits are not subject to check as in other banks, but the depositor is usually required to give thirty days' notice when he wishes to withdraw his funds, although in many banks this notice is waived at the option of the bank.

Investments. As safety is considered paramount to profit, the law prescribes the character of the investments of the savings institutions. The investments which are usually permitted are loans on pledges of the stocks and bonds, investments in stocks and bonds, and mortgage loans. Usually the stocks and bonds in which savings banks may invest are prescribed by the law. In some states they are allowed to invest in United States government bonds and bonds of their state only.

Interest. Interest is usually allowed depositors semi-annually on the first day of July and the first day of January of each year. The current rate is at present wavering between 4% and 3%. If the interest is not withdrawn it will itself draw interest as a deposit.

Difference Between Savings Banks and Other Banks. The savings bank is intended to serve its depositors only by safely keeping and investing their money for them. State and national banks do not undertake to invest the depositor's money for him, but they provide a safe place for the keeping of his money, a convenient means of making payment by check, make collections for him, discount his paper, etc. Thus it will be seen that the state and national banks open their doors to business men, while the savings bank opens its doors to savers, to those who wish to lay by a small amount of money each week or month, as the case may be.

LOAN AND TRUST COMPANIES.

How Organized. Loan and trust companies are organized by a number of persons, usually ten or more, under the laws of the various states.

Kinds of Business Transacted. These companies usually receive deposits and make loans, but they do not undertake the collection of commercial paper. They act as agents for corporations in transferring stocks and bonds, make investments, collect interest, act as trustees, receivers, executors, administrators, etc. Many companies have boxes in fire and burglar proof safes which they rent to customers who desire a safe place for the keeping of valuable papers, etc.; others make a business of examining and insuring titles to real estate. This latter practice has grown quite extensively within recent years.

OFFICERS.

The **officers** and clerks of a bank are usually a president, vice-president, cashier, receiving teller, paying teller, note teller, general bookkeeper, individual bookkeeper, discount clerk, collection clerk, messenger, and porter; together with the necessary assistants in the various departments.

The duties of the officers vary slightly in different banks; neither do all banks have exactly the same number of officers.

President. The president is the chief executive officer of the bank, and presides at the meetings of the board of directors and generally exercises the authority of the board during its recess. Some banks have a vice-president who assumes the functions of the

president during his absence. The circulating notes and certificates of stock should be signed by the president or vice-president and cashier. It is also customary for the president to sign the minutes of all business meetings which should be attested by the cashier. The receipts for circulating notes received from the comptroller of the currency should be signed by the president or cashier. In some banks the president attends to making the larger portion of the loans, and devotes his full time to the bank's interests. In such cases he is paid a regular salary; but when he devotes only a small portion of his time to the bank's interests, the position is usually considered honorary, and no salary is paid.

Cashier. Unless there is a vice-president, the cashier ranks next to the president, and is in reality the manager of the bank. He has authority to pay out the bank's funds, and to borrow money in the name of the bank. He may also indorse the bank's paper for the purpose of securing loans. He is appointed by the board of directors, and is required to furnish bond for the faithful performance of his duties. He keeps a record of the meetings of the board of directors, for whom he is the acting secretary. The certificates of stock issued to shareholders are signed by him as well as by the president, as are also the circulating notes. The cashier usually signs all drafts drawn on other banks, and indorses personally or by deputy all drafts and notes sent away for collection. All notes and drafts received from other banks are indorsed to him. He has charge of the internal workings of the bank and supervision of the clerical force.

Duties of the Tellers, etc. The duties of the various tellers and clerks are explained in the several chapters under which they are treated.

STOCK BOOKS AND RECORDS.

Minute Books. Two minute books should be kept; one for the stockholders, and one for the directors. In the first should be transcribed a complete record of the meetings of the shareholders, which records should be signed by the chairman and approved by the secretary. After the organization of the bank, stockholders' meetings are held at least once a year. A bank is a corporation and the stockholders are the ones who decide in regard to its management. They elect the directors, and the directors are in reality the managers of the bank, although they entrust the active management to the president and the cashier. The minutes of the directors' meetings should be kept by the cashier. Any ordinary record book may be used as a minute book. (*See form of Stock Certificate, page 14.*)

Stock Certificate Book. When the subscribers pay for their subscriptions they are given a certificate of stock.

The certificates of stock should always be bound in book form, one on a page. They should be numbered consecutively, and the stub should contain a complete record of the certificate, showing its number, to whom issued, date of issue, etc.

The certificate usually has a form on the back thereof for use when the holder wishes to transfer it. (*See page 15.*)

Certificate

No. 427

For forty Shares
Issued to
Geo. H. Helvey

Dated June 10, 1901
From whom transferred

No. of Original Certificate	No. of Original Shares	No. of Shares Transferred

Received Certificate No. 427,
for forty Shares
this 10 day of June 1901
Geo. H. Helvey

INCORPORATED UNDER THE LAWS OF THE
STATE OF PENNSYLVANIA.

727

40

The Central National Bank
OF PITTSBURGH.

THIS CERTIFIES THAT Geo. H. Helvey is the owner of
Forty Shares of the Capital Stock of
The Central National Bank of Pittsburgh,
transferable only on the Books of the Bank in person
or by Attorney on surrender of this Certificate.

In Witness Whereof, the duly authorized officers of this Bank have hereunto
subscribed their names and caused the corporate seal to be hereunto affixed at Pittsburg, Pa.
this tenth day of June A.D. 1901

A. Hucker R. D. Owens
CASHIER. PRESIDENT.

\$100

FORM OF INDORSEMENT ON BACK OF STOCK CERTIFICATE.

KNOW ALL MEN BY THESE PRESENTS, That _____, the undersigned, for value received, do hereby irrevocably constitute and appoint _____ to be true and lawful attorney for _____ and in _____ name and behalf to sell, assign and transfer unto _____ or any other person or persons _____ Shares in the Capital Stock of

THE CENTRAL NATIONAL BANK OF PITTSBURGH, PA.

And further, one or more persons under _____ to substitute with like power.

In Witness Whereof, _____ ha hereunto set _____ hand and seal this _____ day of _____, 19 _____.

Witness present, _____



STOCK TRANSFER BOOK.

Numbers of Certificates Cancelled.	Shares Cancelled.	Ledger Folio.	TRANSFERRED BY	For Value Received, I do hereby assign and transfer to
34	200	27	Chas H. Jewell	A. C. Miner
Numbers of New Certificates Issued.	New Shares Issued.		TO	
73	200	42	A. C. Miner	Two Hundred Shares of the Capital Stock of
				The Central National Bank of Pittsburgh, Pa.
				Witness my hand and seal, this 4 day of June, 1901.
				Sealed and delivered in the presence of
				J. C. Burnet [L.S.]
				Chas H. Jewell [L.S.]

The records of transfers are generally bound in a book, two on a page, and although appearing to have a stub they are never detached therefrom. Some banks do not keep the above record, but consider the indorsement on the back of the certificate sufficient. No transfers should ever be made except upon the presentation of the old certificate. Should the old certificate be lost, the stockholder should be required to give a bond of indemnity for double the amount of the stock so lost before duplicate should be issued.

Cancelling Certificates. Old certificates should always be cancelled by stamping across the face in red ink the word "Cancelled," together with the date thereof. The signatures of both officials should also be mutilated by cutting a triangular piece thus Δ out of the bottom of the certificate.

In case a woman who owns stock while single wishes to transfer it after she is married, she should sign both her legal name and her maiden name, thus:

Mrs. Louisa Johnson Brown,
formerly Miss Louisa Johnson.

Selling Part of Stock. Whenever a stockholder sells part of his stock the old certificate should be taken up and a new certificate issued.

STOCK LEDGER.

R. C. Norton.

[illegible]

This book should be kept so that the difference between the sides of the accounts will at all times show the amount of stock owned by the various stockholders. When a man is an original stockholder it is customary to write the word "cash" in the column "From Whom Received" when crediting him with his stock. When transfers are made, the name of the stockholder from whom the stock was purchased should be written in the column entitled "From Whom Received." The postings in the stock ledger to the credit of the shareholders are made directly from the stubs of the stock certificate book, and the postings of the debits or transfers are made from the stock transfer book.

The foregoing are all the stock books that it is necessary to keep, though many banks deem a stock register and transfer book essential, as a check upon the stock ledger and a book of ready reference. Where the transfers of stock are numerous, such a book undoubtedly has points in its favor.

STOCK REGISTER AND TRANSFER BOOK.

ISSUES.			TRANSFERS.								
DATE	CERT. NO.	SHARES.	NAME	DATE	FORNER NO.	NEW NO.	SHARES.	NEW NO.	SHARES.	NEW NO.	SHARES.
1901				1901							
June 2	1	450	C. J. Montgomery	Aug. 9		4	100	5	150	6	200
	3	200	Robt. Morse								
	3	400 1,050	Chas. M. Cutler	Sept. 4		7	100	8	300		
Aug. 9	4	100	H. M. Crawford		1						
	9	150	Marion Thornton		1						
	9	200	C. J. Montgomery		1						
Sept. 4	7	100	A. C. Miner		3						
	4	300 1,900	Chas. M. Cutler		3						
							200		450		200

The left-hand side of the above book is used as a register for stock issued, the items being obtained from the stubs of the stock certificates. The right-hand columns are used for recording the transfers. The footing of the column entitled "Shares," on the left-hand side minus the sum of the footings of similar columns on the right-hand side should be the amount of the capital stock, or stock outstanding. The first footing (1050) represents the stock originally issued. On the above model 450 shares were issued to C. F. Montgomery. He sold 100 shares to H. M. Crawford and 150 shares to Marion Thornton. The date of sale is entered after Montgomery's name. The number of Crawford's certificate and the amount of shares sold to him are entered on the right-hand side of the book after Montgomery's name, and on the left-hand side before Crawford's name. The stock sold to Thornton is treated in a similar manner. Montgomery should surrender his old certificate and a new certificate should be issued to him for the stock he still owns. The names of the existing stockholders may be easily ascertained by taking the names of the persons without any transfers standing opposite them. The total of the stock owned by said persons should agree with the capital stock account upon the general ledger.

Dividends. Under the national bank act banks are permitted to declare dividends semi-annually, but before the declaration of a dividend they must carry $\frac{1}{10}$ of their net profits to the surplus fund until that fund shall amount to 20% of the capital stock. The method of declaring a dividend is usually as follows:

At the regular semi-annual meeting of the board of directors the cashier presents a statement showing the receipts and running expenses of the bank, and the net profits. The board of directors decide what sum shall be charged to surplus, what to bad debts, etc. From the remainder they declare the dividend.

FORM OF DIVIDEND BOOK.

8th Semi-Annual Dividend, July 1, 1901, 6%.

NAME OF STOCKHOLDER.	ADDRESS.	No. OF SHARES.	AMOUNT OF DIVIDEND.	WE HEREBY ACKNOWLEDGE RECEIPT OF ACCOMPANYING DIVIDEND.
<i>Geo. H. Howry</i>	<i>Buffalo, N. Y.</i>	<i>100</i>	<i>6.00</i>	<i>Geo. H. Howry,</i>
<i>C. M. Hunt</i>	<i>" "</i>	<i>150</i>	<i>9.00</i>	<i>C. M. Hunt,</i>
<i>A. L. McMillan</i>	<i>New York,</i>	<i>400</i>	<i>24.00</i>	<i>A. L. McMillan,</i>
<i>Thos. J. Arthur</i>	<i>Troy, N. Y.</i>	<i>200</i>	<i>12.00</i>	<i>Thos. J. Arthur,</i>
<i>L. C. Collins</i>	<i>Albany, N. Y.</i>	<i>100</i>	<i>6.00</i>	<i>L. C. Collins,</i>
<i>W. H. Johnson</i>	<i>" "</i>	<i>200</i>	<i>12.00</i>	<i>W. H. Johnson,</i>

The stockholder comes to the bank and draws his dividend, writing his name as a receipt in the space provided therefor. This is the old custom, and many banks prefer to continue

it for the reason that the method gives the officers an opportunity to meet and talk with the stockholders. Some banks send a dividend check to all stockholders, and as these checks are payable to order, the indorsement on the check is considered a sufficient receipt.

FORM OF DIVIDEND CHECK.

OPENING ENTRIES UPON THE GENERAL BOOKS.

These entries may be made by the use of credit and charge tickets, or upon a General Journal. When the stock is all subscribed for, Subscription account should be debited and Capital Stock credited for the full amount of the subscription list, thus:

Subscription,	100,000	
To Capital Stock,		100,000

As the stock is paid for Subscription account should be credited and Cash debited, provided payment is made in cash. When the first installment of 50% is paid the entry would appear as follows:

Cash,	50,000	
To Subscription,		50,000

By the above process the Subscription account at all times shows the amount of capital stock that is yet to be paid in.

Expenditures incurred in organizing should be charged to "Organization." Such expenses are more common in the formation of general corporations than in banks. When United States bonds are purchased U. S. Bonds should be debited for the par value of the bonds, and Premium for the amount of the premium. Cash is credited. A separate account must be opened with Bonds Deposited with the U. S. Treasurer. When national bank notes are received from the comptroller they should be signed by the president and cashier and placed in the custody of the paying teller or other officer who has the cash in charge. Cash is debited and Circulation credited. In making the report to the comptroller a national bank must not include its own notes in its resources, but the amount on hand should be subtracted from the amount received from the comptroller, and the amount outstanding should be credited to Circulation. When lawful money is forwarded to the U. S. Treasurer for the 5% redemption fund, as provided by the national bank act, Cash should be credited and Redemption Fund debited.

CHECK SHEET METHOD
OF
BANK ACCOUNTING.

CHECK SHEET METHOD OF BANK ACCOUNTING.

This method provides for check or proof sheets to be kept by the Receiving, Paying, and Note Tellers and by the General Bookkeeper. Each sheet is ruled with a number of columns, so arranged that the totals may be used for proving separately the debits and credits of the general ledger, the debits and credits of accounts with customers, the debits and credits of accounts with other banks, the checks for the clearing house, the balance of cash on hand, and the remittances to and from other banks; in fact, every department of bank accounting.

It is obvious that all money, checks, notes, drafts, etc., received or disposed of, must make their entrance or exit through certain avenues or departments; in most banks these departments are in charge of the tellers,—paying, receiving, and note,—and the clerks,—mail, discount, and collection. The first four are those which are chiefly considered. Reasoning *a priori*, the debits or credits of any particular account or class of accounts, should not be different from what the various means of entrance or egress indicate should be charged or credited to such account or accounts.

We have only to ascertain the amount of any particular kind of paper which has been received, as shown by the several channels of entrance, to determine the amount of that particular paper which we should have on hand. For example: The sum of depositors' checks which have been cashed by the paying teller, plus the sum of those which have been taken on deposit by the receiving teller, and the sum of those received by the note teller and from the clearings and by the mail (from other banks), should equal the total checks charged to depositors on the individual ledger. In the event of a disagreement, we not only know there is an error, but we know in what particular book and on which side of that book the mistake has been made. Again: The sum of the checks on out of town banks which have been cashed by the paying teller, plus the sum of those which have been taken in by the note teller, and the sum of those which have been received by the receiving teller and by the mail clerk, must equal the total of our remittances of cash items to other banks; for it is evident we can have nothing to send away which we did not receive. If the amounts are not equal we know there is an error on the debit side of our accounts with out of town banks. We do not need to examine the credit side of these accounts nor check our individual ledger. The error is definitely located on a particular side of a certain class of accounts, and it is the work of but a few moments to find it and make proper correction.

The method is sufficiently flexible to be adapted to any set of bank books. The number of proofs obtained may be increased or diminished to meet the exigencies of the business and accord with the views and inclinations of the cashier. While it increases the clerical work in some departments (notably the receiving teller's) it effects a corresponding decrease in others, and insures a degree of accuracy not attained by any other method that has yet been devised.

DEPARTMENTS.

For the convenience of the student, the work will be divided into the following departments: Tellers', Mail, Individual Bookkeeper's, General Bookkeeper's.

TELLERS' DEPARTMENT.

This department includes the receiving teller, paying teller, discount clerk, collection clerk and note teller, whose duties will be considered in the order named.

The duties of the various officials and clerks are not the same in all banks.

RECEIVING TELLER.

SECTION 1.*—Duties. The receiving teller, or, as he is frequently called, the second teller, ranks in position next to the paying teller. He receives all kinds of money, checks, drafts, etc., for deposit, from customers, and makes the original credit entries in the depositors' bank books. He should be rapid and accurate in counting and handling money and able to detect counterfeit bills and coin, and forged negotiable paper. In some banks, all funds received, from whatever source, pass through the receiving teller's hands; in others, the receiving teller takes the deposits only. His duties in this work will be limited to the taking of deposits and the issuing of certificates of deposit and cashier's checks.

SEC. 2.—Examination of Deposits. All items which a customer presents for deposit should be carefully examined. Money should be examined for the purpose of detecting counterfeit bills and coins. Checks on our bank should be examined in regard to the indorsements, dates, form, and the genuineness of the signatures of the drawers. Checks on other banks should be examined in regard to dates, indorsements and form.

It matters not whether paper offered for deposit is payable to order, or to bearer, the depositor should always be required to place his indorsement thereon.

Sometimes when there is a long line of depositors at the receiving teller's window, he may, in the rush of business, take checks which are not signed, or which are not filled out properly; the writing has a familiar look, and he takes it for granted that the check is all right. In such instances, were the customers' indorsements omitted it would be very difficult to rectify the error. It is not necessary for the receiving teller to submit each check to that careful scrutiny which the paying teller must exercise, as persons who forge or raise checks are rarely depositors of the bank.

SEC. 3.—Opening a Bank Account. A person desiring to open a bank account should get some one to introduce him who is well known to the bank officials. At the time the account is opened, the authorized signature of the person who opens it is taken in a signature book. This book is provided with columns for the signature of the customer, his address, business, and by whom introduced. The following is a form of such book:

SIGNATURE BOOK.

NAME.	ADDRESS.	BUSINESS.	By Whom Introduced.
<i>J. O. Hamill</i>	<i>115 State St.</i>	<i>Dry Goods Merchant</i>	<i>A. D. Hurst</i>
<i>J. M. Taylor</i>	<i>341 Union St.</i>	<i>Druggist</i>	<i>S. A. Watson.</i>

If the account is opened by a firm, the firm signature should be given in the handwriting of each person who has authority to draw checks. If opened by a corporation, the signature of the official empowered to make disbursements, should be given, together with a copy of the by-laws conferring such authority. A person should be careful to sign his name to all checks that he draws in the exact manner in which he has written it in the signature book.

*Section number has reference to the numbers which run consecutively throughout the book. Transactions are numbered for each day, but their numbers are not preceded by the word "Section."

SEC. 8.—Post-Office and Express Money Orders. These orders are usually settled through the clearing house, and when so paid they should be marked on the deposit ticket with an X.

In the event that it is necessary to collect such orders from the post-office or express office directly, they would come under the title of City Cash Items, and should be marked with an "O." When express companies are not members of the clearing house, it is usually customary for banks in the Eastern and Middle States to remit express orders to their New York correspondent, as nearly all express companies have a New York office, and the remittance of these orders to that point gives the remitting bank an increased balance against which to draw drafts.

SEC. 9.—Method of Handling a Deposit. When a deposit is presented, the receiving teller takes it, turns the bank book face downward, and proceeds to count, first the bills, then the gold, and then the silver. If these items are found correct, a check mark is placed in front of each of them on the deposit ticket. (*See model deposit ticket, page 22.*) Each check is next examined in regard to signature, amount, and indorsements. If correct, and the amount shown on the deposit ticket agrees with the amount shown on the check, a character indicating the location of the bank on which the check is drawn is placed in front of the amount on the deposit ticket. On the model deposit ticket, the check for \$346.50 is drawn on the Commercial Bank of our city. This bank is a member of the clearing house, so an X is placed in front of it. (*For explanation of characters on deposit ticket, see section 7.*) The check for \$200.00 is drawn on the Boatmen's Bank, St. Louis. As this is an out of town bank, "C" is placed in front of it. The check for \$425.40 is drawn upon our bank, which should be so designated with the letter "B." The check for \$58.60 is drawn on Powers Bank of our city. This bank is not a member of the clearing house, hence the letter "O" (City Cash Items) is placed in front of it.

The remaining items on the deposit ticket are similar in character to the above.

SEC. 10.—Receipts from Depositors. The receipts from depositors consist of five items; namely,

1. Coin and bills. (Indicated by ✓.)
2. Checks and drafts on banks which are members of the clearing house, post-office and express money orders. (Indicated by X.)
3. Checks and drafts on banks payable out of town. (Indicated by C.)
4. Checks on our bank. (Indicated by B.)
5. Checks and drafts on banks or bankers in our city, which are not members of the clearing house, checks of the city treasurer, and other similar items. (Indicated by O.)

SEC. 11.—Bank Book. After the receiving teller has examined the deposit and compared it with the deposit ticket he enters, in the depositor's bank book, the total of the ticket together with the date, and his (the receiving teller's) initials. Thus:

1901				
June 20	A. L. H.	2460	40	

The bank book is the depositor's receipt, and, in this respect, it is the same as any other receipt; it is always open to explanation, and to correction if it can be shown that an error has been committed. If, by mistake, the bank should enter too large an amount in the depositor's bank book, correction may be made at any time, if the bank proves the entry to be an error.

When the receiving teller is pressed for time he usually enters the deposits of well known customers in their bank books without examination, putting the entire deposit and ticket aside for examination at his convenience.

SEC. 12.—Exchange on Checks Deposited. It is customary for most banks to charge their depositors a small fee (usually $\frac{1}{10}\%$) for collecting checks on out of town banks. The amount so charged may be deducted from the deposit, or it may be paid in cash. The more customary way is to deduct it from the deposit. (*For form of deposit ticket showing exchange deducted thereon, see page 30, section 20.*)

SEC. 13.—Indorsing Checks for Deposit. Checks, drafts, etc., intended for deposit should be indorsed as follows:

<i>Pay to the order of the First National Bank, Howe & King.</i>
or <i>Howe & King.</i>

A restrictive indorsement which read "For deposit in First National Bank to the credit of Howe & King" was at one time considered the best form. Owing to a legal decision which turned upon this point the New York clearing house will no longer accept paper with a restrictive indorsement, unless such is guaranteed by the sending bank, and clearing houses generally are adopting the same rule.

SEC. 14.—Preparing Post-Office Money Orders for Deposit. When the payee of a post-office money order desires to deposit it in the bank, he should receipt the order at the bottom in the space provided therefor, the same as if the money were paid to him directly by the post-office. Thus:

THE RECEIPT HEREON FOR MONEY ANY POSTAL ORDER CAN LEGALLY BE CASHED IN ONE HUNDRED DOLLARS. (SEE BANK'S CERTIFICATE UNDER PAYMENT IS MADE.)	RECEIVED PAYMENT, <div style="text-align: center; font-size: large;"> <i>Howe & King</i> </div>
---	--

Do not indorse the order on the back, unless you wish to transfer it to some firm or individual.

All indorsements on Post-Office orders must be in writing. Indorsements by rubber stamp will not be accepted.

SEC. 15.—Certificates of Deposit. Certificates of deposit are practically the checks of a bank upon itself. They are usually issued to persons who do not intend to become regular customers. If the purchaser is a stranger, he should be required to write his name across the stub of the certificate in the Certificate of Deposit book, so that when the instrument is presented for payment the indorsement may be compared with the original signature.

FORM OF CERTIFICATE OF DEPOSIT.

CERTIFICATE OF DEPOSIT No. 784

\$900.00

Marion, Iowa, June 1, 1901.

Chas. T. Simmons has deposited in

THE First National Bank
OF MARION.

Nine Hundred Dollars

payable to the order of himself on return

of this Certificate properly endorsed R. H. Moses Cashier

THIS DEPOSIT NOT SUBJECT TO CHECK.

In this work accounts with certificates of deposit and cashier's checks are kept in the Individual Ledger, and are treated practically the same as the accounts with customers. Some banks keep such accounts in the General Ledger.

A record of all certificates of deposit is preserved upon the stubs in the Certificate of Deposit book.

SEC. 16.—Cashier's Checks. A cashier's check differs from a depositor's check only in that it is signed by the cashier of the bank. Such checks are usually issued for the payment of salaries and the general expenses of the business.* They are sometimes given to customers instead of drafts.

In New York this practice has become almost universal. If a depositor wishes to make a remittance to Chicago, instead of purchasing a bank draft on Chicago he simply gets a cashier's check from his bank and remits such check. As New York exchange is usually in demand in all portions of the country, the expediency of such a course is apparent.

FORM OF CASHIER'S CHECK.

Cashier's Check

STATE OF PENNSYLVANIA

THE FIRST NATIONAL BANK

BRADDOCK, PA.

Apr. 17, 1901.

Pay to the order of Howe & King \$1000.00

One Thousand Dollars

C. D. Tappan Cashier

When a cashier's check is issued, a record should be made upon the stub of the check-book in practically the same manner as for any other check.

*The sundry expenses of a bank are usually paid by the paying teller upon charge tickets made out by the cashier.

RECEIVING TELLER'S

	CURRENCY.	X CLEARINGS.
(1) John C Mills	6950	12000
	1280	5040
	20	100
(2) L. M. Thomson		14500
		3000
		11600
(3) Certificate of Deposit #120	15000	
(4) Chas. D. Thomas & Co.	100	19800
	50	4500
		355645
		2700
		27984
(5) Coll. & Ex. on above	190	
(6) Certificate of Deposit #121		
(7) Mason & Hamlin	5000	
	204025	
(8) Arthur Hines	52065	
	.4	
(9) Howe & King	16787	15000
		6000
(10) Cashier's Check #234	1000	
	4875380	9807629

CHECK SHEET.

June 20, 1901.

C CORRESPONDENTS.	B OUR BANK.	O CITY CASH ITEMS.	COLL. AND EXCH.	AMOUNT CREDITED TO DEPOSITORS.
100	4289 10000	1000		
	16010 125 5025 12475	100	50	3653239 45510 15000
2200 18620	520 141623 10200 38377	62040		4651289
	500		190	500
303835 60215	12000 2420			
1500 500	500 6650		525	27662
532425 68425	124250 2800 700	10 1000		
			515	1228050 37787 1000
1413520	5910189	273040	1280	22278478

SEC. 17.—Receiving Teller's Check Sheet. As the deposit tickets are received, they should be entered upon this sheet either by the receiving teller or a clerk. All items appearing upon the deposit ticket which are marked with a check (✓) are placed in the "Currency" column. All items which are marked with a cross (X) are placed in the column entitled "Clearings." All items marked "C" are placed in the "Correspondents" column, and so on with the next two columns. The amount of exchange, if any, for collecting out of town checks is placed in the "Collection and Exchange" column, and the net amount credited to the depositor is placed in the last column.

The cash paid to depositors should be placed in the column so designated. (*For detailed explanation of method of making entries, see page 30, section 20.*)

SEC. 18.—Proof of Check Sheet. Add the footings of the columns entitled "Currency," "Clearings," "Correspondents," "Our Bank," and "City Cash Items." The amount should agree with the sum of the footings of the columns entitled "Collection and Exchange" and "Amount Credited to Depositors."

At intervals during the day checks for the clearing house may be given to a clerk to be listed and prepared for the clearings, checks on our bank may be given to the individual bookkeeper, city cash items may be turned over to the note teller for collection, and checks for correspondents* may be given to the proper clerk for remittance. Before taking checks from the receiving teller's department, it is a good plan to have their amounts called off by a clerk while the teller compares them with the items shown on the sheet, checking those which are correct. By this means all mistakes will be rectified and the final proof quickly obtained at the close of the day.

In some banks the depositors may deposit checks, etc., and withdraw a portion of their deposits in cash from the receiving teller, without drawing a check therefor, the amount withdrawn being deducted from the deposit ticket and the depositor credited with the difference. Such practice would necessitate an extra column on the above check sheet for cash paid out.

If the receiving teller's check sheet is kept by a clerk, as it usually is in large banks, the receiving teller would keep at his window a sheet containing columns for cash received on deposit, and cash received for collection and exchange. The entries hereon would be made at the time the cash was received or paid out. These columns would be used to prove the receiving teller's cash, after which the regular proof would be compiled as shown in section 19, the same as if the entire work were done by the receiving teller personally.

Receiving Teller's Proof, June 20, 1901.

1.—BILLS,	27500 •	1.—DEPOSITS,	22278478
2.—COIN,	325380	2.—COLLECTION AND EXCHANGE,	1280
3.—PAYING TELLER (SPECIAL),	18000		
4.—CLEARINGS,	9807629		
5.—CORRESPONDENTS,	1413520		
6.—OUR BANK,	5910189		
7.—CITY CASH ITEMS,	273040		
	22279758		22279758

*Any bank with which you do business, located in a city other than your own, is one of your correspondents.

SEC. 19.—Receiving Teller's Proof. At the close of the day's business the receiving teller should prepare a proof according to the above form.

DEBIT SIDE.

1. Amount of bills on hand.
2. Amount of coin on hand.
3. Amount of money given the paying teller during the day.
4. Amount of checks for the clearing house received on deposit.
5. Amount of checks, deposited, on out of town banks (correspondents).
6. Amount of checks on our bank received on deposit.
7. Amount of city cash items received on deposit.

When you give money to the paying teller you should have him write the amount he receives on a memorandum sheet, or you should write the amount and have him sign his name as a receipt.

CREDIT SIDE.

1. Amount credited to depositors.
2. Amount of collection and exchange paid in cash or deducted from deposits.

The debit and credit sides of the proof should exactly balance. (*For detailed explanation in regard to the exact method of procedure in the compilation of the receiving teller's proof, see page 32, section 21.*)

QUESTIONS.

1. What are the principal duties of the receiving teller? (*See section 1.*)
2. In regard to what points should the receiving teller examine checks on our bank which are presented for deposit? (*Sec. 2.*)
3. Should a depositor be required to indorse paper payable to bearer? Why? (*Sec. 2.*)
4. What is a signature book? (*Sec. 3.*)
5. Explain the use of cards for signatures. (*Sec. 4.*)
6. What is a deposit ticket? (*Sec. 6.*)
7. Who should make out the deposit ticket? (*Sec. 6.*)
8. For what purpose are the characters placed at the left of the amounts on the deposit ticket, and who places these characters thereon? (*Sec. 7.*)
9. Explain the method of handling a deposit. (*Sec. 9.*)
10. Name the different items of which the receipts from depositors consist. (*Sec. 10.*)
11. What is a bank book? (*Sec. 11.*)
12. Who makes the entries in the bank book when money is deposited? (*Sec. 11.*)
13. If by mistake too large an amount is entered in the bank book, would the bank be liable for the amount entered, or could correction be made? (*Sec. 11.*)
14. On what kind of checks do banks usually charge exchange? (*Sec. 12.*)
15. How are checks indorsed for deposit? (*Sec. 13.*)
16. How are post-office money orders prepared for deposit? (*Sec. 14.*)
17. What is a certificate of deposit? To whom are they issued? (*Sec. 15.*)
18. What is a cashier's check, and for what purpose is it given? (*Sec. 16.*)
19. What columns on the receiving teller's check sheet are used for debits, and what for credits? (*Sec. 17.*)
20. How may the receiving teller's check sheet be proved? (*Sec. 18.*)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

*To be entered on the receiving teller's check sheet.**

SEC. 20.—The following deposits have been received as per tickets:

INSTRUCTIONS.—The deposit ticket shown herewith should be entered upon the receiving teller's check sheet. (*For explanation of the characters in front of the items, see page 22, section 7.*)

Write Wm. B. Culver in the column entitled "Name of Depositor."

The first three items (\$4000, \$200, \$17) on the deposit ticket are marked with checks (✓). Enter these items separately in the currency column of the receiving teller's check sheet. (*See form of entry, page 31.*)

As each item is entered it should be checked on the extreme right-hand side of the ticket so as to avoid the possibility of taking the same items twice or of omitting an item.

The next item (\$500) on the deposit ticket is marked "C." Enter the amount in the column entitled "Correspondents." (*See entry, page 31.*) The next item (\$740.80) is marked "X." Enter the amount in the column entitled "Clearings." The next item (\$29.76) is marked "O." Enter the amount in the column entitled "City Cash Items." The next three items (\$523.62, \$1000, \$568) are marked "C." Enter these items in the column entitled "Correspondents." The next two items (\$48.25, \$700) are marked "B." Enter the amounts in the column entitled "Our Bank." The next item (\$34.50) is marked "X." Enter the amount in the column entitled "Clearings."

The collection and exchange on out of town checks (correspondents) is \$1.35. Place this amount in the column entitled "Collection and Exchange." The total of the deposit is \$8361.93,

No. 1.—DEPOSIT TICKET.

DEPOSITED IN		Dollars	Cents
FIRST NATIONAL BANK,			
Rochester, N. Y.			
FOR THE ACCOUNT OF			
<i>W. B. Culver,</i>			
<i>June 20, 1901.</i>			
Bills,	✓ 4000		
Gold,	✓ 200		
Silver,	✓ 17		
Checks,	C 500		
	X 740 80		
	O 29 76		
	C 523 62		
	C 1000		
	C 568		
	B 48 25		
	B 700		
	X 34 50		
	<u>8361 93</u>		
C. & E.	1 35		
	<u>8360 58</u>		

*It has been found impossible to make the volume of the business conform to that transacted by most banks, and have the checks, notes, etc., made out for such amounts as would ordinarily be employed in actual business without imposing more work on the student than seems desirable. As this is distinctly a student's work, we have considered a discrepancy in amounts as subordinate to the student's interests, and whenever there was a confliction, we have permitted the latter to take precedence.

the exchange is \$1.35; subtracting the exchange from the deposit, we have \$8360.58, which is the actual amount to be credited to the depositor. Place this amount (\$8360.58) in the column entitled "Amount Credited to Depositor." The following is the form of the complete entry:

FORM OF ENTRY FOR TRANSACTION NO. 1.

NAME OF DEPOSITOR.	CURRENCY.	CASH.	CORRESPONDENTS.	OUR BANK.	CITY CASH ITEMS.	COLLECTION AND EXCHANGE.	AMOUNT CREDITED TO DEPOSITOR.
<i>W. D. Culver</i>	4000	740.50	500	48.25	2976	1.35	
	200	34.50	523.62	700			
	17		1000				
			568				
							8360.58

(Examine model receiving teller's check sheet, page 26).

In the transactions which follow the deposit tickets are not shown, but the nature of the deposit is indicated by appropriate characters.

No. 2.—Charles D. Thomas & Co., √ \$400.00, B \$500.00, B \$380.00, B \$725.10, X \$320.00, X \$580.00, X \$640.00; total, \$3545.10.

Treat this deposit the same as the preceding one.

No. 3.—G. W. Young, √ \$780.00, √ \$400.00, √ \$20.25, C \$500.00, C \$240.00, B \$320.00, B \$1200.00, O \$600.00, C \$590.00; total, \$4650.25 (do not enter this amount), less exchange \$1.50, amount deposited, \$4648.75. (\$4648.75 is the amount that should be placed in the last column.)

No. 4.—R. L. Smith & Co., √ \$600.00, X \$320.00, B \$725.12, B \$316.10, X \$580.00, B \$200.00, B \$125.16, X \$895.00, B \$400.00; total, \$4161.38.

No. 5.—L. M. Thomson, √ \$1000.00, C \$600.00, C \$100.00, C \$100.00, C \$125.00, total \$1925.00, less exchange \$1.25; total deposit, \$1923.75.

No. 6.—John C. Mills, √ \$900.00, B \$450.00, X \$360.00, X \$290.45, O \$100.00, X \$560.80, B \$300.00, B \$900.00; total, \$3861.25.

No. 7.—M. J. Samuels has deposited currency \$900.00, and received therefor our certificate of deposit, number 429.

INSTRUCTIONS.—Enter the \$900.00 in the currency column, and in the column entitled "Amount to be Credited to Depositor." (See third entry on model check sheet, page 26.)

No. 8.—New York Central Railway Co., √ \$9685.00, √ \$320.00, √ \$50.25, X \$100.00, B \$580.00, B \$360.00, B \$184.70, B \$1200.00, B \$625.00, B \$384.10, B \$126.00, O \$500.00, X \$729.00; total, \$14844.05.

No. 9.—Mason & Hamlin, √ \$700.00, √ \$34.35, B \$265.00, B \$40.00, B \$25.10, X \$16.25, X \$320.00, B \$140.00, B \$600.00, X \$870.00, X \$964.25, X \$300.00; total, \$4274.95.

No. 10.—W. B. Lyons, √ \$10.00, X \$300.00, B \$526.00, C \$425.70, B \$320.00, C \$640.00, B \$134.00, X \$265.80, X \$948.10, X \$320.00; total, \$3889.60, less exchange \$1.25; total deposit, \$3888.35.

No. 11.—H. R. Day, ✓ \$2140.00, X \$500.00, B \$320.00, X \$100.00, X \$50.00, X \$460.00, B \$321.40, B \$52.80, X \$260.00; total, \$4204.20.

No. 12.—H. R. Day has given us his check on our bank for \$500.00 for our certificate of deposit, number 430.

INSTRUCTIONS.—Enter the check in the column entitled “Our Bank,” and in the column entitled “Amount Credited to Depositor.” (*See sixth entry on model check sheet, page 26.*)

No. 13.—Wilson Thomas has given us \$1200.00 (currency) for cashier’s check, number 74.

INSTRUCTIONS.—Place the \$1200.00 in the currency column and in the column entitled “Amount Credited to Depositor.” (*See tenth entry on model check sheet.*)

No. 14.—Add the columns of the receiving teller’s check sheet and rule it up according to form given on pages 26 and 27. Ascertain if the sum of the footings of the first five columns (“Currency,” “Clearings,” “Correspondents,” “Our Bank,” and “City Cash Items”) agrees with the sum of the footings of the last two columns (“Exchange,” and “Amount Credited to Depositor.”)

No. 15.—Make out receiving teller’s proof according to instructions given below. (*See form, page 28.*)

You have, at various times during the day, given the paying teller currency to the amount of \$1700. You have on hand bills to the amount of \$16000 and coin to the amount of \$5656.85.

HOW TO MAKE OUT THE RECEIVING TELLER’S PROOF.

DEBIT SIDE.

SEC. 21.—1. Count the actual bills you have on hand. As stated above, the amount in the present instance is \$16000. Place this amount (\$16000) after the word “Bills” on the proof. (*See form, page 28.*)

2. Count the actual coin you have on hand. The amount in the present instance is \$5656.85. Place this amount after the word “Coin” on the proof.

3. Place the amount you have given the paying teller during the day (which in this instance is \$1700) after the words “Paying Teller (Special)” on the proof.

Your “Bills,” “Coin,” and “Paying Teller (Special)” make up the footing of the Currency column of the check sheet; hence, the footing of the Currency column is not entered on the proof.

4. Take the footing of the column entitled “Clearings” on the check sheet and place it after the word “Clearings” on the proof.

5. Take the footing of the column entitled “Correspondents” on the check sheet and place it after the word “Correspondents.”

6. Take the footing of the column entitled “Our Bank” on the check sheet and place it after the words “Our Bank.”

7. Take the footing of the column entitled “City Cash Items” on the check sheet and place it after the words “City Cash Items.”

CREDIT SIDE.

1. Take the footing of the column entitled “Amount Credited to Depositors” on the check sheet and place it after the word “Deposits.”

2. Take the footing of the column entitled "Collection and Exchange" on the check sheet and place it after the words "Collection and Exchange."

The debit and credit sides of the receiving teller's proof should now be ascertained, and, if correct, the proof will exactly balance.

No. 16.—Submit proof to your teacher for approval.

When your teacher returns your proof do not destroy it, as you will need all proofs you make out, at the close of your preliminary work.

JUNE 22.

No. 1.—Arthur Hines, √ \$320.00, X \$460.00, X \$985.00, X \$800.00, B \$300.00, C \$250.00, X \$600.00, C \$450.00, B \$540.00, B \$1100.00; total, \$5805.00, exchange \$.75; total deposit, \$5804.25.

No. 2.—Howe & King, X \$500.00, X \$320.00, B \$460.25, O \$500.00, B \$340.80, B \$1200.00, B \$700.00, X \$1350.00, B \$400.00; total, \$5771.05.

No. 3.—Ray Bros. & Co., √ \$40.00, √ \$26.00, B \$300.00, B \$1200.00, C \$400.00, C \$320.00, C \$524.25, B \$900.00, X \$560.00, B \$200.00, C \$300.00, C \$100.00, C \$50.00, C \$200.00; total, \$5120.25, exchange \$1.50; total deposit, \$5118.75.

No. 4.—John O'Connor, √ \$2000.00, B \$600.00, B \$1200.00, B \$3000.00, X \$1500.00; total, \$8300.00.

No. 5.—J. H. McDowell X \$2500.00; total, \$2500.00.

No. 6.—R. G. Simpson, O \$1400.00, X \$700.00, B \$1300.00; total, \$3400.00.

No. 7.—Mary V. Waters, √ \$800.00, B \$2600.00; total, \$3400.00.

No. 8.—Mrs. R. C. Sneed, B \$100.00, X \$900.00, O \$1000.00; total, \$2000.00.

No. 9.—Wilson, Hinkle & Co., √ \$300.00, √ \$40.25, B \$500.00, B \$150.00, B \$600.00, B \$240.00, B \$324.00, B \$500.00, X \$620.00, X \$325.00, X \$472.00, X \$800.00, X \$520.00, B \$300.00, B \$250.00, X \$250.00, X \$600.00; total, \$6791.25.

No. 10.—A. H. Withers has paid us \$800.00 (currency) for certificate of deposit, number 431.

No. 11.—Charles D. Thomas & Co., √ \$1368.00, √ \$20.00, C \$100.00, C \$250.00, C \$300.00, B \$420.80, B \$200.00, X \$560.00, C \$400.00, C \$254.00, C \$900.00, B \$760.00, X \$590.00; total, \$6122.80, exchange \$2.20; total deposit, \$6120.60.

No. 12.—L. M. Thomson, √ \$305.20, X \$42.50, X \$20.45, X \$43.26, B \$421.12, B \$15.20, B \$100.00, B \$64.25, X \$13.20, X \$58.75, X \$40.00; total, \$1123.93.

No. 13.—W. B. Culver, C \$2000.00, C \$700.00, X \$500.00; total, \$3200.00, exchange \$1.00, which is paid in cash; total deposit \$3200. (*For method of making entry when exchange is paid in cash, see deposit of Charles D. Thomas—Nos. 6 and 7—on model receiving teller's check sheet, page 26.*)

No. 14.—Howe & King have given us their check on our bank for \$1500.00 for a certificate of deposit, number 432.

No. 15.—John C. Mills, √ \$1200.00, √ \$125.00, √ \$24.25, X \$100.00, B \$400.00; total, \$1849.25.

No. 16.—New York Central Railroad Co., √ \$4845.00, √ \$2000.00, √ \$500.40; total, \$7345.40.

No. 17.—A. V. Hunter has given us \$1000.00 for which we have issued our cashier's check, number 75.

No. 18.—At various times during the day you have given to the paying teller currency to the amount of \$2500.00. You have on hand coin to the amount of \$3215.10, and bills to the amount of \$10000.00. Make out receiving teller's proof and submit it to your teacher for approval.

PAYING TELLER.

SEC. 22.—Duties. The paying teller is the disbursing officer of the bank, and in position ranks next to the cashier. He must be thoroughly familiar with the banking business, skilled in accounting and handling money, strictly honorable and trustworthy, and a good judge of human nature. He should know the signatures of all the depositors, and be able to detect forged and raised negotiable instruments. He is the custodian of the funds of the bank, and is required to give bond for the safe keeping of the cash. Usually the vaults of the bank are provided with two or more doors with combination locks, one of which is known only to the cashier, and the other only to the paying teller. By this means it is impossible for either of these officials to enter the vaults alone, thus reducing the great responsibility which would otherwise be imposed upon a single individual.

SEC. 23.—Paying Checks. As the principal part of the paying teller's work consists in making disbursements upon vouchers known as bank checks, it is essential that he should be thoroughly familiar with these instruments, and subject each one to the most careful scrutiny before paying any money thereon. When a check is presented for payment three questions arise in the paying teller's mind:

1. Is the signature to the check genuine?
2. Is the drawer's account good for the amount named in the check?
3. Is the person presenting the check the one entitled to receive the money?

In addition to these three things a check should be examined in regard to the following points:

It should not be post dated, that is, dated ahead.

It should be made payable to some particular individual or company, or it should specify the title of the account or some particular object of the payment.

It should specify, both in figures and in writing, the amount of money to be paid and these amounts should agree. In the event that they do not agree, the check should be returned for correction.

The paying teller would be relieved from responsibility in such instances by paying the amount indicated in writing, but the custom of banks is to return a check where there is a disagreement between the figures and the writing.

The person who receives the money should sign his name on the back of the check, it matters not whether the check is payable to order or to bearer.

If the check is not drawn on his bank, the paying teller should not cash it unless he is well acquainted with the responsibility of the person presenting it.

If there is any indication of the check's having been raised or tampered with in any respect, he should not cash it until he can communicate with the drawer.

SEC. 24.—Certification. One of the most important functions of the paying teller in the larger cities is the certification of checks.

When a check is presented for certification the paying teller should scrutinize it the same as if the check were presented for payment, and if he has any doubt in regard to the depositor's balance he should apply to the individual bookkeeper for information before making the certification. The paying teller usually writes the words "Certified," "Good," or "Good when properly endorsed" when he certifies a check.

FORM OF CERTIFIED CHECK.



When a check is certified, the bank becomes responsible for its payment.

In many banks the cashier certifies all paper presented for certification. In some banks this work is performed by either the cashier or the paying teller.

Red ink is preferable to black for the certification of checks and the acceptance of drafts, though as a matter of fact the acceptance on drafts is more frequently written in black than red. The student, however, should use red ink unless differently instructed by his teacher.

The greater portion of the business of the brokers of Wall Street (New York) is transacted by certified checks. It would be a very difficult task to count the money for these voluminous transactions, to say nothing of the trouble and care of handling it.

A depositor sometimes has a check certified so that he may draw against it. A bank would be unwilling to allow a customer to deposit an uncertified check for Twenty Thousand Dollars, and immediately draw Fifteen Thousand Dollars, before the bank had any opportunity of ascertaining whether or not the check was good.

National banks are prohibited from certifying checks in excess of the amount which the depositor has in the bank. This restriction, however, is not imposed upon state banks.

Some banks (notably those of Boston), make it a rule not to certify checks, but, instead, to take up the check, and issue therefor the bank's certificate of deposit, or a cashier's check.

The certification of a check does not guarantee the indorsements, nor does it guarantee that the check is properly filled out. When a bank certifies a check it declares, in effect, that the signature is genuine, and that the customer has the amount named in the check on deposit, but, should the bank, without any carelessness on its part, certify a raised check, it can only be held for the amount for which the check was originally drawn.

SEC. 25.—The paying teller should make out a ticket for every check certified, so that the amount of the check may be immediately charged to the depositor's account. The following is the form of such a ticket:

FORM OF CHARGE TICKET.

American Exchange Bank.	
St. Louis, Mo.,	<i>June 1, 1901</i>
CHARGE <i>M. E. Neighbors</i>	\$ <i>40000.00</i>
CREDIT	\$
<i>P. B. D.</i>	
	Paying Teller.

In addition to making out a ticket a record should be made in the certified check book, which contains a list of all checks certified, and shows those which have been paid, together with the date of payment. Upon reference to this book the bank officials may at any time determine the number of certified checks outstanding.

SEC. 26.—The following is the

FORM OF CERTIFIED CHECK BOOK.

June 20, 1901

NAME OF DRAWER.	FOR WHOM CERTIFIED.	AMOUNT OF CHECK.	WHEN PAID.	AMOUNT PAID.
<i>Arthur Hines</i>	<i>Arthur Hines</i>	<i>2000</i>	<i>1901 June 24</i>	<i>2000</i>
<i>C. D. Thomas & Co.</i>	<i>C. A. Muhl</i>	<i>10500</i>		
<i>C. D. Thomas & Co.</i>	<i>C. D. Thomas & Co.</i>	<i>7900</i>	<i>Aug. 1</i>	<i>7900</i>
<i>Howe & King</i>	<i>R. J. Collins</i>	<i>6000</i>	<i>Sept. 4</i>	<i>6000</i>
<i>Arthur Hines</i>	<i>David Thomson</i>	<i>1000</i>	<i>Aug. 18</i>	<i>1000</i>
		<i>27400</i>		

At the close of the day the paying teller should make out a ticket for the total amount of the checks certified during the day. This amount is the footing of the certified check book as shown above. When the ticket is made out a check (✓) should be placed in front of the footing.

SEC. 27.—**Bank Drafts.** Banks located in the smaller cities usually keep money deposited in banks in New York, Boston, Chicago, or other financial centers, against which

to draw drafts to sell to their customers, the bank making a small profit on the charge for exchange. Drafts on New York are very extensively used for making remittances in all parts of the country. Banks which draw drafts are charged with the drafts by the drawee bank in practically the same manner as a resident depositor would be charged with a check, the drafts in reality being checks upon the bank.

FORM OF BANK DRAFT.

<i>The Manufacturers & Traders Bank</i>		<i>No. 7124</i>
<small>ESTABLISHED 1856 - CAPITAL AND SURPLUS \$ 1,400,000.00.</small>		
<i>Pay to the order of</i>	<i>Buffalo, N.Y. Apr. 17, 1901</i>	
<i>Chas. D. Thomas & Co.</i>	<i>\$ 349.⁵⁰/₁₀₀</i>	
<i>Three Hundred Forty-nine and 50/100 Dollars</i>		
<i>To the First National Bank, New York City.</i>	<i>Sam'l. J. Le Nois</i>	<i>Cashier</i>

The deposits which banks make with their correspondents in different financial centers are composed principally of drafts and checks on banks, and drafts on firms and individuals in and near the city in which the correspondent bank is located, and money sent to the correspondent bank by express. The drafts remitted to correspondents are received from customers by the different tellers. This is termed "buying exchange."

When a bank sells a draft on another bank it is termed "selling exchange."

From the above it will be seen that the bank does not sell the same drafts (exchange) that it buys. The drafts purchased are remitted to its correspondents, and drafts are drawn and sold against the balance so created.

SEC. 28.—Record of Drafts. Drafts are usually bound in books, similar to checks, and when drawn a record should be made on the stub showing the number, the person in whose favor it is drawn, the exchange, if any, and the face of the draft. The entries are transferred from the stub of the draft book to the draft register. The draft register shows only the number and the amount of the draft.

At the close of the day the draft register is footed and the total compared with the amount shown on the paying teller's and note teller's check sheets, and, if correct, it is credited to the drawee bank by means of a credit ticket.

In this work the note teller does not sell drafts, but he often remits such to other banks, and when so remitted they should be entered on his check sheet. Bank drafts may also be remitted by the mail clerk in settlement of accounts current, in which case the entries would be made on the general bookkeeper's proof sheet, and would have to be considered in proving the footing of the draft register.

The amount to be credited could easily be ascertained by adding the amounts shown on the stubs of the draft book, and the draft register might be dispensed with, but if such were done, the statement rendered by the New York bank could not be conveniently checked up nor could you see at a glance just what drafts were paid and what were unpaid.

Balance to Clearings, \$ 18767.⁷⁰

Paid Out

Original from
HARVARD UNIVERSITY

Received

June 20, 1901

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SEC. 29.—Paying Teller's Check Sheet. All money paid out or received by the paying teller should, at the time of such disbursement or receipt, be entered upon the check sheet. The disbursements are entered on the left side of the sheet, and the receipts on the right.

All checks cashed which are drawn on our bank are entered in the column entitled "Our Bank;" all checks cashed which are drawn on any bank which is a member of the clearing house are entered in the column entitled "Clearings;" all checks cashed drawn on out of town banks are entered in the column entitled "Correspondents;" all checks cashed, drawn upon banks in our city which are not members of the clearing house, are entered under "City Cash Items;" all cashier's charge tickets paid are entered under "Sundry Expense." Money received from sale of drafts should be entered under "Drafts;" money received for exchange on drafts should be entered under "Exchange on Drafts;" money received for collection and exchange other than for exchange on drafts should be entered under "Sundry Collection and Exchange." All other money which the paying teller receives from any source should be entered under "Sundry," and the name of the source from which it is received written in the explanation column. The amount, if any, paid to the clearing house should be entered in the upper left-hand corner of the sheet after the words "Balance to Clearings."

With the exception of "Sundry Receipts" the explanation columns may or may not be filled out, but unless otherwise directed by the teacher, the student should fill them out as indicated in model. (*For detailed explanation of the method of making entries on paying teller's check sheet, see section 30 below.*)

Some banks do not consider it necessary to fill out the explanation columns, and there is really no benefit to be derived from so doing, unless mistakes are made, in which case the explanations are of value in comparing the vouchers with the amounts shown on the check sheet. As beginners are apt to make mistakes, the advisability of recording a small amount of the historical data is apparent.

In many banks, drafts sold for checks are not entered upon the paying teller's check sheet, but a ticket is made out and handed to the general bookkeeper, who makes the entry directly on his sheet.

SEC. 30.—Proof of Check Sheet. At the close of the business day the paying teller should prepare a proof according to the form shown on page 41.

DEBIT SIDE, PAYING TELLER'S FIRST PROOF.

1. Amount of currency on hand at the close of the previous day.
2. Amount of bills and coin received from the receiving teller at the close of the previous day.

The paying teller, receiving teller, and note teller make up their proofs immediately at the close of the business day. The paying teller makes out his proof entirely independent of the receiving teller and note teller. After all the proofs are made out the receiving teller and the note teller turn over their cash to the paying teller. The cash that they turn over appears on the paying teller's proof the day following. The general bookkeeper's cash proof shows a detailed account of the cash received and paid out from all sources, and the cash balance at the close of each day.

3. Amount of bills and coin received from the note teller at the close of the previous day.
4. Amount of bills and coin received from the receiving teller during the day.
5. Amount received for collection and exchange.
6. Amount received from the sale of drafts.
7. Amount of money (if any) received from the clearing house.

The difference between the amount of checks, etc., taken to the clearing house and the amount received from the clearing house represents the balance to or from clearing, as the case may be. If more checks are taken than are received, the difference is "Balance from Clearings." If more checks, etc., are received than have been taken, the difference is "Balance to Clearings;" that is, we must pay the difference to the clearing house.

Paying Teller's First Proof, June 20, 1901

1. Cash from Yesterday,	16124550	1. Checks on Our Bank,	2802505
2. Receiving Teller,	2985420	2. Clearings,	936990
3. Note Teller,	2407685	3. Correspondents,	983525
4. Rec. Teller (Special),	18000	4. Balance to Clearings,	1876770
5. Coll. and Exchange, $\frac{11}{25}$	2045	5. City Cash Items,	28890
6. Drafts,	4525	6. Sundry Expense,	1110
7. Balance from Clearings,			6629790
		7. Cash on Hand as Under:	
		National Bank Notes,	12400
		Legal Tender Notes,	79000
		Gold Certificates,	10000
		Gold Coin,	59500
		Silver Certificates,	7650
		Silver Dollars,	2800
		Fractional Silver Coin,	46
		Minor Coin,	2810
			17142410
	237722		237722

CREDIT SIDE, PAYING TELLER'S FIRST PROOF.

1. Amount of checks cashed on our bank.
2. Amount of checks cashed on clearing house banks.
3. Amount of checks cashed on out of town banks.
4. Amount (if any) paid to the clearing house.
5. Amount of checks cashed on banks in our city not members of the clearing house.
6. Amount paid out on cashier's charge tickets for sundry expense.
7. Amount of cash on hand at the close of the business day. (This includes bills and coin only.)

SEC. 31.—The **Paying Teller's Second Proof** is designed to show the amounts to be charged and credited to the various accounts with which the paying teller has to deal, while the first proof is compiled principally to prove the correctness of the cash. The second proof is not usually made out in banks, as all the information it gives may be easily obtained

Paying Teller's Second Proof, June 20, 1901.

1. Checks on Our Bank,	2802505	1. Currency Paid Out,	6629790
2. Clearings Checks Cashed,	936990	2. Amount of Checks Taken	
3. Correspondents,	- 983525	to Clearings,	10426520
4. City Cash Items,	28890	3. Correspondents	
5. Sundry Expense,	1110	(Drafts Drawn)	4525
6. Currency as Under :		4. Collection and Exchange,	2045
For Coll. and Exch. 20.45		5. Certification Account,	27400
For Drafts, 4525.			
From Clearings, ' 454545			
7. Amount of Checks Re-			
ceived from Clearings,	12303290		
8. Checks Cert. for Depositors	27400		
	20250855		20250855

from other sources. The student, however, will find the final proofs greatly simplified and the liability to error very much reduced by compiling this proof. (See form of paying teller's second proof above.)

DEBIT SIDE, PAYING TELLER'S SECOND PROOF.

1. Amount of checks cashed which were drawn on our bank.
2. Amount of checks cashed drawn on banks which are members of the clearing house.
3. Amount of checks cashed on out of town banks.
4. Amount of checks cashed on banks in our city which are not members of the clearing house.
5. Amount of cashier's charge tickets paid.
6. Amount of money received for collection and exchange for bank drafts, and from the clearing house.
7. Amount of checks received from the clearing house.
8. Amount of checks certified during the day and charged to depositors.

CREDIT SIDE, PAYING TELLER'S SECOND PROOF.

1. Amount of currency paid out during the day.
2. Amount of checks taken to the clearing house.
3. Amount of drafts drawn on correspondents (other banks).
4. Amount credited to collection and exchange.
5. Amount of checks certified during the day.

As checks are certified they are charged to the persons by whom drawn (No. 8 on proof) and the total is credited at the close of the day to certification account. (No. 5 on proof.)

LIST OF BANKS.

SEC. 32.—The following is the list of banks with which the student will do business:

BANKS LOCATED IN SAME CITY AS STUDENT, WHICH ARE MEMBERS OF THE CLEARING HOUSE.

Bank of America.	Manhattan Trust Co.
Bank of Monroe.	Merchants Exchange Bank.
Chase National Bank.	Park National Bank.
Citizens National Bank.	Peoples Bank.
Commercial Bank.	Shoe and Leather Bank.
Exchange National Bank.	Tenth National Bank.
Fourth Street National Bank.	Third National Bank.
Germania National Bank.	Union Trust Co.

If the paying teller pays a check drawn on any of the above named banks it should be entered in the column entitled "Clearings" on the paying teller's check sheet.

SEC. 33.—BANKS LOCATED IN THE SAME CITY AS THE STUDENT, BUT NOT MEMBERS OF THE CLEARING HOUSE.

Brown Bros., Bankers.
Farmers and Traders Bank.
Powers Bank.

If the paying teller pays a check drawn on any of the above banks, or a check issued by the city treasurer, it should be placed in the column entitled "City Cash Items."

CORRESPONDENTS.

SEC. 34.—Banks located out of town with which the student will do business.

Baltimore, American Exchange Bank.	Newport, Third National Bank.
Boston, Second National Bank.	New York, City National Bank.
Chicago, Commercial National Bank.	New York, Fourth National Bank.
Cincinnati, Fourth National Bank.	Omaha, Second National Bank.
Cleveland, Tenth National Bank.	Philadelphia, Continental Bank.
Dallas, Bank of Commerce.	St. Louis, Boatmen's Bank.
Ithaca, N. Y., First National Bank.	St. Paul, Bank of Commerce.
Kansas City, Missouri National Bank.	San Francisco, First National Bank.
New Orleans, National State Bank.	Scranton, Pa., Merchant's Bank.
Syracuse, N. Y., Third National Bank.	

FOREIGN CORRESPONDENT.

London, Eng., Parr's Bank, Ltd.

In the event that a check or draft is paid which is drawn on any of the above banks, it is placed in the column entitled "Correspondents" on the paying teller's check sheet. If checks or drafts are paid which are on other banks in the same cities as those above mentioned, or near such cities, said checks would be charged to Correspondents and sent to the banks above named for collection and credit.

LOCATION OF THE STUDENT.

SEC. 35.—To avoid confusion, the student's location will be Rochester, N. Y., and the name of his bank will be the First National Bank. All checks and drafts drawn on banks outside of Rochester will be considered as out of town checks or drafts, and whenever cashed they should be charged to Correspondents. Checks and drafts on all banks in the city of Rochester other than Brown Brothers, Farmers and Traders, and Powers Bank will come under the title of "Clearings," as they are drawn on clearing house banks. Checks on Brown Brothers, Farmers and Traders, and Powers Bank (of Rochester) will be considered as City Cash Items, as these banks are not members of the clearing house.

QUESTIONS.

1. What are the principal duties of the paying teller? (*Sec. 22.*)
2. What three things present themselves to the paying teller's mind when a check is presented for payment? (*Sec. 23.*)
3. In the event that there is a disagreement between the amount expressed in figures and the amount expressed in writing on a check, what should the paying teller do? (*Sec. 23.*)
4. Should the payee of a check which is made payable to bearer be required to place his indorsement thereon? (*Sec. 23.*)
5. What is a certified check? (*Sec. 24.*)
6. Why should the paying teller examine a depositor's account before certifying a check? (*Sec. 24.*)
7. Can banks certify checks in excess of a depositor's account? (*Sec. 24.*)
8. Why is a certified check any better than an uncertified check? (*Sec. 24.*)
9. What is a certified check book, and for what purpose is it used? (*Sec. 26.*)
10. What is a bank draft? (*Sec. 27.*)
11. For what purpose are bank drafts used? (*Sec. 27.*)
12. In what columns on the paying teller's check sheet do you place money which is paid out? In what columns do you place money which is received? (*Sec. 29.*)
13. What is the name of the bank which the student represents, and where is it located? (*Sec. 35.*)
14. What three city banks are not members of the clearing house? (*Sec. 33.*)
15. Under what title are all checks on out of town banks classed? (*Sec. 34.*)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

To be entered on the paying teller's check sheet.

The following checks have been paid:

No. 1.

<i>Rochester, N.Y. June 21, 1901. No. 629.</i> <i>First National Bank.</i> <i>Pay to the order of: Ruston Holmes — \$325.00</i> <i>Three Hundred Twenty-five — Dollars.</i> <i>in College Currency. Chas. D. Thomas & Co.</i>	
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INSTRUCTIONS.—Make an entry in the first column ("Our Bank") of paying teller's check sheet for the amount of the check, \$325.00. Write "C. D. T. & Co." (Chas. D. Thomas & Co.), in the blank space for explanation. The following is the form of the entry:

OUR BANK.	
<i>C. D. T. & Co.</i>	<i>325</i>

Examine model paying teller's check sheet, page 38.

In filling up the space for explanation, give only such information as is actually necessary to identify the vouchers with the amounts given in the money columns. If a depositor is well known, his initials are sufficient; if not well known, it may be necessary to write his name in full.

All checks drawn on our bank and cashed by the paying teller, should be entered in the "Our Bank" column.

In the transactions which follow, the checks are not shown, but sufficient description is given of each to enable the student to make the proper entries.

No. 2.—Check of Wilson, Smith & Co., drawn on the Merchants Exchange Bank, City, for \$600.00.

INSTRUCTIONS.—Merchants Exchange Bank is a member of the clearing house (see section 32), hence, the amount of this check should be entered in the column entitled "Clearings." (For form, see first item in the column entitled "Clearings" on model paying teller's check sheet.)

All checks cashed by the paying teller, drawn on banks in our city which are members of the clearing house, should be placed in the column entitled "Clearings."

No. 3.—Certified check of Wilson, Smith & Co., drawn on the Second National Bank, Boston, for \$234.50. Collection and exchange 25¢.

INSTRUCTIONS.—Instead of giving the person who presents the check \$234.50, you should deduct 25¢ for exchange, and pay out in actual cash \$234.25. As the check is drawn on an out of town bank (*see section 34*) the face of the check, \$234.50, should be entered in the "Correspondents" column. Place the amount of the exchange (25¢) in the column entitled "Sundry Collections and Exchange." (*See first entries in the columns for "Correspondents" and "Sundry Collections and Exchange" on model paying teller's check sheet.*)

All checks which the paying teller cashes on out of town banks should be entered in the "Correspondents" column.

In remitting this check for collection it would be sent to the Second National Bank, Boston, as this bank is one of our correspondents. (*See section 34.*) It would be inconvenient for banks to remit all checks which they receive to the banks on which they are drawn. To avoid this trouble one or two banks in each of the larger cities are selected as correspondents, and the checks on banks in their vicinity are remitted to them for collection from the drawee banks.

No. 4.—Check of W. J. Wilson & Co., on Powers Bank, City, for \$200.00.

INSTRUCTIONS.—As Powers Bank is not a member of the clearing house (*see section 33*) this check would not be entered in the "Clearings" column, but in the column entitled "City Cash Items." (*See first entry on model check sheet under "City Cash Items."*)

All checks which the paying teller cashes on banks in our city, not members of the clearing house, should be entered in the column entitled "City Cash Items."

IMPORTANT NOTE.—In future transactions the student must consult sections 29, 32, 33, and 34, and determine in which column of the paying teller's check sheet the entry should be made.

No. 5.—Draft of First National Bank of Omaha, Neb., drawn on the City National Bank, New York, for \$1000.00. ("Correspondents" column.)

INSTRUCTIONS.—Write the name of the bank on which the check or draft is drawn in the space for explanation, unless it is drawn on our bank, in which case give the name of the drawer.

No. 6.—Check of G. W. Young on our bank for \$796.25. (Entry same as for No. 1.)

No. 7.—Check of Mason & Hamlin on our bank for \$364.50.

No. 8.—Check of Johnson, Smith & Co. on the Citizens National Bank, City, for \$1200.00. ("Clearings" column.)

No. 9.—Draft of the Fourth National Bank of Philadelphia on the City National Bank of New York, for \$400.00. ("Correspondents" column.)

No. 10.—Check of Charles D. Thomas & Co. on the Chemical National Bank, New York, for \$780.00.

Checks on banks in the same city in which you have a correspondent, or near such a city, should be sent to your correspondent bank.

INSTRUCTIONS.—The above check should be sent to the City National Bank, New York, and should be placed in the "Correspondents" column of the paying teller's check sheet. "Chemical National Bank, N. Y.," should be written in the space for explanation.

No. 11.—Certified check of James D. Lewis on the Commercial National Bank of Chicago, for \$200.00. Collection and exchange 40¢. (*For method of making entry, see transaction 3, page 46.*)

No. 12.—Check of C. D. Owens on the Farmers and Traders Bank, City, for \$250.00.

No. 13.—Check of Howe & King on our bank for \$9000.00.

No. 14.—Check of H. R. Day on our bank for \$46.20.

No. 15.—Check of W. B. Culver on our bank for \$2560.00.

No. 16.—Check of John O'Connor on our bank for \$849.00.

No. 17.—Check of Smith Bros. on the Union Trust Co., City, for \$86.50.

No. 18.—Check of John C. Mills on our bank for \$726.00.

No. 19.—Check of L. M. Thomson on our bank for \$1538.20.

No. 20.—Check of Arthur Hines on our bank for \$274.60.

No. 21.—Check of Smith Bros. on the Union Trust Co., City, for \$279.60.

No. 22.—Check of Mary B. Waters on our bank for \$1869.00.

No. 23.—Check of J. H. McDowell on the Fourth National Bank, New York, for \$800.00.

No. 24.—Check of R. C. Sneed on Boatmen's Bank, St. Louis, for \$160.00. Collection and exchange 30¢. (Entry same as for No. 3.)

No. 25.—Check of Wilson & Hinkle on Fourth National Bank, Cincinnati, for \$400.00. Collection and exchange 50¢.

No. 26.—Check of Mrs. R. C. Sneed on our bank for \$881.67.

No. 27.—Sundry discount receipt, favor of D. J. Lowry, on our bank for \$10908.33.

INSTRUCTIONS.—Make entry same as for check on our bank. In the space for explanation write "D. J. Lowry, S. D.," the "S. D." standing for sundry discounts. (*For explanation of sundry discounts, see page 60, section 49.*)

No. 28.—Check of W. C. Mason on Germania National Bank, City, for \$3124.00.

No. 29.—Check of W. D. Mills on Fourth St. National Bank, City, for \$25.80.

No. 30.—Check of Samuel Owens on Park National Bank, City, for \$1000.00.

No. 31.—Certified check of R. G. Simpson on our bank for \$48.25. (Our certified checks are entered the same as ordinary checks.)

No. 32.—Draft of the Peoples Bank, Boston, on the Chemical National Bank of New York, for \$640.20.

No. 33.—Check of Ray Bros. & Co. on Bank of New Amsterdam, New York, for \$200.00.

No. 34.—Check of Jennie Homans on Manhattan Trust Co., City, for \$260.00.

No. 35.—Certified check of Ray Bros. & Co. on our bank for \$700.

Sold the following drafts on the City National Bank of New York:

No. 36.—To Charles D. Thomas & Co. for cash, draft for \$500.00. Exchange 50. .

INSTRUCTIONS.—Enter the amount of the draft (\$500.00), in the "Draft" column, writing the initials of the firm to which it was sold in the space for explanation. Enter the amount of the exchange (50¢) in the column entitled, "Exchange on Drafts," immediately opposite the draft.

No. 37.—To H. R. Day for his check on our bank, draft for \$1000.00. Exchange \$1.00.

INSTRUCTIONS.—Enter the amount of the check (\$1001.00) in the column entitled, "Our Bank," writing, "H. R. D., N. Y. D." in the space for explanation. (H. R. D. are the initials of H. R. Day, and N. Y. D. is written for New York draft.) Enter the amount of the draft, (\$1000.00), in the column entitled "Drafts," and the amount of the exchange, (\$1.00) in the column entitled, "Exchange on Drafts." Checks must cover both the face of the draft and the exchange.

No. 38.—To L. C. Hamill, for cash, draft for \$800.00. Exchange \$1.75.

No. 39.—To Howe & King, for their check on us, draft for \$750.00. Exchange 75¢. Amount of check \$750.75.

No. 40.—To William H. Ham, for cash, draft for \$680.00. Exchange \$1.50.

No. 41.—Paid cashier's charge ticket for \$5.50 for one ton of coal.

INSTRUCTIONS.—Enter the amount paid out in the "Sundry Expense" column.

You have certified the following four checks:

No. 42.—R. L. Smith & Co's. check on our bank for \$1000.00.

INSTRUCTIONS.—This item is not entered on the paying teller's check sheet, as the check is not paid. In actual work you would make out a ticket according to section 25, page 35, and hand it to the individual bookkeeper so that he can immediately charge the drawer. In this work you need only make an entry in your certified check book, according to form given in section 26, page 36.

No. 43.—Check of Mason & Hamlin for \$1400.00.

INSTRUCTION.—Make entry in certified check book only.

No. 44.—Check of Mason & Hamlin for \$5000.00.

No. 45.—Check of John O'Connor for \$800.00.

No. 46.—You have paid the clearing house \$12768.70, the amount of the balance due that institution.

INSTRUCTIONS.—Make an entry at the top of the paying teller's check sheet after the words, "Balance to Clearings" for \$12768.70. (See model, page 38.) (For explanation of clearing house, see page —.)

No. 47.—Add the columns on your paying teller's check sheet, and foot your certified check book. (See forms, pages 36 and 38.)

No. 48.—Your cash on hand from yesterday was \$171424.10; the receiving teller turned over to you at the close of the previous day \$30753.80; the note teller gave you \$12067.50; the receiving teller has given you during the day \$1700.00 ("Sundry" column of check sheet); you have counted your cash on hand to-day, and it is as follows:

Legal tender notes,	\$59997.00
National bank notes,	20000.00
Gold certificates,	42500.00
Gold coin,	18000.00
Silver certificates,	15420.00
Silver dollars,	6400.00
Fractional silver coin,	88.40
Minor coin,	23.40

Make out paying teller's proof according to form given on page 41. (See instructions on next page.)

HOW TO MAKE OUT PAYING TELLER'S PROOF.

DEBIT SIDE.

SEC. 36.—1. Take the actual amount of currency you had on hand at the close of the previous day, which in this case is \$171424.10 (as stated in No. 48), and place it after the words "Cash from Yesterday." (*See form, page 41.*) (By amount of currency is meant bills and coin only. Clearing house checks and cash items are not included.)

2. Take the amount of bills and coin that you received from the receiving teller at the close of the previous day (\$30753.80), and place it after the words "Receiving Teller" on the proof.

3. Take the amount of bills and coin that you received from the note teller (as given in No. 48) and place it after the words "Note Teller."

4. Take the amount of bills and coin that you have received from the receiving teller (as given in No. 48) during the day, and place it after the words "Receiving Teller (Special)."

5. Taking the footing of the column entitled "Exchange on Drafts" on the paying teller's check sheet, and the footing of the column entitled "Sundry Collection and Exchange," and place the amounts after the words "Collection and Exchange," entering them short. (*See model proof, page 41.*) Add the two amounts and extend their total in the money column.

6. Take the footing of the column entitled "Drafts" on the check sheet and place the amount after the word "Drafts."

7. Take the amount received from the clearing house, if any, (as shown in the "Sundry" column of the check sheet) and place it after the words "Balance from Clearings."

CREDIT SIDE.

1. Take the footing of the column entitled "Our Bank" on the check sheet and place it after the words "Checks on our Bank." (In second column.)

2. Take the footing of the column entitled "Clearings" on the check sheet and place it after the word "Clearings."

3. Take the footing of the column entitled "Correspondents" on the check sheet and place it after the word "Correspondents."

4. Take the amount paid to the clearing house, if any, (as indicated after the words "Balance to Clearings," at the top of the paying teller's check sheet) and place it after the words "Balance to Clearings."

5. Take the footing of the column entitled "City Cash Items" on the check sheet and place it after the words "City Cash Items."

6. Take the footing of the column entitled "Sundry Expense" on the check sheet and place it after the words "Sundry Expense."

7. "Cash on Hand" includes a detailed statement of the cash actually on hand as given above. (Transaction No. 48.) In a bank the cash on hand is ascertained by counting all the bills and coin actually in the possession of the paying teller at the close of the business day. The amount of the different kinds of money should be placed after the proper title on the proof, and the total extended in the second column.

When added, the proof should exactly balance.

No. 49.—Make out paying teller's second proof according to form given on page 42. (*See instructions below.*)

HOW TO MAKE OUT PAYING TELLER'S SECOND PROOF.

DEBIT SIDE.

SEC. 37.—1. Take the amount (\$32638.75) after the words "Checks on Our Bank" on paying teller's first proof (*see page 42 for form*), and place it after the words "Checks on Our Bank" on paying teller's second proof.

2. Take the amount after the word "Clearings" on paying teller's first proof and place it after the words "Clearings Checks Cashed."

3. Take the amount after the word "Correspondents" on first proof and place it after the word "Correspondents."

4. Take the amount after the words "City Cash Items" on first proof and place it after the words "City Cash Items."

5. Take the amount after the words "Sundry Expense" on first proof and place it after the words "Sundry Expense."

6. Take the amounts after "Collection and Exchange," "Drafts," and "Balance from Clearings" (Nos. 5, 6, 7), on left-hand side of first proof, and place them after the words "Currency as Under." (*For form, see model second proof, page 42.*)

7. Take the amount of checks received from the clearing house, which in this case is \$151656.39, and place it after the words "Amount of Checks Received from Clearings." This is obtained from the statement furnished you by the clearing house.

8. Take the amount of checks certified during the day as shown by the certified check book and place it after "Certified Checks" on the proof.

CREDIT SIDE.

1. Take the amount of currency paid out, which is the sum of the first six items on the right-hand side of the paying teller's first proof, and place the amount after the words "Currency Paid Out."

2. Take the amount of checks taken to the clearing house, which in this case is \$138887.69, and place after the words "Amount of Checks Taken to Clearings." This is obtained from the statement made out for the clearing house. It is also shown in the book in which the collection clerk lists the clearings checks.

3. Take the amount after the word "Drafts" (No. 6), on the left-hand side of the paying teller's first proof and place after the words "Correspondents (Drafts Drawn)."

4. Take the amount after the words "Collection and Exchange" (No. 5) on paying teller's first proof, and place after the words "Collection and Exchange."

5. Place the amount of checks certified during the day, as shown by the certified check book, after "Certified Checks."

When checks are certified they are charged to depositors, and their total should be placed on the debit side of the proof. As the account with certified checks is credited for all checks certified, it is evident that such must also be placed on the credit side of the proof.

When added, the paying teller's second proof should exactly balance.

In case the student does not fully comprehend the above explanations he should trace the entries on model paying teller's first proof, page 41, to model paying teller's second proof, page 42.

The paying teller's first proof is in the form of a cash book, the debit side showing the amount of cash received and the sources from which it came. These sources form the credits, Cash being the debit. In the second proof this condition of things is reversed, the accounts to be charged and credited being

shown on the debit and credit sides, respectively, of the proof. This proof includes a few items not shown by the first, and omits the statement of cash on hand. The second proof shows all the debits and credits to the various accounts which have been made in the paying teller's department.

No. 50.—Submit to your teacher your paying teller's first proof, your paying teller's second proof, and a statement of the total checks you have certified. Preserve all proofs that you make out.

By statement of total checks certified is meant simply the amount. It may be written on an ordinary slip of paper.

JUNE 22.

Paid the following checks:

- No. 51.**—Check of Ray Bros. & Co. on our bank for \$1400.00.
No. 52.—Check of H. R. Day on our bank for \$725.00.
No. 53.—Check of Mrs. R. C. Sneed on our bank for \$36.80.
No. 54.—Check of R. C. Johnson on Bank of Monroe, City, for \$46.80.
No. 55.—Check of Mentor Thomson on Chase National Bank, City, for \$2000.00.
No. 56.—Check of Chas. D. Thomas & Co. on City National Bank, New York, for \$900.00.
No. 57.—Check of G. W. Young on our bank for \$700.00.
No. 58.—Check of John O'Connor on our bank for \$1625.00.
No. 59.—Check of G. W. Young on our bank for \$300.00.
No. 60.—Check of L. C. Smith on Peoples Bank, City, for \$150.
No. 61.—Draft of Fourth National Bank of Lowell, Mass., on City National Bank, New York, for \$400.00.
No. 62.—City Treasurer's check for \$400.00. (City cash item.)
No. 63.—D. W. Thomson's check on Brown Bros., Bankers, City, for \$120.00. (City cash item.)
No. 64.—Draft of First National Bank, Worcester, Mass., on the Second National Bank of Boston, for \$200.00. Collection and exchange 40¢.
No. 65.—Check of John C. Mills on our bank for \$796.00.
No. 66.—Check of Ray Bros. & Co. on our bank for \$58.25.
No. 67.—Check of Wm. Moore on Chase National Bank, City, for \$2346.50.
No. 68.—American Express money order for \$200.00. (Post-office and express money orders should be classified as "Clearings.")
No. 69.—H. R. Day's check for \$2000.00 on our bank.
No. 70.—R. L. Smith & Co.'s check on our bank for \$347.50.
No. 71.—Check of John Thomas on Manhattan Trust Co., City, for \$800.00.
No. 72.—Draft of the First National Bank, Reading, Pa., on the Union Bank, New York, for \$700.00.
No. 73.—Certified check of the Fall River Mfg. Co. on the First National Bank, Fall River, Mass., for \$580.00. ("Correspondents" column.) Collection and exchange 60¢.
No. 74.—Certified check of Mrs. A. K. Smith on the Tenth National Bank, New York, for \$250.00.
No. 75.—Check of the American Machine Co. on Powers Bank, City, for \$368.00. (City cash item.)

- No. 76.**—Check of J. W. McDowell on our bank for \$216.80.
- No. 77.**—Check of R. G. Simpson on our bank for \$375.00.
- No. 78.**—Check of W. B. Culver on our bank for \$1200.00.
- No. 79.**—Check of M. T. Bouldin on the Shoe and Leather Bank, City, for \$540.20.
- No. 80.**—Check of National Rubber Co. on Bank of America, City, for \$150.00.
- No. 81.**—Sundry discount receipt favor Geo. Lewis on our bank for \$8587.61. (Entry same as for check.)
- No. 82.**—Check of Chas. D. Thomas & Co. on our bank for \$9042.03.
- No. 83.**—Draft of the First National Bank, Akron, O., on the Fourth National Bank, Cincinnati, for \$264.90. Collection and exchange 25¢.
- No. 84.**—Certificate of deposit, issued by First National Bank of San Francisco, for \$970.00. Collection and exchange \$1.00. (*Treat same as if a check on First National, San Francisco.*)
- No. 85.**—Certified check of H. R. Day on our bank for \$3260.00.
- Our certified checks, certificates of deposit, and cashier's checks are all entered the same as ordinary checks on our bank.
- No. 86.**—Cashier's check of the Fourth St. National Bank, City, for \$600.00.
- No. 87.**—Check of John O'Connor on our bank for \$1500.00.
- No. 88.**—A. W. Wilson's certified check on the City National Bank, New York, for \$600.00.
- No. 89.**—Cashier's check on Boatmen's Bank, St. Louis, favor of A. W. Moore, for \$856.20. Collection and exchange 85¢.
- No. 90.**—Our certificate of deposit favor of A. W. Smith for \$100.00. ("Our Bank" column.)
- No. 91.**—Check of Lord & Taylor on the Third National Bank, City, for \$780.00.
- No. 92.**—American Express Co. money order for \$200.00.
- No. 93.**—Certified check on the Second National Bank of Omaha, favor of C. W. Williams for \$1435.00. Collection and exchange \$1.50.
- No. 94.**—Our certificate of deposit favor of L. M. Thomson for \$1040.00.
- No. 95.**—Certificate of deposit of Continental Bank, Philadelphia, favor of A. K. Rollins for \$700.00. Collection and exchange 80¢.
- No. 96.**—Our certificate of deposit favor of Arthur Hines for \$2000.00.
- No. 97.**—Our cashier's check favor W. B. Lyons for \$600.00.
- No. 98.**—Certified check of Jas. R. Hunt on the Continental Bank, Philadelphia, for \$1000.00. Collection and exchange \$1.00.
- No. 99.**—Cashier's check of the Commercial National Bank, Chicago, favor of Henry Hunter for \$1304.00. Collection and exchange \$1.30.
- You have sold the following drafts on the City National Bank of New York:
- No. 100.**—To James C. Flynn, for cash, draft for \$1200.00. Exchange \$2.50.
- No. 101.**—To Ray Bros. & Co. for their check on you, draft for \$1800.00. Exchange \$1.80. Amount of check \$1801.80.
- No. 102.**—To W. B. Lyons for his check on you, draft for \$600.00. Exchange 60¢. Amount of check \$600.60.

No. 103.—To R. C. Bouldin, for cash, draft for \$900.00. Exchange \$2.25.

No. 104.—You have received from the clearing house, for the balance due you, \$415.60.

INSTRUCTIONS.—Enter the amount in the "Sundry" column on the right-hand side of the check sheet, writing as an explanation the words "Balance from Clearings."

You have certified the following checks:

No. 105.—Check of Mason & Hamlin for \$1200.00.

No. 106.—Check of John O'Connor for \$1450.00.

No. 107.—Check of W. B. Lyons for \$580.00.

No. 108.—Check of John C. Mills for \$364.50.

No. 109.—Check of R. G. Simpson for \$2000.00.

No. 110.—Add the columns of your paying teller's check sheet, and ascertain the footings of your certified check book.

No. 111.—Your cash on hand at the beginning of the day was the balance shown by the paying teller's proof of June 21st. The receiving teller turned over to you at the close of the previous day, \$21656.85; the note teller gave you, \$15814.26; you have received from the receiving teller during the day \$2500.00; you have counted your cash on hand, and find it to be as follows:

Legal tender notes,	\$13625.00
National Bank notes,	20500.00
Gold certificates,	11200.00
Gold coin,	35600.00
Silver certificates,	32100.00
Silver dollars,	7026.00
Silver coin,	76.00
Minor coin,	29.37

Make out paying teller's first proof.

No. 112.—The amount of checks taken to the clearings was \$27036.75; the amount of checks received from clearings was \$26621.15.

Make out paying teller's second proof.

No. 113.—Submit your paying teller's first proof and second proof to your teacher, together with a statement of the total checks you have certified.

DISCOUNT CLERK.

SEC. 38.—Duties. The discount clerk has charge of the loaning department of the bank; he keeps the records of this department, and acts as the custodian of most of the bills receivable.

His frequent intercourse with customers demands a large amount of tact, courtesy and judgment, while his accountancy duties require accuracy and rapidity in a high degree. By many he is considered as standing an equal chance with the paying teller for promotion to the position of cashier.

SEC. 39.—Loans. Commercial paper, and time and demand loans made upon various kinds of collateral constitute the greater part of the bills receivable of most banks. Such

paper is usually received from regular customers, though, in large cities, much of it frequently comes from note brokers, who buy the paper from firms or individuals, and afterwards sell or rediscount it to the bank.

Many banks invest a portion of their money in solid bonds, which, while not yielding so high a rate of interest as commercial paper, may always be depended upon as a reserve, practically as reliable as legal tenders in a money stringency or financial panic of any kind.

SEC. 40.—Making Loans. When a person desires to borrow money from a bank, application is usually made to the cashier, who (in most banks) immediately passes upon it; that is, he accepts or rejects it. If he accepts, the applicant can get his money at once. The convenience of this method over that of compelling the customer to wait four or five days, until the meeting of the board of directors, is obvious. The greatest favor that can be bestowed upon an applicant for a loan, next to granting it, is a prompt refusal.

Loans made in this manner are reviewed by a finance committee appointed by the board of directors, or by the board of directors themselves, and if dissatisfaction is expressed in regard to any of the paper, such is disposed of at the earliest convenient day.

In some banks the applications for loans are handed to the discount clerk, who records the fact in what is known as an "Offering," or "Application" book. This book is provided with columns for the date of the application, maker of the note, payer, endorser, collateral security, time, and a column in which is noted the state of the applicant's account (if he is a depositor), the amount of paper that the bank is already carrying for him, and the average amount of his daily balance. The offerings are presented to the board of directors at their regular meetings, and they reject or accept such paper as they deem advisable.

SEC. 41.—Collection and Exchange. A small fee, usually one-eighth or one-tenth per cent., is charged by the bank on discounted paper which is payable out of town. Sometimes an additional amount is charged for the interest for the length of time necessary for the transmission of the money. For example, if a note payable in Chicago thirty days after date, were discounted in New York, the New York bank might charge interest for thirty-three days, the extra three days being allowed for transmission of the money. In addition to this there might be still a fee for collection. This practice is controlled largely by the size of the customer's account, and the general custom of the banks in the different cities.

SEC. 42.—Bills Discounted and Demand Loans. All time paper which is bought or discounted by the bank is usually called "Bills Discounted" or "Bills Receivable." Money which is loaned upon notes payable on demand is termed "Demand Loans." These loans are made principally on deposits of stocks, bonds, warehouse receipts, or other collateral. They are payable at any time the bank may call for them. Under ordinary conditions demand loans draw a low rate of interest, but in a financial stringency such loans might command a very high rate.

National banks usually prefer to loan money for thirty, sixty, or ninety days, and in no case exceeding four months. If the customer should require the money for a longer period of time, the note may be renewed when it falls due. Thus, by means of easily collectible loans of short dates, the bank retains a control of its funds that is especially desirable in times of a money panic or financial stringency of any kind.

SEC. 43.—How to Ascertain the Due Date of Notes. If a note reads payable so many months after date, the due date must be ascertained by counting months. If the note reads payable so many days after date, the due date must be ascertained by counting days. The table given on next page will prove very serviceable to the student in ascertaining due dates.

EXPLANATION OF THE TABLE.—Add the number of months for which the note has to run, to the number shown opposite, in the column immediately preceding the month in which the note is dated; the result will be the number of the month in which the note falls due.

Examples: (a) Find the due date of a note drawn at four months from May 19th. By referring to the table we find that May is the fifth month; adding four, the number of months which the note has to run, to five, we have nine. The ninth month, according to the table, is September, hence the note would be due September 19th. (b) Find the due date of a note drawn Oct. 12th at five months. By referring to the table we find that October is the tenth month. Five plus ten equals fifteen. Fifteen is found in the right-hand column of the table opposite March, so the note would be due March 12th.

If the note reads for so many days, count as you would for the months, allowing thirty days to a month, and subtract the figures shown at the right of the months, in the center column, from the date ascertained as the due date of the note, except in case of February, when the figure shown is added.

Examples: (a) Find the due date of a note drawn May 10th at thirty days. For the purpose of making the calculation we will consider thirty days one month. If the note were drawn May 10th at one month, it would be due June 10th, but we must count the actual number of days. The number to the right of May (in the center column) is one, subtracting one from the ten gives us the due date of the note, or June 9th. (b) Find the due date of a note drawn May 20th at sixty days. For the purpose of making the calculation we will consider sixty days two months. In this case the note would be due July 20th, but the figure one at the right of May must be subtracted, which will make the actual due date July 19th. The figure at the right of the month in which the note falls due is never subtracted or added, but the figures in the center column at the right of all other months, which occur wholly or in part during the time for which the note has to run must be considered. (c) Find the due date of a note drawn June 10th at ninety days. If we consider ninety days three months, the note would be due September 10th. There is one to be subtracted for August and one for July, which gives the actual due date of the note September 8th. (d) Find the due date of a note drawn January 17th at one hundred twenty days. Considering one hundred twenty days four months, the note would be due May 17th. There is one to be subtracted for January, and one for March, which make two to be subtracted, but there are two to add for February. Adding two and subtracting two will not affect the date, hence, the actual due date of the note is May 17th.

MATURITY TABLE.

1	Jan.—1	13
2	Feb. + 2	14
3	Mar.—1	15
4	Apr.	16
5	May—1	17
6	June	18
7	July—1	19
8	Aug.—1	20
9	Sept.	21
10	Oct.—1	22
11	Nov.	23
12	Dec.—1	24

SEC. 44.—Days of Grace. As days of grace have been abolished by statutory enactments in the majority of states, they are not considered in this work. To find the actual

due date of a note in the states in which three days of grace are allowed; it would be necessary in actual business to add three days to the date ascertained by the instructions herein given. For example: A note drawn on June 1st, payable ten days after date, would be due June 14th, and not on June 11th, as would be the case if the three days of grace were not considered.

SEC. 45. — Method of Counting Time for Discounting Notes. In this work always count the actual number of days from the date of discount to the due date of the note, and calculate the discount on the note for the number of days so ascertained. If the note bears interest before due, the interest for the length of time that the note has to run is ascertained, and added to the face of the note. The total is then discounted for the difference in time between the date of discount and the due date of the note.

The method of counting time for discounting notes varies in different banks, and often in the same bank. Some banks count months for the full number of months, and days for the fraction of a month. Others count the actual number of days, while some few count one day more than the actual number of days. Thus, a customer discounting a note January 10th, due January 20th, would be charged with interest for eleven days instead of ten. This is on the hypothesis that the money is placed to his credit January 10th, and he can use it on that date if he so desires, so that in reality he has the use of the money eleven days.

SEC. 46. — The Discount Register is a book of original entry and becomes the basis for all transactions involving bills discounted. It contains a complete record of all paper discounted by the bank, which record is made at the time the paper is discounted.

If the note is not indorsed by any one other than the discounter, no entry need be made in the column entitled "Indorser."

The several items in the column "Proceeds Credited" are transferred by means of credit tickets, to the individual ledger, to the credit of the persons whose names appear in the column "For Whom Discounted." The footing of the column "Collection & Exchange" is posted to the credit of Collection and Exchange in the general balance ledger; the footing of the column "Interest & Discount" is posted to the credit of Interest and Discount, and the footing of the column "Amount of Note" is posted to the debit of Bills Receivable. The sum of the footings of the columns "Interest & Discount," "Collection & Exchange," and "Proceeds Credited" should equal the footing of the column "Amount of Note."

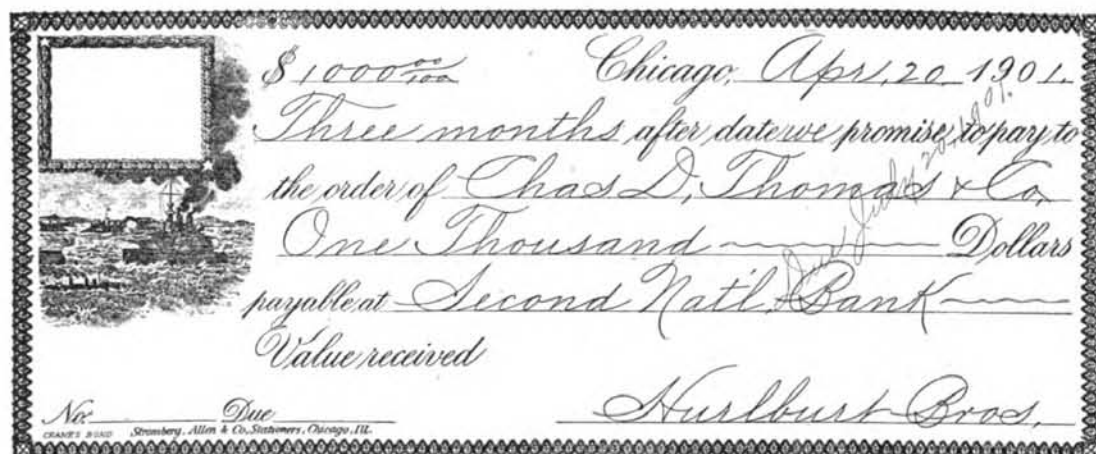
DISCOUNT

1901 When Discounted	No.	MAKER	ENDORSEER AND COLLATERAL	WHERE PAYABLE
June 20 316		Hurlburt Bros.		Sec. Natl. Bnk. City
	317	W. L. Hurst	C. K. Smythe	Coml. Natl. Bnk. Chi.
	318	W. B. Lyons	M. H. Suhl	Our Bank
	319	Reese & Owens		Bank of Com. Dallas
	320	Mason & Hamlin		Our Bank
	321	R. L. Simpson	10 Sts. N. Y. C. Ry. Stock	" "

Sec. 47.—**Method of Handling Bills Discounted.** Paper accepted for discount should be handled as follows:

1. Ascertain the due date of the note and write such in red ink across the right-hand end as shown below.

FORM OF ENTERING DUE DATE ON NOTE.



Some banks have a special stamp with which to place the number and the due date on a note. Others write the due date across the face with a blue pencil, and many place it in the lower left-hand corner in red ink.

Notes are numbered consecutively in the discount register, the number of each note being assigned by the bank first discounting it.

2. Find the number of days for which the note is discounted, the amount of the discount, and the amount (if any) of the collection and exchange. The calculations should be made directly from the note.

3. Make out and give the customer a discount memorandum showing the face of the note, the length of time for which discounted, rate, amount of discount, collection and exchange, and the proceeds of the note.

REGISTER

When Due	Date of Note	Time	Days Discounted	Rate	Amount of Note	Interest and Discount	Collection and Exchange	Proceeds (Face)	Proceeds Credited	For Whom Discounted	Cl.
1901											
July 20	Apr. 20	3m	30	6	1000	5			995	(D. Thomas & Co.)	
Sept. 8	June 10	90d	80	6	2500	33.33	3.13	2463.54			✓
1	May 1	4m	73	6	500	6.08		493.92			✓
Aug. 14	June 15	60d	55	6	1000	9.17	1.25	989.58	3947.04	G. W. Young	✓
July 18	18	30d	28	6	1200	5.60			1194.40	W. D. Cobb	✓
20	20	30d	30	4	800	2.67			797.33	R. G. Simpson	✓
					17000	161.85	1.438		6933.77		

The following represents the form of the discount memorandum which would be made out for G. W. Young, whose name appears in the model discount register, pages 56 and 57.

FORM OF DISCOUNT MEMORANDUM.

Discount Memorandum, June 20, 1901.

G. W. Young, from First National Bank, Rochester, N. Y.

MAKER.	AMOUNT.	FROM	TO	TIME.	RATE.	CHG. AND RECH.			
<i>Hurst</i>	<i>2500</i>	<i>June 20</i>	<i>Sept. 8</i>	<i>80</i>	<i>6</i>	<i>1/8</i>	<i>3646</i>		
<i>Lyons</i>	<i>500</i>		<i>Sept. 1</i>	<i>73</i>	<i>6</i>		<i>608</i>		
<i>Reese & Owens</i>	<i>1000</i>		<i>Aug. 14</i>	<i>55</i>	<i>6</i>	<i>1/8</i>	<i>1042</i>		
	<i>4000</i>						<i>5296</i>		
								<i>394704</i>	

4. The note is next entered in the discount register. (See model discount register, pages 56 and 57.)

5. Turn the note over on its face, and on the back write in red ink the number and the due date as shown by the discount register. Thus:

FORM OF ENTRY ON BACK OF NOTE.

#316

Due July 20, 1901.

Pay to the order of
the First National
Bank of Rochester.
C. D. Thomas & Co.




Some banks write the name of the payer and the city where payable (if payable out of town) on the back of the note.

The revenue stamp is usually placed on the back of a note, but on the face of a check.

6. Compare the due date as shown on the back of the note with that shown on the face.
7. Recalculate the due date of the note so as to be perfectly sure there is no mistake.
8. File the note in a compartment with reference to its due date. Notes are usually filed with respect to the month in which they fall due. At the beginning of each month they are taken out of the monthly file, and distributed according to the days on which they fall due. Before the notes are filed they should be checked and compared with the items in the column entitled "Amount of Note" in the discount register, so that you may be perfectly sure that no error has been made.

SEC. 48.—Charge and Credit Tickets. The proceeds of bills discounted and demand loans are credited to the borrowers in the individual ledger by means of credit tickets, which are made out at the time the note is discounted, and passed to the individual bookkeeper.



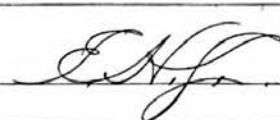
FORM OF CREDIT TICKET.

 		<i>New Madison, O. June 20, 1904</i>	
CREDIT			
<i>Chas. D. Thomas & Co.</i>		<i>99.5</i>	
		Discount Clerk.	

In the event that a note is discounted for some one who is not a depositor, Sundry Discounts should be credited. The credit ticket should be made out the same as the above with the exception that "S. D." should be written in red ink after the name of the person or firm credited, both on the credit ticket and in the column entitled "For Whom Discounted" in the discount register. (See entry for note No. 320, in model discount register, page 56.)

Bills discounted which are sent away for collection should be charged by means of a charge ticket to the bank to which they are sent, on the day of their maturity,

FORM OF CHARGE TICKET.

 		<i>New Madison, O. June 20, 1901.</i>	
		<u>CHARGE</u>	
<i>City Natl. Bank, N.Y.</i>	<i>612450</i>		
<i>Fourth Natl. Bank, N.Y.</i>	<i>425</i>		
		<i>Discount Clerk.</i>	

Charge and credit tickets may be printed in different colors.

SEC. 49.—**Sundry Discounts.** This account is credited with the proceeds of all notes discounted for persons who are not depositors; that is, persons who draw in cash the proceeds of the notes at the time they are discounted. In such instances, the proceeds may be drawn either by check or receipt, the latter being commonly used. (See form below.)

FORM OF RECEIPT FOR PROCEEDS OF NOTE DISCOUNTED.

<i>\$1194.⁴⁰/₁₀₀</i>	<i>Rochester, N.Y. June 20, 1901</i>
Received of 	
<i>Eleven Hundred Ninety-four ⁴⁰/₁₀₀ Dollars</i>	
No. _____	 <i>Willis D. Cobb, Jr.</i>

The above receipt is presented to the paying teller by the person who discounts the note, and such receipt is paid the same as a check. Ordinarily, the discount clerk would fill out the receipt, with the exception of writing the discounter's name thereon. The letters "S. D." should not be omitted after the name of the person who wishes to draw the money, as this is the feature which indicates to the bookkeeper that the receipt must be charged to Sundry Discounts, which account usually balances each day.

Many banks credit Cashier's account for the proceeds of notes discounted for persons other than depositors; in such cases, the cashier issues a check to the discounter. The method of charging Sundry Discounts, however, seems preferable from the accountant's standpoint.

DEMAND LOAN REGISTER

John C. Mills

Rate 6%								
DATE	NO.	AMOUNT LOANED	AMOUNT PAID	BALANCE DUE	AMOUNT OF INTEREST	WHEN PAID	COLLATERAL	VALUE
June 20	240	40000					200 Shs. Mo. Pac. Ry.	
Sept. 8			10000	30000			Stock #2148 @ 50	10000
28			5000	25000			35 Wj. State Bonds	
Oct. 18			25000	✓	85299	Oct. 18	420 to 454 Valued at	35000
								45000
Rate 6%		<i>Howe & King</i>						
June 20	241	12000					\$15000 in business paper	
							{ 4 mo. due 7/20/99	
							{ 3 " " 8/1/99	
							{ 6 " " 9/24/99	
							Valued at	15000

SEC. 50.—Demand Loan Register. This book should contain a record of all demand paper carried by the bank. Separate accounts are opened for each loan. The amounts of the several loans made during the day are credited to the borrowers by means of credit tickets, and at the close of the day the total is charged to Demand Loans. When a loan is settled in full, a check mark should be placed in the "Balance Due" column (*see account of John C. Mills*). When the amount of the interest due is paid, the date of the payment should be placed in the "When Paid" column. Frequently money is loaned on commercial paper, in which case the notes should be entered separately, giving the time and the due date of each. (*See entry under Howe & King's account.*)

SEC. 51.—Mercantile Rule. In this work, calculations of interest are made by the mercantile rule.

DISCOUNT

July

NO.	PAYER.	WHERE PAYABLE.	TO WHOM SENT.
316	Hullburt Bros.	First Natl. Bnk. City	
321	R. L. Simpson	Our Bank	
346	D. W. Thomson	First Natl. Bnk. N.Y.	City Natl. Bnk. N.Y.
378	W. B. Culver	Our Bank	

July

324	J. H. McDowell	Our Bank	
339	Milton Smith & Bro.	Chase Natl. Bnk. City	
362	Tyndall Mfg. Co.	Contl. Bnk. Phila.	Contl. Bank
381	Mason Bros. & Co.	First Natl. Bnk. Cin.	Fourth Natl. Bnk. Cin.
399			

July

351	Wilson Reaper Co.	Natl. Exch. Bnk. Chi.	Coml. Natl. Bnk. Chi.
389	Howe & King	Our Bank	
397	J. G. Lowry	Powers Bnk. City	
399	W. A. Holmes	Our Bank	

SEC. 52.—**Discount Tickler.** This book is designed to facilitate the collection of bills discounted, by recording under the various days of the year, the notes falling due on such days. All notes due June 20th would be entered under date of June 20th; all notes due June 21st would be entered under date of June 21st, and so on. By this means the discount clerk can ascertain immediately the notes to be collected for each day of the entire year. The notes would be entered first in the discount register, after which the entries would be transferred to the tickler. When so transferred a check mark would be placed in the column provided therefor in the register.

At the close of each day the footing of the tickler for that day is credited to Bills Discounted. As will be observed, the discount tickler does not afford such a complete history of the note as is given in the discount register. If at any time it is necessary to have more detailed information, reference can be made to the record in the register, which may be quickly found by the number of the note as given in the tickler.

Either red or black ink may be used in the "Remarks" column. The latter is more convenient, but many banks maintain there is much less danger of omitting a note if the former is used. The student should use red ink unless differently directed by his teacher.

TICKLER.

20, 1901.

BY WHOM DISCOUNTED.	AMOUNT TO BE COLLECTED.	REMARKS.
<i>C.D. Thomas & Co.</i>	1000	<i>Deposited, 7/12 Chas. Thomas & Co.,</i>
<i>R.L. Simpson</i>	800	<i>Cash.</i>
<i>W.B. Lyons</i>	22400	<i>Chas. City Natl. Bank</i>
<i>Ray Bros. & Co.</i>	13126.20	<i>Chas. Culver</i>
	37326.20	

21, 1899.

<i>C.T. Wharton & Co.</i>	10000	<i>Chas. M. Howell</i>
<i>L.M. Thomson</i>	8425.60	<i>Certified, C.M.B.</i>
<i>R.L. Smith & Co.</i>	21000	<i>Chas. South Bank</i>
<i>J.W. Young</i>	3750	<i>" South Natl. Bank</i>
	10400	<i>Cash, Holmes' note, due 7/21/1901.</i>
	53575.60	

22, 1899.

<i>Arthur Hines</i>	20000	
<i>John C. Mills</i>	17400	
<i>H.R. Day</i>	8000	
<i>Mason & Hamlin</i>		<i>Paid, 7/21/1901.</i>

SEC. 53.—**Sundays and Holidays.** Paper falling due on Sunday or a legal holiday should be entered under the first business day following. Should a note fall due on Sunday, and the Monday following be a legal holiday, the note would be payable on Tuesday. This has reference only to the student's work in this book. The statutes of the different states vary in regard to ascertaining the due date of commercial paper, and the student is referred to the statutes of his state for information on this point. Banks usually use calendars having all holidays printed in red ink.

In leap year it seems that the added day, or February 29th, is not counted. The statutes of New York provide that the added day of leap year must not be considered in counting time on notes, judgments, or anything of this nature. Some states have Supreme Court decisions to this effect, although in the majority of states this question has never been raised. In the state of New York, a note dated February 20th (in any leap year) payable ten days after date, would be due March 2d, and not March 1st, as would be the case if the added day of the leap year were counted.

SEC. 54.—**Notes Due.** Each morning the discount clerk should take all the notes from the file which are due on that day. These should be compared with the list shown by the

discount tickler, after which they should be handed to the note teller for collection. As the notes are disposed of an entry is made in the "Remarks" column of the discount tickler (usually in red ink).

SEC. 55.—**Proving Bills Receivable.** Once a month the discount clerk should take all the notes he has on hand, and check them against the unpaid notes, as shown by the discount tickler and the demand loan register. The aggregate of bills discounted on hand should agree with the difference between the sides of Bills Discounted account in the general ledger, while the aggregate of demand loans should agree with the balance shown by the Demand Loans account.

AUXILIARY BOOKS.

NOT USED IN STUDENTS WORK.

SEC. 56.—While the following books are very necessary in a bank, their office and character are such that it has not been deemed advisable to consume the student's time by using them in his actual work. An examination of the forms, and a careful perusal of the explanations given will furnish, in most instances, sufficient information for all ordinary purposes.

DISCOUNT LEDGER.

Monday, June 19

190-

CUSTOMERS.	LINE.	BILLS DISCOUNTED.	BILLS PAID.	LINE.
		10000 87650 3125	14000 6520	
<i>Howe & King</i>	2154280			1502430
		2400 800 750 200		
<i>G. W. Young</i>	9500			13650
		2000 400 250		
<i>Ray Bros. & Co.</i>				2650

SEC. 57.—**Discount Ledger.** This book is kept for the purpose of showing the amount of paper carried for the different customers. The form is the same as that of the individual ledger shown on page 128a.

The customer's name is written in the column entitled "Customers," the amount of unpaid discount paper, is placed in the first "Line," or balance column. The amount of notes the customer has discounted during the day is placed in the column entitled "Bills Discounted," the amount of the notes he has paid is placed in the column entitled "Discounts Paid," and the balance extended in the "Line" column, so that the amount in the "Line,"

or balance column, represents the actual amount of bills discounted which the bank is carrying for the customer whose name appears opposite.

An account with Sundry Discounts is opened for the purpose of including the names of such persons as do only a small amount of business. The total of the balances as shown by this book should be the same as the difference between the sides of Bills Discounted account in the general ledger.

CUSTOMERS' BILL BOOK.

Howe & King

DATE	NO.	MAKER	ENDORSE	MATURITY	AMOUNT TO BE COLLECTED	WHEN PAID.
Apr. 19	377	E. P. Dean		June 19	14000	June 19
May 19	378	G. Wilson & Bro.	H. A. Potter	19	6520	19
	10391	Howe & King		July 10	102250	
June 19	392	John O'Connor		Aug. 20	10000	
	1393	A. J. Smith	Wm. Jones	Nov. 1	87650	
	14394	Rollins & Reese		Aug. 1	3125	

SEC. 58.—Customers' Bill Book. This book is designed to afford, in a convenient form, a detailed statement of all paper discounted for customers. A separate account is opened with each customer, and the book is indexed, so that ready reference may be had to any account therein.

Some banks observe a very strict record of the financial affairs of their customers,—those from whom they buy paper. In addition to the above record a page is set apart on which is entered the mercantile reports, synopsis of letters pertaining to the character of the house, opinions of business men regarding the customer's standing, etc. This record is carefully compiled from day to day.

SEC. 59.—Foreign Register. This book affords a record of all paper sent to out of town banks for collection. The entries are made directly from the papers at the time they are sent away. Separate accounts may be opened with each bank to which paper is sent, or a column "To Whom Sent" may be used and the paper entered consecutively. (*For form of foreign register, see pages 206 and 207.*)

QUESTIONS.

1. What are the principal duties of the discount clerk? (*Sec. 38.*)
2. Of what kind of paper do the bills receivable of most banks consist? (*Sec. 39.*)
3. When a person wishes to borrow money from a bank, to whom is application made? (*Sec. 40.*)
4. On what kind of discounted paper is collection and exchange charged? (*Sec. 41.*)
5. Distinguish between bills discounted and demand loans. (*Sec. 42.*)

6. What is the method of ascertaining the due date of a note? (*Sec. 43.*)
7. Are days of grace counted in this work? (*Sec. 44.*)
8. What is the method of counting time for discounting notes? (*Sec. 45.*)
9. What entries are made on the discount register? (*Sec. 46.*)
10. How can you prove the footings of the discount register? (*Sec. 46.*)
11. What is the method for placing the due date on a note? (*Sec. 47.*)
12. What is a discount memorandum, and to whom is it given? (*Sec. 47.*)
13. What does the discount clerk write on the back of discounted paper? (*Sec. 47.*)
14. How is discounted paper filed? (*Sec. 47.*)
15. What is a credit ticket? (*Sec. 48.*)
16. What is a charge ticket? (*Sec. 48.*)
17. What is meant by sundry discounts? (*Sec. 49.*)
18. What entries are made upon the demand loans register? (*Sec. 50.*)
19. Explain the purpose and use of the discount tickler. (*Sec. 52.*)
20. How are notes handled which fall due on Sundays or legal holidays? (*Sec. 53.*)
21. How may the discount clerk prove his bills receivable? (*Sec. 55.*)
22. Explain the purpose and use of the discount ledger. (*Sec. 57.*)
23. Explain the purpose and use of the customers' bill book. (*Sec. 58.*)
24. What is a foreign register? (*Sec. 59.*)

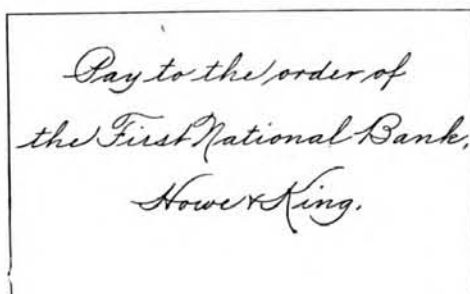
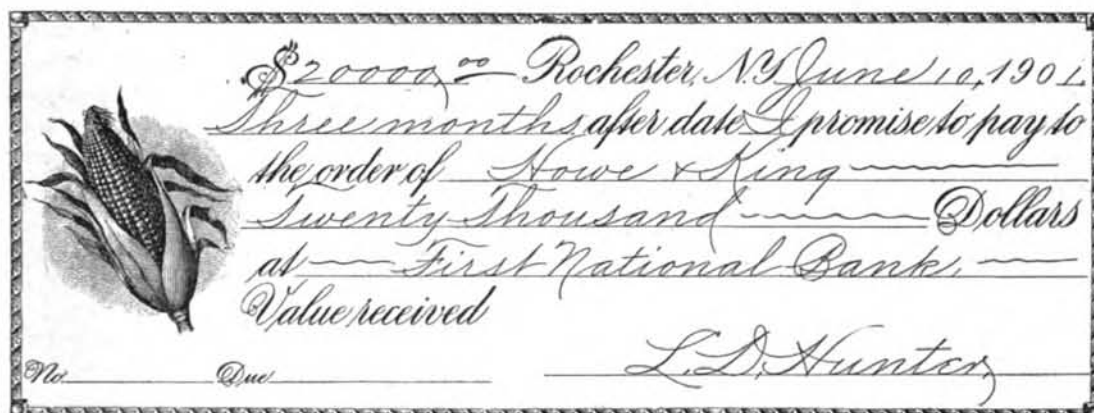
WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

To be entered in the discount register.

SEC. 60.—No. 1. For Howe & King, note No. 400. Discounted at 6%. The following is the form of the note, showing both face and back:



Howe & King are depositors of our bank. When not otherwise specified in the memoranda of transactions, a person for whom notes are discounted is a depositor.

INSTRUCTIONS.—Before attempting to enter the note, examine model discount register on pages 56 and 57. The number of this note will be 400. Write the date of the discount in the column "When Discounted," and the number of the note (400) in the column designated "Number;" write "L. D. Hunter" in the column entitled "Maker." Leave the column entitled "Indorser & Collateral" blank, as this note is not indorsed by any one except Howe & King, and is not accompanied by collateral. In the column "Where Payable" write "Our Bank."

A note drawn June 10th at three months would be due September 10th. (See instructions for finding the due date of a note, section 43.) Write "September 10" in the column "When Due." Write "June 10" in the column "Date of Note." Write "3 months" in the column entitled "Time."

The note was discounted June 21st; the discount would be calculated for the actual number of days from June 21st to September 10th, which is eighty-one days. (*See section 43.*) Write "81 days" in the column "Days Discounted." Write "6" in the "Rate" column, and "20000" in the column "Amount of Note." The discount on \$20000.00 for eighty-one days at 6% is \$270.00. Write this amount (\$270.00) in the column "Interest & Discount." As the note is payable at our bank there is no collection and exchange. Subtract \$270.00 from \$20000.00, and write the remainder (\$19730.00) in the column "Proceeds Credited." Write "Howe & King" in the column "For Whom Discounted."

NUMBER OF DECIMAL PLACES TO BE RETAINED.—In calculating interest or discount, collection or exchange, always retain five decimal places, provided there be so many, until the final answer is found, then if the third figure of the decimal is five or more, drop it and add one cent to your answer. If the third figure of the decimal is less than five, drop it and do not add anything to your answer. For example: Should the discount of a sum of money be \$24.456, you would call your answer \$24.46; but should the discount be \$24.454, you would consider your answer \$24.45.

The student may use any interest rule he chooses, provided he considers five decimal places in his partial products. Interest is calculated on the basis of three hundred sixty days to the year, or by the ordinary interest rules.

No. 2.—For Mason & Hamlin, note No. 401 of C. A. Winter for \$18000.00, payable two months after May 21st. Discounted at 6%. (Entry same as for preceding transaction.)

No. 3.—For Ray Bros. & Co., their time draft for \$8000.00, dated June 21st, payable thirty days after date, drawn on the St. Charles Car Works Co., St. Louis, Mo. Discounted at 6%. Also their sight draft for \$3000.00, dated June 21st, with bill of lading attached, on A. B. Hunt & Co., Cleveland, Ohio. It is estimated that it will take ten days to secure the collection and return of the money for the \$3000.00 draft, so it is discounted for ten days at 6%. Collection and exchange on each of the above drafts $\frac{1}{10}\%$.

INSTRUCTIONS.—The drafts should be entered in your discount register, and numbered in order, the first 402, the second 403, etc. (In the work which follows all drafts and notes must be numbered consecutively. The student will not be given further instruction on this point.) The proceeds of each of the above drafts should be written in the column entitled "Proceeds Items." (*See notes Nos. 317, 318, 319, in model discount register, pages 56 and 57.*) The items should be added and their sum extended in the column "Proceeds Credited." The estimated due date of the sight draft (\$3000.00) is July 1st. This should be written in the column "When Due," and the word "Sight" should be written in the column entitled "Time."

The collection and exchange on the \$8000.00 draft at $\frac{1}{10}\%$ would be \$8. Enter this amount in the "Collection & Exchange" column. (*See note No. 317 in model discount register.*) The collection and exchange on the \$3000 draft should be ascertained and entered same as above.

No. 4.—For H. R. Day, his note for \$8000, dated June 21st, payable at our bank sixty days after date. Discounted at 6%. Note is secured by deposit of 100 shares of New York Central Railroad stock.

INSTRUCTIONS.—The collateral should be entered in the column entitled "Indorser and Collateral." (*See note No. 321 in model discount register.*)

No. 5.—For D. J. Lowry (not a depositor) Mason & Hamlin's note for \$11000.00, dated April 10th, at four months, payable at our bank, indorsed by C. L. Sumner. Discounted at 6%.

INSTRUCTIONS.—As D. J. Lowry is not one of our depositors "S. D." (sundry discounts) should be written after his name. (*See note No. 320 in model discount register.*)

No. 6.—Foot your discount register, and rule it up according to form shown in model discount register. Ascertain if the sum of the footings of the columns "Interest & Discount," "Collection & Exchange," and "Proceeds Credited" agree with the footing of the column "Amount of Note."

No. 7.—Transfer the entries from the discount register to the discount tickler. Before attempting to do this examine notes Nos. 316 and 321 in the model discount register, pages 56 and 57, and notice how they are transferred to the model discount tickler. The numbers of the notes as shown in the discount register must be placed in the discount tickler, and each note must be recorded in the discount tickler under the date on which it falls due. Make no entries in the columns "To Whom Sent" and "Remarks" in the tickler. The "To Whom Sent" column is used when notes are sent away for collection, and the "Remarks" column is filled up on the day the notes become due.

Write the following dates in your discount tickler: July 1, July 10, July 21, July 22, August 1, August 3, August 10, August 20, August 22, Sept. 10, and November 20.

To be entered in the demand loan register.

The following demand loans have been made:

No. 8.—To W. B. Culver \$8000.00. 100 shares Chase National Bank Stock deposited as collateral.

INSTRUCTIONS.—Examine model demand loan register, page 61. Write "W. B. Culver" at top of register, place "June 21" in "Date" column, and "8000." in the column entitled "Amount Loaned." The bank stock is valued at \$95.00 per share. Give a description of it in the column for "Collateral," placing its value (\$9500.00) in the column entitled "Value."

No. 9.—To Mrs. R. C. Sneed \$6000.00. Seven Chicago City bonds valued at \$1000.00 each deposited as collateral. The bonds are numbered from 214 to 220 inclusive. Make entry same as preceding one.

No. 10.—To Chas. D. Thomas & Co., \$12000.00. The following paper has been deposited as collateral.

Note of H. A. Withers, for \$6000.00, dated May 22nd, at 3 months; note of A. P. McClurg, for \$4500.00, dated June 10th, at 60 days; note of Watson, Smith & Johnson, for \$1125.00, dated June 1st, at three months, all considered good. (*See entry under Howe & King's account in model demand loan register, page 61.*)

Submit your discount register and tickler and your demand loan register to your teacher for inspection.

MEMORANDA OF TRANSACTIONS.

JUNE 22.

To be entered in the discount register.

The following paper has been discounted :

No. 11.—For C. T. Williams (not a depositor) R. G. Simpson's note for \$15000.00 favor of L. M. Thomson and indorsed by L. M. Thomson, payable at our bank, dated June 22nd, at thirty days. Discounted at 6%.

No. 12.—For Mason & Hamlin, note made by A. D. Hunt, of Dallas, Tex., for \$4000.00, dated May 20th, payable six months after date at Bank of Commerce, Dallas. Discounted at 6%. Collection and exchange $\frac{1}{10}\%$. Note made by William Teale of Lynn, Mass., for \$2645.80, dated June 4th, payable sixty days after date at Manufacturers Bank, Lynn, Mass. Discounted at 6%. Collection and exchange $\frac{1}{10}\%$.

No. 13.—For Howe & King, their note for \$8000.00, dated June 22d, payable two months after date at our bank. Discounted at 6%. (*Count actual number of days from June 22nd to Aug. 22nd to find time for which note is discounted.*)

No. 14.—For G. W. Young, note of George Thomas for \$10000.00, dated June 10th, payable thirty days after date at Merchants Exchange Bank, City. Discounted at 4%.

No. 15.—For George Lewis (not a depositor), note of John O'Connor for \$8645.25, dated April 1st, payable four months after date at our bank. Discounted at 6%.

No. 16.—Foot your discount register and rule it up. Ascertain if the sum of the footings of the columns entitled "Interest & Discount," "Collection & Exchange," and "Proceeds Credited" agree with the footing of the column "Amount of Note." Transfer the entries in your discount register to your discount tickler.

Submit your discount register and tickler to your teacher for inspection.

COLLECTION CLERK.

SEC. 61.—Duties. The collection clerk takes charge of all paper received by the bank for collection, and makes the original entries for such upon the proper books of record. He should have a thorough knowledge of the laws and customs relating to promissory notes and drafts, and the rights and duties of parties to such paper.

SEC. 62.—Collection Paper. Paper received by a bank for collection comes from two sources: customers, and out of town banks. Such paper does not become the property of the bank. The bank acts only as agent for the owners of the paper, charging a fee, called "Collection," for its services.

SEC. 63.—Entering Collections in the Bank Book. Notes, sight and time drafts left for collection should be entered in the back of the depositor's bank book. When the depositor has a number of collections it is customary for him to list them on a memorandum slip, or to record them in a book which is especially provided for this purpose. The teller may receipt for the entire number of items at the bottom of the memorandum slip, or immediately beneath the items in the book.

Many banks enter paper left for collection in the same part of the bank book as the deposits, the amount in the case of a collection not being extended in the money column. This is termed "entering short." Some banks give no receipt whatever for the paper left for collection. While such practice is quite common in many localities and very convenient for the banks, it can hardly be encouraged from the standpoint of the accountant. In the event that the paper is lost without being entered on the books of the bank, there would be absolutely nothing to show that the depositor had left it there.

SEC. 64.—Numbering Collections. Some banks number all paper received for collection, the same as paper received for discount. Other banks do not number collections unless such paper already bears a number, in which case the number it bears is recorded. As a matter of convenience for the student we have thought it best for him to number all collections consecutively, the same as he numbers discounts.

SEC. 65.—Timing. When paper is received for collection, the collection clerk should mark on each note or draft the date of maturity. A careful clerk will always revise the timing of his notes to guard against any errors. If he should time a note too late, and the drawer should fail to pay, the bank would be liable to the owner.

Notice of protest must be given the indorsers not later than the close of the day following that on which the paper was due, provided the indorsers live in the city in which the paper is protested. If they live at distant points the notices must be mailed to them not later than the day following the due date of the paper.

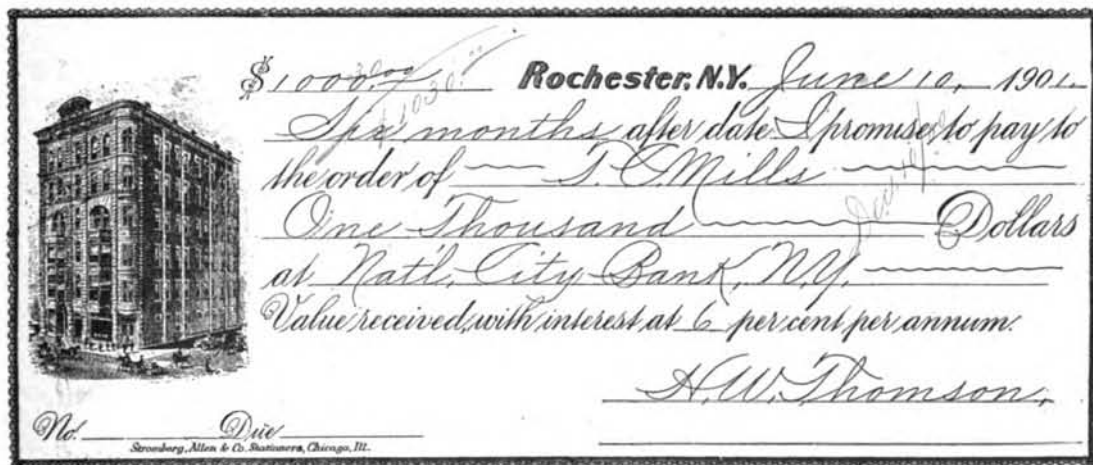
SEC. 66.—Collection Charges to Depositors. The fees charged depositors for collecting paper vary in different banks. They are usually one-fourth, one-eighth, or one-tenth per cent. Sometimes when a depositor keeps a large balance with a bank, no charge whatever is made for his collections.

SEC. 67.—Collection Charges to Banks. Banks have various arrangements with one another for collecting paper. In some instances the collecting bank agrees to remit once a week, on a certain day, without any charge, the use of the money being considered equivalent to the services rendered in collecting. Others make no charge for cash items, but charge from $\frac{1}{16}\%$ to $\frac{1}{4}\%$ for all time items. Some have no fixed rates, but make such arbitrary charges as the circumstances and conditions seem to warrant.

SEC. 68.—Notes with Accumulated Interest. If a note is left for collection which has accumulated interest, the amount of the interest should be ascertained, and both the interest and the amount to be collected should be indicated in red ink on the face of the note. If the note is payable out of town, this should be done before the note is sent away for collection.

The following illustration represents a note treated in the manner described above:

FORM OF COLLECTION NOTE WITH INTEREST AND AMOUNT INDICATED.



\$1,000.00 **Rochester, N.Y.** *June 10, 1901*
Six months after date I promise to pay to
the order of *J. D. Mills*
One Thousand *Dollars*
at Nat'l. City Bank, N.Y.
Value received, with interest at 6 per cent per annum.
H. W. Thomson
 No. _____ Date _____
Seaborg, Allen & Co. Stationers, Chicago, Ill.

SEC. 69.—Method of Handling Sight Paper. Checks and drafts which are deposited in the bank by customers, and credited to the customers at the time of the deposit, are not entered in the collection register, nor in the tickler, but are remitted direct to the banks on which they are drawn, for the credit of the remitting bank, the bank to which they are remitted being debited at the time of the remittance.

Sight paper which is received for collection from depositors and others should be entered in the collection register and tickler, and, if payable out of town, it should be sent away for collection. The bank or banks to which it is sent are not charged with the paper until the collection is made, and the remitting bank has been notified of such collection. Whether or not sight paper should be entered in the collection register depends entirely on whether it was credited to the depositor or received for collection.

SEC. 70.—Indorsing for Collection. All paper left at the bank for collection must be indorsed. For this purpose either a full or a blank indorsement may be used. The following is one of the most common forms:

FORM OF FULL INDORSEMENT.

<p style="text-align: center;"> <i>Pay to</i> <i>First National Bank,</i> <i>or order,</i> <i>John C. Smith.</i> </p>
--

If a bank sends paper to another bank for collection, it must be indorsed payable to the bank to which it is remitted. For this purpose the following are the forms generally used:

Formerly it was the custom to indorse paper left for collection as follows:

"Pay to First National Bank, or order, for collection and credit of John C. Smith."

The supreme court has decided that a restrictive indorsement on paper deposited for collection, such as, "For collection," or "For credit to the account of," etc., is not binding on the remitting bank. Under such circumstances the bank which sends the paper away for collection, with its ordinary indorsement affixed, guarantees neither the correctness of the amount nor the genuineness of the prior indorsements. Most clearing houses require their members to guarantee all restrictive indorsements, which has the effect of enforcing the use of a full indorsement, as banks are usually unwilling to take paper for collection which is so indorsed that they are compelled to guarantee it before the collection can be effected.

FORMS OF BANK INDORSEMENTS.

Pay to the order of
City Natl Bank
New York
FIRST NATIONAL BANK,
Rochester,
R. A. Moses, Cashier.

Pay to the order of
Any NATIONAL BANK,
FIRST NATIONAL BANK,

Rochester,
G. A. Moses, Cashier.

Pay to the order of
Any BANK or BANKER,
FIRST NATIONAL BANK,
Rochester,

G. A. Moses, Cashier.

SEC. 71.—**Advice of Payment.** Paper sent to banks for collection is not charged to the account of the bank to which it is sent until notice is received by the remitting bank that the collection has been made. The only exception to this rule is in the case of bills discounted, which are charged on the day of their maturity. If advice of payment is not received within a reasonable time, the bank is sometimes charged and the customer credited, subject to reversal in case non-payment should be reported subsequently.

In New York it is customary to charge all notes payable at a bank to the depositor's account on the day of maturity. (*See section 91.*) This is also the English custom, and is the one used in this book. The practice of charging the maker for his notes left for collection, without obtaining his check, has not become so general in this country as charging up bills discounted, and in case of any doubt it is well to obtain the maker's check.

SEC. 72.—**Making a Draft Payable at a Bank.** In accepting a draft the drawee has a right to make it payable at a particular bank, if he so desires. The law does not consider this a qualified acceptance, but a legal and satisfactory honoring of the draft.

While not required by law to do so, some banks make a practice of notifying payers of their maturing paper, using for this purpose printed slips similar in form to the following:

FORM OF NOTICE OF MATURITY OF NOTE.

FIRST NATIONAL BANK.

ROCHESTER, N. Y. *June 20, 1901.*

Dear Sir:

You are requested to call at the bank and pay your note of
\$ *200.00*, due the *25th* of *June*.

Very respectfully,

HENRY JONES, Cashier.

COLLECTION

WHEN LEFT.	NO.	PAYER.	INDORSER.	WHERE PAYABLE.
June 20	300	C. C. Grinter		Chase Natl. Bnk. City
	301	H. A. Dawes	H. H. Ham	First Natl. Bnk. Cin.
	302	E. W. Young	C. M. Howley	Our Bank
	303	Chas. W. Smith	Hines & Noble	Germania Natl. Bnk. City
	304	Mason & Hamlin		Our Bank
	305	M. C. Turner	Rollins Machine Co.	Powers Bank, City

COLLECTION

Sept.

NO.	PAYER.	WHERE PAYABLE.	TO WHOM SENT
300	C. C. Grinter	Chase Natl. Bnk. City	
303	Chas. W. Smith	Germania Natl. Bnk. City	
329	Walter Grow	Fourth Natl. Bnk. Phila.	Contl. Bnk. Phila.
351	Owens Mfg. Co.	Third Natl. Bnk. Boston	Sec. Natl. Bk. Boston
332	Walbur Machine Co.	Our Bank	

Sept

330	Woodward & Dietman ^{St. Louis}		Boatman's Bnk. St. L.
307	Milton Young	Sec. Natl. Bnk. Omaha	Sec. Natl. Bk. Omaha
356	M. A. Matthews	Brown Bros. City	
318	Mason & Hamlin		
346	R. L. Simpson	Our Bank	

REGISTER.

DATE OF DEBIT TO BANK	TIME	WHEN DUE	FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED	CL.	REMARKS
May 11	4m	Sept 11	Mason & Hamlin	21340	1	
Apr. 25	3m	July 25	John C. Mills	5000	1	
May 15	6d.	14	Bank of Com. Dallas	10800	1	
June 11	3m	Sept 11	City Natl. Bnk. N.Y.	792650	1	
	4	90d.	2 Chas. D. Lowry	15000	1	
	17	Sight	Sight Boatman's Bnk. St. L.	3500	1	

11.1901.

TICKLER.

FOR WHOM COLLECTED	AMOUNT COLLECTED	WHEN PAID OR RETURNED
Mason & Hamlin	21340	Certified by City B.
City Natl. Bnk. N.Y.	792650	Certified by City B.
L. W. Young	10000	Returned by City B.
D. J. Lowry	14250	Returned by City B.
Sec. Natl. Bnk. Boston	9680	Returned by City B.

12.1901

H. R. Day	17000	Returned by City B.
Howe & King	11000	Returned by City B.
City Natl. Bnk. N.Y.	257450	Returned by City B.
Coml. Natl. Bnk. Chi.	9000	Returned by City B.
First Natl. Bnk. Raleigh	14500	Returned by City B.

SEC. 73.—Charge and Credit Tickets. When notification is received that paper sent to other banks has been collected, a ticket should be made out, charging the bank and crediting the account for which the collection was made.

FORM OF CHARGE TICKET.

BANK OF COMMERCE.*Atlanta, Ga., June 20, 1901.*

<u>CHARGE:</u> <i>Fourth Natl. Bank, N.Y.</i>	4200	
<u>CREDIT:</u> <i>D.W. Huntington</i>	4197	50
	<i>Collection and Exchange,</i>	2 50

C.W.M.

Collection Clerk.

SEC. 74.—Collection Register. This book should contain a record of all paper received for collection from customers and out of town banks. Nothing is written in the column entitled "Indorser," unless the paper is indorsed by some one other than the person or firm for whom collected. The column entitled "Amount to be Collected" should show the face of the note, plus the interest accumulated. Most of the paper left for collection will not have accumulated interest. The "Check" column is used when the entries on the collection register are transferred to the collection tickler. The "Remarks" column is seldom used. When paper is collected, a notation to this effect is made in the collection tickler.

SEC. 75.—Collection Tickler. After paper received for collection is entered in the collection register, it is transferred to the collection tickler under the date on which it falls due. Usually half a page is allowed for each day of the month. The collection tickler should be examined every morning to ascertain the amount of paper to be collected for that day, and when such paper is collected or returned, a notation to this effect should be made with red ink in the column provided for this purpose.

Collection paper may be placed in files, similar to those used for bills discounted (*page 59*), and the paper due, as indicated by the file, should be taken out each morning and compared with the records on the collection tickler.

In addition to the collection tickler, banks usually keep a foreign register in which to enter all paper sent to other banks. When such a book is kept, the column "To Whom Sent" in the collection tickler may be omitted.


A form of foreign register is given on pages 206 and 207.

COLLECTION AND REMITTANCE LETTERS.

FORMS USED WHEN WE SEND PAPER TO OTHERS.

SEC. 76.—Immediate Remittance. When items are sent to another bank for collection, with the request that remittance be made by bank draft immediately upon collection, the following is the form of letter generally used:

FORM OF ADVICE OF PAPER SENT FOR COLLECTION AND REMITTANCE.

C. F. MARVIN, PRESIDENT. H. D. CALDWELL, CASHIER	CAPITAL, \$150,000.	LOUIS J. HENRY, VICE-PRESIDENT. R. HEBER NEWTON, VICE-PRESIDENT.
	<h1 style="margin: 0;">First National Bank</h1>	
MEMPHIS, TENN. <i>June 20, 1901</i>		
<i>H. A. Smith</i> Esq., Cashier.		
DEAR SIR:—I enclose for collection and <i>prompt remittance</i>		
by draft on New York		
NO. OR DATE.	PAYER.	AMOUNT.
<i>217</i>	<i>H. G. Winans & Bro.</i>	<i>200</i>
<i>June 16</i>	<i>M. H. Carson</i>	<i>347.50</i>
<i>468</i>	<i>L. M. Sewell</i>	<i>100</i>
If not paid when due, return <i>at once</i> properly protested, unless otherwise ordered. Respectfully yours, <div style="display: flex; justify-content: space-between;"> Please Acknowledge Receipt. H. D. CALDWELL, Cashier. </div>		

Some banks attach a slip to all paper sent away for collection, showing the number, name of payer, and for whom collected. When the collection is made this slip is detached and returned to the bank.

SEC. 77.—Collection and Credit. When items are sent to another bank for collection and credit to the account of our bank, the following is the form of letter generally used :

FORM OF ADVICE OF PAPER SENT FOR COLLECTION AND CREDIT.

	THE Farmers State Bank	
	<i>Peoria, Ill. June 20, 1901.</i>	
	<i>J. C. Hamill, Esq., Cashier.</i>	
<i>Dear Sir :</i>		
<i>I enclose for collection and credit as stated below :</i>		
<i>Very respectfully,</i>		
<i>W. B. SMITH, Cashier.</i>		
NO. OR DATE.	PAYER.	AMOUNT.
<i>June 19</i>	<i>M. D. Guenther</i>	<i>200</i>
<i>327</i>	<i>Leonard & Mason</i>	<i>1000</i>
<i>495</i>	<i>Jacobs Bros.</i>	<i>400</i>
<i>378</i>	<i>Warren H. Watson</i>	<i>2000</i>

SEC. 78.—Copying Letters. Every letter should be copied before being sent out. The printed and the written portions of the letter should be in copying ink, so that there will be no difficulty in securing an exact copy of every word in the entire letter.



The letter book should be carefully indexed so that reference may be made readily to the copy of any letter that may be desired.

It is difficult to overestimate the value of having a complete record of everything sent out by the bank.

FORMS USED WHEN WE COLLECT PAPER FOR OTHERS.



SEC. 79.—**Remittance by New York Draft for Collections.** When we remit drafts for the proceeds of collections made by us for other banks, the following is the form of letter generally used:

FORM OF ADVICE OF REMITTANCE FOR COLLECTIONS.

	CYRUS W. NEWKIRK, PRESIDENT.	H. W. HAMMOND, VICE-PRESIDENT.
	R. H. MOSES, CASHIER.	MELVIN C. REESE, VICE-PRESIDENT.
CAPITAL, \$200,000.		
		
BUFFALO, N.Y. <i>June 20 1901</i>		
<i>J. E. King, Esq., Cashier.</i>		
Dear Sir:—I have received your favor of the <u>16</u> inst., and enclose draft on New York for <u>\$2794.75</u> in payment of collections as stated below:		
YOUR NUMBER.	PAYER.	AMOUNT.
<i>317</i>	<i>A. D. Dawson</i>	<i>1000</i>
<i>June 1</i>	<i>Thos. M. Hunt</i>	<i>400</i>
<i>369</i>	<i>J. H. Kelly</i>	<i>900</i>
<i>649</i>	<i>M. E. Winter</i>	<i>500</i>
	Total Collected,	<i>2800</i>
	Less Collection and Exchange,	<i>525</i>
	Amount Remitted,	<i>2794.75</i>
Very respectfully,		
<i>R. H. MOSES, Cashier.</i>		

SEC. 80.—Advice of Collections Credited. When items are collected, which have been sent us for collection and credit by another bank, notice of such collections should be sent to the remitting bank. The following is the form of letter generally used:


FORM OF ADVICE OF COLLECTIONS CREDITED.

CHAS. R. DREXEL, PRESIDENT. H. B. CHILDS, CASHIER.	CAPITAL, \$300,000.	MENTOR THOMSON, VICE-PRESIDENT. C. W. BOULDIN, VICE-PRESIDENT.		
 <div style="display: inline-block; text-align: center;">  <p style="margin: 0;">CITIZENS NATIONAL BANK</p> </div>				
<i>St. Louis, June 20, 1901.</i>				
<i>John H. Owens, Esq., Cashier</i>				
<p>Dear Sir:—We beg to advise you that collections as stated below have been made and the proceeds, <i>\$25403.60</i>, placed to the credit of your account.</p> <p style="text-align: right;">Very respectfully,</p> <p style="text-align: right;">H. B. CHILDS, Cashier.</p>				
YOUR NO. OR DATE.	PAYER.	AMOUNT.	CHARGES.	PROCEEDS.
<i>321</i>	<i>O. H. Ernest</i>	<i>1000</i>	<i>2 50</i>	<i>997 50</i>
<i>432</i>	<i>Milton Young</i>	<i>600</i>	<i>1 50</i>	<i>598 50</i>
<i>325</i>	<i>John W. Fisher</i>	<i>950</i>	<i>2 40</i>	<i>947 60</i>
		<i>2550</i>	<i>6 40</i>	<i>2543 60</i>

SEC. 81.—Prompt Answers. If possible, all letters should be answered the same day that they are received. Nothing inspires confidence more than promptness. Establish the rule of acknowledging receipt of all remittances, and require other banks to do the same. Do not take anything for granted. Serious mistakes are often avoided by a prompt acknowledgment of a remittance.

SEC. 82.—Return of Uncollected Paper. If for any reason we are unable to collect the paper sent us, such paper should be returned to the remitting bank. For this purpose the following is the form of letter generally used:

FORM OF ADVICE OF COLLECTION PAPER RETURNED.

GEO. McMILLAN, PRESIDENT. D. J. LAMAR, CASHIER. V. P. KLINE, VICE-PRESIDENT. M. H. SUMNER, PAYING TELLER.	
 <div style="display: inline-block; vertical-align: middle; text-align: center;"> <p>CAPITAL, \$250,000.</p> <p>NATIONAL CENTRAL BANK</p> <p><i>New York, June 20, 1901.</i></p> </div>	
<p><i>W. B. Smith.</i> Esq., Cashier.</p> <p style="text-align: center;">DEAR SIR:</p> <p style="text-align: center;">I herewith return unpaid, reason, if any, endorsed on back:</p>	
<p><i>Mahon & Smith</i></p>	<p>100</p>
<p><i>H. A. Hall</i></p>	<p>400</p>
<p>We charge account pro. fees, _____</p>	<p>250</p>
<p>Please remit pro. fees, _____</p>	
<p>Respectfully yours,</p> <p>D. J. LAMAR, Cashier.</p>	

SEC. 83.—Opening the Mail. Letters may be opened by cutting off a small portion of the end, or by slitting the top of the envelope with a letter knife. The latter method is preferable, since it avoids the possibility of cutting or mutilating any of the contents.

Every person opening a letter containing checks, drafts, etc, should at once see that the letter contains the paper mentioned therein, and should write or stamp on the letter the date of its receipt.

SEC. 84.—Listing Checks for the Clearing House. All checks for the clearing house should be listed in a book especially provided for this purpose. Carbon sheets are usually employed so that copies of each list may be secured. One copy is kept by the bank and the other is sent to the clearing house with the checks. The following is the form of book generally used for this purpose:

CLEARING HOUSE REGISTER.

June 20, 190-

<i>Bank of America.</i>		<i>Commercial Bank.</i>	
	25 40		1 00
	1 00		2 40 0
	368 20		5 20
	1 25 0		48 20
	3 0		3 0 0
	2 6 0		2 5 0
	4 0 0		1 0 0
	1 0 0 0		25 68
	7 5 0		7 0
	1 2 0		2 0 0
	8 0		40 13 88
	75 25		
	3 0		
	4488 85		

The name of each bank on which we have checks should be written in the above book, and the checks listed in detail under the name of the bank on which they are drawn. The accounts should be footed, and the sum of their footings ascertained. This sum should agree with the footing of the clearing house proof, as shown by the general bookkeeper's proof sheet, pages 138 and 139.

SEC. 85.—**Account Current.** It is customary for banks to render accounts current at the end of each month. The following is the form ordinarily used:

STATEMENT OF ACCOUNT.

First National Bank

Rochester, N. Y.

In Account with **CITY NATIONAL BANK.**

DR.

NEW YORK.

CR.

1901			1901		
Jan. 1	Remittance	421 70	Jan. 1	Balance	4000
4	"	126 50	7	Remittance	700
5	Collection	150	9		729 40
7	Remittance	240	11	"	568 20
9	Collection	235 40	12	Collection	200
21	"	100	14	Remittance	129 40
22	Remittance	248 25	14	Collection	500
30	"	164 20	19	"	720
30	Drafts to date	1372	21	Remittance	148
	Balance	251 15	27	"	568 90
			29	"	700
		8963 90			8963 90

Please examine and report AT ONCE if correct or not.

SEC. 86.—**Banking Hours.** In New York, the banks open at 10 o'clock and close at 3 o'clock, and from 10 to 3 seem to be the usual hours in nearly all the larger cities. In the smaller ones, from 9 to 4 are regarded as the banking hours, and many banks will receive deposits until 5 or 5:30 P. M.

In New York, and many Eastern cities, all banks close at 12 (noon) on Saturday. This gives the employees a half holiday every week. There are no statutes defining the business hours of a bank. The directors declare that certain hours shall be kept by the bank in its general dealings with the public, and in its business of receiving deposits and paying checks. These hours are largely a matter of custom.

SEC. 87.—Statement of Drafts. This statement is rendered by the drawee bank. The total of the statement is placed on the account current. The following is a form in common use :

STATEMENT OF DRAFTS.

Drawn by First National Bank.
Rochester N.Y.

On **CITY NATIONAL BANK,**
 NEW YORK.

1901			
Jan. 4	# 421	100	
4	423	268.50	
4	127	200	
16	425	126.80	
16	426	54.90	
24	429	164.80	
25	430	50	
26	433	26.80	
26	434	75.20	
27	437	100	
30	439	125	
30	442	80	
		1372	

If preferred, in rendering accounts current, the drafts may be listed on the account current, and the statement of drafts dispensed with.

SEC. 88.—Accommodation Paper. Accommodation notes are promises to pay, which are signed or indorsed by some person, or persons, for the accommodation of some other person, or persons. Such paper is not usually considered very desirable by banks, for it is not what it pretends to be on its face, no value having been given or received therefor, although the person who executes such paper is legally just as responsible as if he had received value.

SEC. 89.—Adjustment Account. When a bank which draws drafts receives a statement of drafts drawn and an account current from the drawee bank, an adjustment account is made up. This account should show on the debit side a list of all drafts drawn but not yet

paid by the drawee bank, all remittances in transit, and the amount of the balance as shown by our books. The sum of the foregoing should equal the balance shown on the account current, or by the books of the other bank.

ADJUSTMENT ACCOUNT

With

City National Bank.New York.

1901		1901	
Feb.	Drafts unpaid	Feb.	Their balance 590585
	#422 200		
	427 50		
	428 75		
	431 14820		
	432 150		
	435 75		
	438 8490		
	440 260		
	441 100		
	Remittances ^{in transit} 96820		
	Our balance 379455		
	590585		590585

QUESTIONS.

1. What are the principal duties of the collection clerk? (Sec. 61.)
2. From what sources does a bank receive collections? (Sec. 62.)
3. How are collections entered in the bank book? (Sec. 63.)
4. How do you show the amount to be collected on paper which has accumulated interest? (Sec. 68.)
5. What kind of sight paper is entered in the collection register? (Sec. 69.)
6. How should paper left for collection be indorsed? (Sec. 70.)
7. In writing his acceptance of a draft, has the drawee the right to make it payable at a particular bank? (Sec. 72.)
8. What is an account current? (Sec. 85.)
9. Explain the purpose and use of the collection register. (Sec. 74.)
10. Explain the purpose and use of the collection tickler. (Sec. 75.)
11. In what book are all checks which are designed for the clearing house listed? (Sec. 102.)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

To be entered in the collection register.

SEC. 90.—The following paper has been received for collection:

No. 1.—From J. C. Mills, note of Chas. H. Hubbell for \$8000.00, dated April 29th, at sixty days, payable at Powers Bank, City.

INSTRUCTIONS.—Before attempting to make the entry, examine model collection register, page 74. Write "June 21" under "When Left." Place "500" under "Number." (Collections should be numbered consecutively, commencing with the number 500.) Write "Chas. H. Hubbell" under "Payer." As the note is not indorsed by any one other than John C. Mills (the person for whom it is collected), the column "Indorser" is left blank. Write "Powers Bank, City," under "Where Payable;" "April 29" under "Date of Draft or Note;" and "60" days under "Time." Sixty days from April 29th would be June 28th, hence "June 28" should be written under "When Due." Write "John C. Mills" under "For Whom Collected," and "8000" under "Amount to be Collected."

No. 2.—From Howe & King, note of the Reading Machine Co. for \$1000.00, payable four months after March 1st, at National Union Bank, Reading, Pa., indorsed by J. T. Hamill.

No. 3.—From Boatmen's Bank, St. Louis, note of Mason & Hamlin for \$400.00, payable sixty days after May 1st, at our bank.

No. 4.—Transfer the entries from the collection register to the collection tickler. (*See form of tickler, pages 74 and 75.*) The note of the Reading Machine Co., payable at the National Union Bank, Reading, should be sent to the Continental Bank, Philadelphia, for collection.

MEMORANDA OF TRANSACTIONS.

JUNE 22.

To be entered in the collection register.

SEC. 91.—The following paper has been received for collection:

No. 5.—From Fourth National Bank, Cincinnati, Harry Greene's note for \$1000.00, payable two months after April 20th, at Chase National Bank, City.

No. 6.—From W. B. Lyons, note of W. H. Hillis for \$5125.00, payable three months after April 17th, at City National Bank, New York, indorsed by R. D. Gunther & Brother.

No. 7.—From Charles B. Thomas & Co., note of C. A. Tanner for \$900.00, payable three months after April 1st, at Third National Bank, City.

No. 8.—Transfer the above entries to the collection tickler. Note of W. H. Hillis has been sent to the City National Bank, New York, for collection.

NOTE TELLER.

SEC. 92.—Duties. The duties of the note teller vary in different banks. In this work he will take charge of all city cash items, and all city paper which is due as shown by the collection tickler, discount tickler, and demand loan register. Each morning the note teller receives all city collections from the collection clerk; and from the discount clerk he receives all bills discounted which are due that day and payable in the city. At the close of each day the paying teller, receiving teller, and mail clerk give the note teller all their city cash items, and these items are collected on the day following. In many banks these items are collected by the paying teller.

In the majority of banks the note teller sells bank drafts, but in this work it has been thought best to have the paying teller perform this duty.

SEC. 93.—Messengers. Most banks have messengers employed for the purpose of collecting paper due in the city. Sometimes the porter performs this service. These employees are under the direct charge and supervision of the note teller. He should see that they lay out a definite route before leaving the bank, and that their work is performed with proper care, and with due regard to the laws and customs relating to negotiable paper.

SEC. 94.—Methods of Paying Notes. A note is usually paid in one of the following ways:

1. In cash.
2. By charging it to some correspondent.
3. By having it certified, and sending it through the clearing house.
4. By charging it to the depositor's account.

The method of payment in cash needs no explanation.

SEC. 95.—Charging Notes to Correspondents. Bills discounted, payable at out of town banks, should be sent to our correspondents from fifteen days to one month before due, for collection. On the day such notes are due, it is customary to charge them to the banks to which they were remitted, without waiting for letters advising collection.

SEC. 96.—Certification of Notes. A note payable in our city, at a bank which is a member of the clearing house, should be presented at that bank for certification the day it is due, and the following morning it should be sent through the clearings. The following is the

FORM OF A CERTIFIED NOTE.

\$400.00 Rochester, N.Y. June 19, 1901.

Sixty days after date I promise to pay to the order of Abram Smith

Four Hundred and 00/100 Dollars

at Commercial Bank of Rochester.

Value received

W.K. Hess.

STAMP

CERTIFIED

No. _____ Due _____

C.E. Merrill Stationer Rochester, N.Y.

When a bank certifies a note, the maker of the note should at once be debited, and Certification Account credited, the same as if a check had been certified.

SEC. 97.—Charging a Depositor with a Note. If a note is made payable at a bank, it is held by the negotiable instruments law, and several supreme court decisions, that it is an order on the bank, and that the bank at which it is made payable has a right to charge it to the depositor's account on the day on which it falls due.

The negotiable instruments law has been adopted in New York, Connecticut, Massachusetts, Maryland, Florida, Virginia, and Colorado.

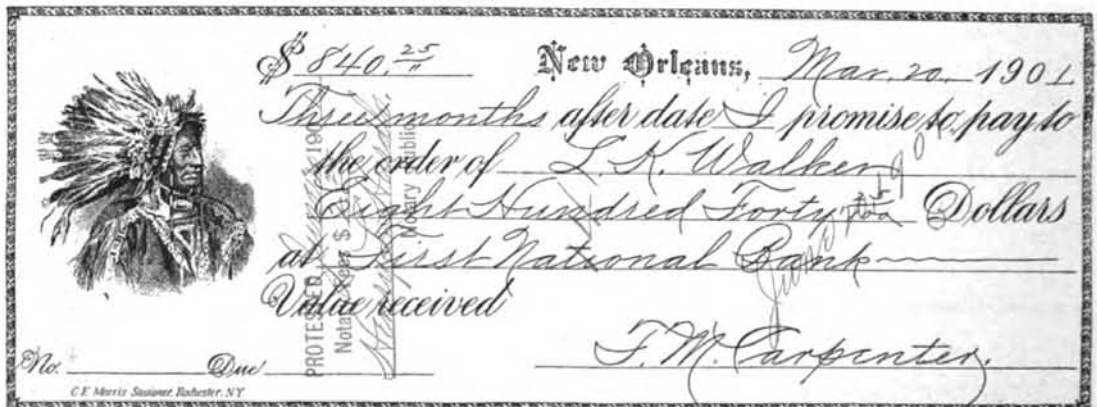
Among the supreme court decisions sustaining this view are the following:

Pennsylvania (Commercial National Bank vs. Heminger, 105 Pa. St., 496); Indiana (Bedford Bank vs. Acoaron, 125 Ind., 584); New York (Ætna National Bank vs. Fourth National Bank, 46 N. Y., 82). The decisions of some other state courts are conflicting. In case of doubt, it is better to have the maker give his check for the note.

An accepted draft payable at a certain bank would come under the same rule as a note.

SEC. 98.—Protesting. When a note or draft (formally presented for payment) is not paid at maturity, it should be protested. This is usually done by a notary public, who sends or delivers a formal notice to the indorsers, declaring that the note has been presented for payment, and that such has been refused. It is unnecessary to protest paper on which there are no indorsers, though many banks protest all paper that is not paid when due, unless there are specific instructions to the contrary. When paper is protested, this fact is noted on the face or back thereof, usually in red ink.

FORM OF PROTESTED NOTE.



Fourteen is the clearing house number of the bank at which the note was left for collection.

FORM OF CERTIFICATE OF PROTEST TO BE ATTACHED TO PRECEDING NOTE.

CERTIFICATE OF PROTEST.

TO BE ATTACHED TO PRECEDING NOTE.

UNITED STATES OF AMERICA. } ss.
 STATE OF LOUISIANA.

I, THE UNDERSIGNED, one of the Notaries Public in and for Orleans County, **Do hereby Certify**, that on the date below written, I did present the obligation which is hereunto annexed, at the place where it is payable and demanded payment thereof, which was refused.

Whereupon, I, the said Notary, did **PROTEST**, and by these Presents do publicly and solemnly Protest, as well against the Maker and Indorsers of the same as against all others whom it may concern, for Exchange, and all Costs, Damages, and Interest, already incurred or to be hereafter incurred, for the want of payment.

And I do further Certify, that on the same day and year below written, due notice of the foregoing Protest—by notice partly printed and partly written, signed by me—was given to the several indorsers thereon by depositing notices in the **Post Office at New Orleans, La.**, postage paid, directed as follows:

J. M. Wilson & Co., 124 Main St. New Orleans
Brown & Haines, 726 Water St. "
L. K. Walker, Baton Rouge, La.

each of the above named places being the reputed place of residence of the person to whom the notice was directed, and the post office nearest thereto.

In Testimony Whereof, I have hereunto set my hand and affixed my seal of office.

This Done and Protested, in the City of New Orleans, La.

June 20, 190—

[SEAL.]

Henry L. Hurdle,
 Notary Public.

If the indorser wishes to be assured of receiving notice of protest, he should place his full address below his name when indorsing paper. If he fails to do this, the bank should, if possible, obtain his address and write it on the paper at the time it is discounted. Banks are required to exercise reasonable care in ascertaining the addresses of indorsers; and if the address is given on the paper, the bank is bound to respect it in sending out notices of protest.

FORM OF NOTICE OF PROTEST TO BE SENT INDORSERS.

TRADERS NATIONAL BANKNew Orleans, La., June 20, 1901,

Take notice that a note made by

J. M. Carpenter

*On _____

for \$ 840.²⁵Dated March 20, 1901, payable
three months after date,at First National Bank,and indorsed by you, was this day **PROTESTED** for non-payment,
and that the holders look to you for the payment thereof, payment
having been demanded and refused.

Yours respectfully,

HENRY L. HURDLE,
Notary Public.To J. M. Wilson & Co.**NOTIFY YOUR PRIOR INDORSER.****SEC. 99.—Notice of Protest.** Notice of protest must include the following:

- (1) Such a description of the paper as will leave no doubt in the mind of the indorser as to which note has been protested.
- (2) A statement that the note was presented for payment, and that payment was refused.
- (3) That the holder looks to the indorser for payment and indemnity.


When a check is protested, the name of the bank on which it is drawn is written after "On."

SEC. 100.—No Protest. When the drawer of a draft does not wish to have it protested if payment is refused by the drawee, he usually writes the words "No Protest" on a slip of paper, and pins this slip to the draft. Many drafts are printed with the words "No Protest" on the end of the draft, the draft being perforated so that these words may be detached easily.

When a bank receives such a draft for collection, the stub containing the words "No Protest" should be detached immediately before the draft is presented to the drawee for payment, as the drawee would not be so likely to honor a draft that he knew was drawn not subject to protest.

FORM OF DRAFT WITH "NO PROTEST" ATTACHED.

NO PROTEST
TAKE THIS OFF BEFORE PRESENTING.

	<p><i>\$250.⁰⁰</i></p> <p><i>Rochester, N.Y. June 20, 1901.</i></p> <p><i>At one day's sight ——— Pay to the</i></p> <p><i>Order of Ourselves ———</i></p> <p><i>Two Hundred Fifty ——— Dollars</i></p> <p><i>Value received, and charge the same to account of</i></p> <p><i>To H. A. Miles ———</i></p> <p><i>No. 629 ——— Columbus, O. ——— Winans & Company.</i></p> <p><small>1765-112 C. E. Morris, Stationer, Rochester, N.Y.</small></p>
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When paper is protested it is generally considered as notice to the public that the payer or drawee is either unable, or unwilling, to pay his debts, and for this reason many persons who would take no notice of an ordinary statement of account and request to remit will pay a draft which is drawn, or which they believe is drawn, subject to protest.

SEC. 101.—Notary Fees. Nearly all banks have their own notary, that is, some officer of the bank who has qualified as a notary public. In many banks this official receives all protest fees, which not infrequently amount to several thousand dollars a year. The notarial work is usually given to the cashier, or to some other faithful official of the bank, in appreciation of his long and efficient services, and the fees may be said to constitute one of the perquisites of his position. In some cases, especially in banks newly organized, the notary fees go to the bank, and form a part of the profits. This work contemplates the giving of the notary fees to one of the bank's officials. An account with "Notary Fees" should be opened in the individual ledger, and these fees should be credited to this account. At the end of each quarter, or more frequently if desired, the notary may draw the fees due him by check.

NOTE TELLER'S

CURRENCY.		DEPOSITORS.		CORRESPONDENTS.	
<i>R. G. Simpson</i>	800	<i>W. B. C.</i>	1312620	<i>City Natl. Bk.</i>	22400
<i>C. D. Tyndall</i>	1224	<i>C. D. T. Co.</i>	200250	<i>2nd Natl. Boston</i>	14250
<i>H. R. Day</i>	150	<i>A. Hines</i>	4000	<i>Boatman's St. L.</i>	17000
<i>L. C. Miner</i>	1010	<i>Mary V. W.</i>	1000		
<i>M. A. Matthews</i>	257450				
<i>Chas. A. Willis</i>	225				
<i>R. D. Hamill</i>	1120				
<i>City Cash Items</i>	251025				
" " "	2825				
	1206750		2012570		53650
BILLS DISCOUNTED AND DEMAND LOANS CREDITED TO DEPOSITORS		COLLECTIONS CREDITED TO DEPOSITORS		CORRESPONDENTS	
<i>C. D. T. Co.</i>	995	<i>M. & N.</i>	21340	<i>City Natl. Bk.</i>	7925
<i>L. W. Y.</i>	394704	<i>D. J. Lowry</i>	14236	" " "	2570
<i>W. D. Cobb, S. D.</i>	119440	<i>H. R. D.</i>	17000		
<i>R. G. S.</i>	79733	<i>R. G. S.</i>	4000		
<i>Howe & King</i>	1000			BANK DRAFTS DRAWN.	
<i>Ray Bros. & Co.</i>	1040			<i>4th Natl. Bk.</i>	997
<i>Mason & Hamlin</i>	4000				
					11492
				COLLECTION AND EXCHANGE	
				<i>City Natl. Bk.</i>	150
				<i>D. J. Lowry</i>	14
				<i>City Natl. Bk.</i>	450
				<i>4th Natl. Bk.</i>	3
				<i>Dis. Reg.</i>	438
	1297377		56576		2738

CHECK SHEET.

CLEARINGS		CITY CASH ITEMS		PROTESTED PAPER	
Chase Natl.	21340	Bal. from yesterday	500	Hullbust Bros.	1000
Germania Natl.	792650	Rec. Teller	273040		
		Paying Teller	28890		
		Mail	39695		
		Brown Bros.	2525		
					1000
				SUNDY	
	2926650		644125		
INTEREST AND DISCOUNT		CITY CASH ITEMS		PROTESTED PAPER	
C. Tyndall	24		251025	C. T. & Co.	2000
L. C. M.	10		2825		
R. C. J.	25				
R. D. H.	20				
Dis. Reg.	6185				
	14085		533525		2000
DEMAND LOANS		NOTARY FEES		SUNDY	
C. Tyndall	1200	H. R. D.	150	Rec. Teller	273040
L. C. Miner	1000	C. T. & Co.	250	Paying Teller	28890
R. C. Johnson	2500	Chas. H. Willis.	225	Mail	39695
R. D. Hamill	1100				
	5800		625		

SEC. 102.—Credit Tickets. All paper collected by the note teller for depositors and out of town banks should be credited by means of credit tickets to the proper accounts in the ledgers provided for this purpose.

FORM OF CREDIT TICKET.

HARTFORD NATIONAL BANK,		
<i>Hartford, Conn., June 20, 1904</i>		
CREDIT.		
<i>Mason & Hamlin</i>	427	90
<i>Chas. D. Thomas & Co.</i>	500	
<i>R. J. M.</i> <small>Note Teller.</small>		

All charges and credits made out by the discount and collection clerks, and those made out by the note teller, should be entered on the note teller's check sheet before being passed to the bookkeepers.

SEC. 103.—Note Teller's Check Sheet. This check sheet should contain a brief record of all transactions incident to collecting notes and making loans. The upper half is used for debits and the lower half for credits. (See form of note teller's check sheet, pages 92 and 93.)

When paper is paid or charged to some account, the manner of payment or the account to which charged should be recorded in the proper debit column. When collections are made for depositors, the proceeds should be entered under "Collections Credited to Depositors." Collections made for banks should be entered under "Correspondents. (Cr.)" The proceeds of all loans we make should be entered under "Bills Discounted and Demand Loans Credited to Depositors." Interest and discount, collection and exchange, notary fees, and demand loans paid should be recorded under similar titles on the check sheet. All city cash items received are entered as debits at top of sheet; those collected are entered as credits at the bottom. (For full explanation of the method of making entries on this sheet, see page 98, section 106.)

In many banks the note teller's check sheet is hardly so complete as the one shown above. We, however, have deemed it advisable that the student keep his accounts in such a manner that proofs of the entire work of each department may be obtained separately. The several amounts on the debit and credit sides of these proofs constitute the aggregate to be charged and credited to the various accounts in the general ledger.

FORM OF NOTE TELLER'S PROOF.

NOTE TELLER'S PROOF, *June 20, 1901.*

1. Bills,	11800	1. Collection and Exchange,	2738
2. Coin,	26750	2. Credited to Depositors:	
3. Charged to Depositors,	2012870	(a) Loans and Dis.,	12973 ²²
4. Correspondents,	53650	(b) Collections,	56576 ²²
5. Clearings,	2926650	(c) Notary Fees,	6 ²⁵
6. City Cash Items, (Unpaid)	1106		6955602
7. Protested Paper,	1000	3. Interest and Discount,	14085
8. Bills Discounted,	7000	4. Demand Loans Paid,	5800
9. Demand Loans,	6040	5. Correspondents,	11492
10. Sundry as Under:		6. City Cash Items, (Balance	
		from Yesterday)	500
		7. Protested Paper,	2000
		8. Bills Discounted,	3732620
		9. Sundry as Under:	
		(a) Rec. Teller,	273040
		(b) Paying Teller,	28890
		(c) Mail,	39695
	13025870		13025870

SEC. 104.—**Note Teller's Proof.** At the close of the business day the note teller should make out a proof according to the above form.

DEBIT SIDE.

1. Amount of bills on hand.
2. Amount of coin on hand.
3. Amount of checks received which were drawn by the depositors, and amount of notes charged to depositors.

4. Amount of checks received which are drawn on correspondents, and amount of notes which have been charged to correspondents.
5. Amount of checks and certified notes for the clearings.
6. Amount of city cash items which are actually on hand (unpaid) at the close of the day.
7. Amount of bills discounted and demand loan protested during the day.
8. Amount of notes discounted as shown by the discount register.
9. Amount of demand loans made as shown by demand loan register.
10. The title "Sundry as Under" is provided for classification of any debits the note teller may have which cannot be appropriately classified under other titles.

CREDIT SIDE.

1. Amount of collection and exchange received from all sources.
2. Amount of demand loans, bills discounted, and collections credited to depositors, plus the amount credited to notary account.
3. Amount of interest and discount received from all sources.
4. Amount of demand loans paid during the day.
5. Amount of collections made for correspondents, which are credited to them.
6. Amount of city cash items unpaid at the close of the previous day.
7. Amount of protested paper paid during the day.
8. Amount of bills discounted paid as shown by the discount tickler.
9. Sundry credit items:
 - (a) Amount of city cash items received at the close of the day from the receiving teller.
 - (b) Amount of city cash items received from the paying teller.
 - (c) Amount of city cash items received by mail.

How to Make Out Note Teller's Proof. For detailed explanation in regard to the exact method of procedure in the compilation of the note teller's proof, see page 102, section 107.

DEPOSITORS.

SEC. 105.—The following is a list of regular depositors at our bank :

Anderson, J. H.	Murphy, J. E.
Bain, Geo. C.	Myers, W. D.
Cameron, John H.	O'Connor, John.
Century Publishing Co.	Randolph & Clowes.
Conrad, R. Dawson.	Raymond, W. H.
Culver, W. B.	Ray Bros. & Co.
Davis, R. M.	Sampson, F. A.
Day, H. R.	Simpson, R. G.
Fullwood, John A.	Smith, Geo. C.
Hines, Arthur.	Smith, R. L. & Co.
Hoffman, Harry G.	Sneed, Mrs. R. C.
Howe & King.	Tabor, E. C.
Lyons, W. B.	Taylor, Chas. R.
Mason & Hamlin.	Thomas, Chas. D. & Co.
McDowell, J. H.	Thomson, L. M.
Mills, John C.	Trantum, Percy.

Washburn, Henry W.
Waters, Mary V.
West, Wm. E.

Wilson, Thos. A.
Wilson Mfg. Co.
Woodruff, J. L.

Young, G. W.

Bills discounted and collections signed by any of our depositors and payable at our bank will be charged directly to the depositors' accounts.

QUESTIONS.

1. What are the principal duties of the note teller? (*Sec. 92.*)
2. What are the duties of a bank messenger? (*Sec. 93.*)
3. When are bills discounted that are sent to out of town banks for collection charged to the bank to which they are sent? (*Sec. 95.*)
4. For what purpose are notes certified? (*Sec. 96.*)
5. Are notes made payable at a certain bank charged to the depositor's account, or should they be taken up by check? (*Sec. 97.*)
6. What is meant by protesting a note? (*Sec. 98.*)
7. What is a notice of protest? (*Sec. 99.*)
8. What is meant by "No Protest" attached to the end of a draft? (*Sec. 100.*)
9. To whom are notary fees paid? (*Sec. 101.*)
10. Which columns on the note teller's check sheet are debit columns? Which are credit columns? (*Sec. 103.*)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

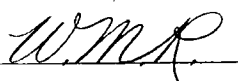
*To be entered on the note teller's check sheet.*SEC. 106.—**No. 1.** City cash items on hand from yesterday, \$1106.00.

INSTRUCTIONS.—Make an entry in the column entitled "City Cash Items," at the top of note teller's check sheet, for \$1106.00. Write the words, "Balance from yesterday," in the space for explanation. (*See model check sheet, pages 92 and 93.*)

ITEMS FROM THE DISCOUNT REGISTER.

The following proceeds of bills discounted are to be credited to customers:

No. 2.

FIRST NATIONAL BANK.		
ROCHESTER, N.Y. <i>June 20, 1901.</i>		
CREDIT.		
<i>Howe & King</i>	19730	
 Discount Clerk.		

INSTRUCTIONS.—Place the amount (\$19730.00) shown on the above ticket in the column entitled "Bills Discounted and Demand Loans Credited to Depositors." Write "Howe & King" in the space for explanation. (*For form, see model check sheet, pages 92 and 93.*)

The space for explanation should contain only such notations as are necessary to enable the student to identify readily the amounts set opposite. In many instances the person's initials, or a portion of the name of the bank, will prove quite sufficient. In actual work, after entering the above ticket, the note teller should pass it to the individual bookkeeper.

In the following transactions the credit tickets are not shown, but the entries should be made similar to that for No. 2.

No. 3.—To Mason & Hamlin, \$17910.00. (Entry similar to preceding one.)

No. 4.—To Ray Bros. & Co., \$10944.00.

No. 5.—To H. R. Day, \$7920.00.

No. 6.—To D. J. Lowry, S. D., \$10908.33. (Entry similar to Nos. 3, 4, and 5.)

"S. D." written after a name stands for sundry discounts, and is used to indicate a loan made to some person who is not a regular customer of our bank. (*For list of regular customers, see section 105.*)

At the close of the day the total proceeds of bills discounted, as per check sheet, and the interest and discount, and collection and exchange, as per discount register, are all placed on the credit side of the note teller's proof, while the total of bills discounted, as shown by the discount register, is placed on the debit side of the proof; thus the equilibrium of debits and credits is maintained. (Make no entry for these now.)

ITEMS FROM THE DEMAND LOAN REGISTER.

The following demand loans have been made and credited as below:

No. 7.—To W. B. Culver, \$8000.00. (Entry same as for No. 2.)

No. 8.—To Mrs. R. C. Sneed, \$6000.00.

No. 9.—To Chas. D. Thomas & Co., \$12000.00.

At the close of the day the total of the demand loans made during the day, as shown by the demand loan register, is placed on the debit side of the note teller's proof, and this balances the credits taken from the check sheet. (No entry now.)

ITEMS FROM THE DISCOUNT TICKLER.

The following paper in the discount tickler has been collected, charged, or protested as below:

No. 10.—Note of Howe & King for \$7500.00, charged to their account.

INSTRUCTIONS.—Make an entry in the column entitled "Depositors" at the top of note teller's check sheet for \$7500.00. Write "Howe & King" in the space for explanation.

No. 11.—Note of the Wilson Mfg. Co. for \$268.50 has been paid in cash.

INSTRUCTIONS.—Make an entry in the currency column of the check sheet for \$268.50, writing "Wilson Mfg. Co." in the space for explanation.

No. 12.—Note by Lord & Taylor, New York, for \$400.00 has been sent to the City National Bank of New York for collection, and is charged to that bank.

INSTRUCTIONS.—Make an entry for \$400.00 in the "Correspondents" column at the top of the check sheet. Write "City National Bank, New York" in the space for explanation. (*For list of banks classed as "Correspondents," see page 43.*)

Entries for bills discounted sent away for collection are made from charge tickets made out by the discount clerk. (*See form, page 98.*)

No. 13.—A. W. Teul's note for \$5000.00, payable at the Commercial Bank, City, has been sent to that bank through the clearings.

INSTRUCTIONS.—Make an entry for \$5000.00 in the column entitled "Clearings." Write "Commercial Bank" in the space for explanation.

Notes payable at clearing house banks are certified on the date they are due and are sent through the clearings the following day.

No. 14.—Note of Jas. Pendleton for \$360.00 has been paid by certified check on Powers Bank, City.

INSTRUCTIONS.—Enter the amount of check in the column entitled "City Cash Items" at the top of the check sheet.

If Powers Bank were a member of the clearing house, the check would be entered in the column entitled "Clearings." (*For list of city banks not members of the clearing house, see page 43.*)

No. 15.—Note of Ray Bros. & Co. for \$10000.00 has been charged to their account. (Entry same as for No. 10.)

No. 16.—Note of Charles A. Courtney for \$975.20, payable at our bank, has been protested. Protest fees \$2.25.

INSTRUCTIONS.—Make entry for \$975.20 in column entitled "Protested Paper" at the top of check sheet. Make no entry for protest fees. Protest fees are not entered until they are collected, except when they are charged to an out of town bank.

No. 17.—Note of F. M. Hall for \$200.00 has been paid in cash. (Entry same as for No. 11.)

It will be observed that all the above entries are debits, and when taken from the check sheet to the proof they will be placed on the debit side of the proof. The footing of the discount tickler is placed on the credit side of the proof, which preserves the equilibrium of debits and credits.

ITEMS FROM THE COLLECTION TICKLER.

PAPER COLLECTED BY US.

The following collections have been made, and the proceeds are to be credited as stated below:

No. 18.—For Ray Bros. & Co., R. G. Hunter's note for \$400.00, payable at our bank. Note has been paid in cash.

INSTRUCTIONS.—Make an entry for \$400.00, in the "Currency" column writing "R. G. Hunter" as explanation. Make an entry for \$400.00 in the column entitled "Collections Credited to Depositors," writing "Ray Bros." as explanation.

All transactions entered on the check sheet from the collection tickler must have equal debits and credits.

In actual work the note teller would make out a credit ticket and hand it to the individual bookkeeper. (*See form, page 94.*)

No. 19.—For the Fourth National Bank, New York, W. B. Culver's note for \$1000.00.

INSTRUCTIONS.—As W. B. Culver is a depositor at our bank the note is charged to his account. Enter \$1000.00 in the "Depositors (Dr.)" column and \$1000.00 in the "Correspondents (Cr.)" column. In actual work a credit ticket would be made out of same form as that referred to in the preceding transaction.

No. 20.—For Commercial National Bank, Chicago, R. C. Smith's note for \$800.00, payable at Chase National Bank, City. Collection and exchange \$2.50. Amount credited to Commercial National Bank, Chicago, \$797.50.

INSTRUCTIONS.—Enter \$800.00 in the "Clearings" column; \$797.50 in the "Correspondents" column; and \$2.50 in the "Collection and Exchange" column.

No. 21.—For Bank of Commerce, Dallas, Texas, note of J. S. Stevens for \$4000.00. Note paid in cash. Collection and exchange, \$10.00. Amount credited to Bank of Commerce, \$3990.00.

(The entry is similar to the preceding one with the exception that the \$4000.00 should be entered under "Currency" instead of under "Clearings.")

PAPER COLLECTED BY OTHERS FOR US.

We have received notice from other banks that the following paper, which we have sent them, has been collected and placed to our credit.

No. 22.—From Bank of Commerce, St. Paul, Minn., collection for W. B. Lyons for \$1000.00. Collection and exchange deducted by Bank of Commerce, \$3.50. Amount credited to us, \$996.50. Our collection and exchange, \$1.50. Amount credited to W. B. Lyons, \$995.00.

INSTRUCTIONS.—Enter \$996.50 under “Correspondents (Dr.),” \$995.00 under “Collections Credited to Depositors,” and \$1.50 under “Collection and Exchange.”

The \$3.50 is not entered on your check sheet, as it was deducted by the Bank of Commerce, and not by you.

In actual work, the collection clerk would make out a ticket for the above and hand it to the note teller. (*See form, page 76.*)

After entering the ticket the note teller would give it to the individual bookkeeper who would credit W. B. Lyons, and pass the ticket to the mail clerk, who would charge the Bank of Commerce.

No. 23.—From Continental Bank, Philadelphia, collection for Arthur Hines for \$8000.00. Collection and exchange deducted (by Continental Bank) \$21.00. Amount placed to our credit, \$7979.00. Our charges for collection and exchange, \$9.00. Amount credited to Arthur Hines, \$7970.00. (Entry similar to preceding one.)

No. 24.—From Second National Bank, Omaha, collection for Chas. D. Thomas & Co. for \$6500.00. Collection and exchange deducted (by Second National Bank) \$15.00. Amount placed to our credit, \$6485.00. Our charges for collection and exchange, \$6.00. Amount credited to Chas. D. Thomas & Co., \$6479.00.

No. 25.—From Fourth National Bank, Cincinnati, collection for Howe & King for \$10000.00. Collection and exchange deducted (by Fourth National Bank) \$25.00. Amount placed to our credit, \$9975.00. Our charges for collection and exchange, \$10.00. Amount credited to Howe & King, \$9965.00.

The following protested paper and notary fees from yesterday have been paid :

No. 26.—R. H. Winans & Co.’s note for \$400.00 held by us. Protest fees \$2.50. Total \$402.50. Paid in cash.

INSTRUCTIONS.—Enter the cash (\$402.50) in the “Currency” column; place the amount of the note (\$400.00) under “Protested Paper” at the bottom of check sheet, and the protest fees (\$2.50) under “Notary Fees.”

No. 27.—Note of C. H. Carter held by us for \$800.00. Protest fees \$3.50. Total \$803.50. Paid in cash. (Entry similar to preceding one.)

The following demand loans have been paid.

No. 28.—Note of Howe & King for \$2000.00. Interest, \$20.00. Total, \$2020.00. Paid by check on our bank.

INSTRUCTIONS.—Enter the check (\$2020.00) under “Depositors,” the amount of the note (\$2000.00) under “Demand Loans,” and the interest (\$20.00), under “Interest and Discount.”

No. 29.—Note of W. H. Leroy for \$800.00. Interest accumulated to date, \$7.40. Total, \$807.40. Paid by check on Germania National Bank, City.

INSTRUCTIONS.—Enter the check under “Clearings.” Remainder of entry similar to preceding one.

No. 30.—Note of Mertz & Hale for \$7000.00. Interest accumulated, \$140.00. Total, \$7140.00. Paid in cash.

The following paper, which has been sent to us for collection by other banks, has been presented for payment and payment has been refused. The paper has been protested and returned with notice that the protest fees have been charged:

No. 31.—Note of R. J. Hammond for \$2000.00. Protest fees, \$3.25. Returned to Third National Bank, Newport.

INSTRUCTIONS.—Charge Third National Bank for \$3.25, by making an entry under "Correspondents." Credit Notary Fees with \$3.25. Nothing is done with the face of the note.

No. 32.—Note of Lamar Furniture Co. for \$700.00. Protest fees, \$2.50. Returned to the Missouri National Bank, Kansas City. (*Do not enter face of note.*)

No. 33.—Note of the Hawley Mfg. Co. for \$680.25. Protest fees, \$2.75. Returned to First National Bank, Cleveland.

No. 34.—We have received for collection city cash items as follows: From paying teller, \$450.00; from receiving teller, \$1229.76; from the mail, \$360.00.

INSTRUCTIONS.—Enter the amounts separately in the column entitled "City Cash Items" at the top of check sheet, and enter the items separately in the column entitled "Sundry" at the bottom of the check sheet. Write the words "Receiving teller," "Paying teller," and "Mail" in the space for explanation. (*Examine model check sheet, page 93.*)

No. 35.—We have collected during the day city cash items to the amount of \$2599.76.

INSTRUCTIONS.—Make an entry in the "Currency" column for \$2599.76. Make an entry in the column entitled "City Cash Items" at the bottom of check sheet for \$2599.76. Write the word "Collection" in the space for explanation.

No. 36.—Take the footing of the "Interest and Discount" column in your discount register for June 21 (*Refer to your discount register for work given under section 60*), and place the amount (\$576.67) in the "Interest and Discount" column of your check sheet, using as explanation "D. R."

Take the footing of the column entitled "Collection and Exchange" in your discount register for June 21, and place it under "Collection and Exchange" on the check sheet. Foot the several columns on the check sheet as per model shown on pages 92 and 93.

No. 37.—Make out note teller's proof according to form given on page 95. This proof is compiled as follows:

METHOD OF MAKING OUT NOTE TELLER'S PROOF.

DEBIT SIDE.

SEC. 107.—1. Count all the bills you have on hand and place the amount after "Bills." In this instance the amount of your bills is \$14290.00. (*Examine model proof on page 95.*)

2. Count all the coin you have on hand and place the amount after "Coin." In this instance the amount of coin is \$1524.26. The total of your coin and bills should be the same as the footing of the "Currency" column on the note teller's check sheet. Ascertain if this is the case.

3. Take the footing of the column entitled "Depositors" at the top of the check sheet and place it after "Charged to Depositors" on proof.

4. Take the footing of the column entitled "Correspondents" at the top of the check sheet and place it after "Correspondents" on the proof.

5. Take the footing of the column entitled "Clearings" at the top of the check sheet and place it after "Clearings."

6. Take the difference between the footings of the columns entitled "City Cash Items"

at the top and at the bottom of the check sheet and place the difference after "City Cash Items Unpaid."

7. Take the footing of the column entitled "Protested Paper" at the top of the check sheet and place it after "Protested Paper."

8. Take the amount of bills discounted as shown by the column entitled "Amount of Note" in your discount register, for June 21, and place it after "Bills Discounted" on the proof.

9. Take the total (\$26000.00) of the demand loans which have been made (credited to depositors) during the day, as shown by the demand loans register, and place it after "Demand Loans" on the proof.

10. "Sundry as under" is used as a title for any debits which the note teller may have which cannot be appropriately classified under the other debit titles indicated on the check sheet.

CREDIT SIDE.

1. Take the total of the column entitled "Collection and Exchange" at the bottom of the check sheet and place the amount after "Collection and Exchange." Before taking the total of the "Collection and Exchange" column, be sure that the amount of the collection and exchange, as shown by the discount register for the day, has been entered in this column.

2. Take the sum of the footings of the columns entitled "Bills Discounted and Demand Loans Credited to Depositors," "Collections Credited to Depositors," and "Notary Fees" at the bottom of the check sheet, and place the amount after "Credited to Depositors." (*See model proof.*)

3. Take the footing of the column entitled "Interest and Discount" and place it after "Interest and Discount." Before taking the total of the "Interest and Discount" column be sure that the amount of interest and discount as shown by the discount register for the day has been entered in this column.

4. Take the footing of the column entitled "Demand Loans" and place it after "Demand Loans Paid."

5. Take the footing of the column entitled "Correspondents" at the bottom of the check sheet and place the amount after "Correspondents."

6. Take the amount (\$1106.00) after "Balance from Yesterday" in the column entitled "City Cash Items" at the top of the check sheet and place it after "City Cash Items. Balance from Yesterday" on the proof. This amount (\$1106.00) represents the city cash items which were unpaid at the close of the previous day, and as it was placed on the debit of the check sheet when it was entered in the column entitled "City Cash Items," it is evident that a corresponding credit must be made to keep the check sheet and the proof in balance.

7. Take the footing of the column entitled "Protested Paper" and place it after "Protested Paper."

8. Take the footing of the discount tickler and place it after "Bills Discounted."

(In this case the footing of your discount tickler is \$24703.70. The discount tickler in your work of June 21 is not complete, so use above amount.)

9. "Sundry as under" is used for the purpose of recording any credits which cannot be classified conveniently under the other titles.

10. Take the amounts under "Sundry" at the bottom of the check sheet and place them under "Sundry" on the proof.

The note teller's proof should now balance exactly. Submit both the check sheet and the proof to your teacher for inspection and approval.

MEMORANDA OF TRANSACTIONS.

JUNE 22.

SEC. 108.—No. 38. The amount of our city cash items on hand from yesterday is the balance shown on the debit side of the note teller's proof of June 21, after "City Cash Items Unpaid."

INSTRUCTIONS.—Place the balance of city cash items unpaid from yesterday in the column entitled "City Cash Items" at the top of the check sheet.

The following proceeds of loans, as per discount register, are to be credited to depositors:

No. 39.—To Mason & Hamlin, \$6519.96. (*For method of making entry, see transaction No. 2, page 98.*)

No. 40.—To Howe & King, \$7918.67.

No. 41.—To C. T. Williams, S. D. (sundry discount), \$14925.00.

No. 42.—To G. W. Young, \$9980.00.

No. 43.—To George Lewis, S. D., \$8587.61.

The following demand loans have been made, as per your demand loan register:

No. 44.—To L. M. Thompson, \$6800.00. (*For method of making entry, see transaction No. 7, page 99.*)

No. 45.—To John O'Connor, \$4000.00.

No. 46.—To Howe & King, \$750.00.

No. 47.—To Mason & Hamlin, \$1500.00.

The following paper in the discount tickler has been collected, charged, or protested as below:

No. 48.—Note of H. R. Day for \$6729.00. Charged to his account. (*For method of making entry, see transaction No. 10, page 99.*)

No. 49.—Note of the New York Separator Co. for \$15000.00, has been sent to the Fourth National Bank, New York, for collection and is charged to that bank. (*For method of making entry, see transaction No. 12, page 99.*)

No. 50.—Note of John C. Johnson for \$19000.00, payable at the Germania National Bank, City, has been sent to that bank through the clearings. (*For method of making entry, see transaction No. 13, page 99.*)

No. 51.—Note of William T. Ryan & Bro. for \$12000.00 has been paid in cash. (*See transaction No. 11, page 99.*)

No. 52.—Note of Buchanan Machine Co. for \$8750.00 has been paid by certified check on Brown Bros., Bankers, City. (*See transaction No. 14, page 99.*)

Brown Bros. are not members of the clearing house, hence this check is a city cash item.

No. 53.—Note of Mason & Hamlin for \$5640.25 has been charged to their account.

No. 54.—Note of Hardy Machine Co. for \$500.00, payable at our bank has been protested. Protest fees, \$1.75. (*See transaction No. 16, page 99.*)

No. 55.—Note of Chas. H. Sewell for \$1000.00, payable at Fourth National Bank, Cincinnati, has been sent to the Fourth National Bank, Cincinnati, for collection and is charged to that bank.

No. 56.—Note of W. C. Leroy for \$200.00, payable at our bank, has been protested. Protest fees, \$1.25.

No. 57.—Note of A. A. Hamill for \$7000.00, payable at Third National Bank, City, has been sent to that bank through the clearings.

The following collections have been made, as per collection tickler:

No. 58.—For L. M. Thompson, J. D. Mishler's note for \$1000.00, payable at our bank. Note has been paid in cash. (*See transaction No. 18, page 100.*)

No. 59.—For First National Bank, San Francisco, R. L. Hunter's note for \$6000.00, payable at the Merchants Exchange Bank, City. Collection and exchange charged, \$15.00. Amount credited to First National Bank, \$5985.00. Note sent through the clearings. (*See transaction No. 20, page 100.*)

No. 60.—For Boatmen's Bank, St. Louis, note of R. L. Smith & Co. for \$8500.00. Note charged to Smith & Co.'s account. Collection and exchange, \$20.00. Amount credited to Boatmen's Bank, \$8480.00.

No. 61.—For Arthur Hines, note of Howe & King for \$500.00. Charged to Howe & King.

INSTRUCTIONS.—Make an entry in the "Depositors" column at the top of check sheet and in the column "Collections Credited to Depositors" at the bottom of the sheet.

No. 62.—For W. V. Culver, note of B. H. Carter for \$9000.00, payable at Park National Bank, City. Note sent through the clearings. Amount credited to W. B. Culver, \$9000.00.

No. 63.—For Ray Bros. & Co., note of M. H. Burgender for \$3425.25. Paid in cash. Amount credited to Ray Bros. & Co., \$3425.25.

We have received notice from other banks that the following paper which we have sent them has been collected and the proceeds placed to our credit:

No. 64.—From Second National Bank, Omaha, collection for J. H. McDowell for \$8000.00. Collection and exchange deducted, \$25.00. Amount placed to our credit, \$7975.00. Our charges for collection and exchange, \$15.00. Amount credited to J. H. McDowell, \$7960.00. (*See transaction, No. 22, page 101.*)

No. 65.—From Missouri National Bank, Kansas City, collection of Howe & King for \$2500.00. Collection and exchange deducted, \$6.50. Amount placed to our credit, \$2493.50. Our collection and exchange, \$4.00. Amount credited to Howe & King, \$2489.50.

No. 66.—First National Bank of Houston, Texas, has remitted us a draft on City National Bank, New York, in payment of collection for Ray Bros. & Co. for \$1500.00. Collection and exchange deducted, \$4.00. Amount of draft remitted, \$1496.00. Our collection and exchange, \$3.00. Amount credited to Ray Bros. & Co., \$1493.00.

INSTRUCTIONS.—Enter the draft in the column entitled "Correspondents" at the top of check sheet. Debit Correspondents; credit Ray Bros. & Co., and Collection and Exchange.

The following protested paper and notary fees from yesterday have been paid:

No. 67.—Note of Chas. A. Courtney for \$975.20. Protest fees, \$2.25. Total, \$977.45. Paid in cash. (*See transaction No. 26, page 101.*)

The following demand loans have been paid:

No. 68.—Note of Ray Bros. & Co. for \$3500.00. Interest, \$43.00. Total, \$3543.00. Paid by check on our bank. (*See transaction No. 28, page 101.*)

No. 69.—Note of Richard T. G. Gentry for \$4000.00. Interest accumulated to date, \$73.00. Total, \$4073.00. Paid by check on Exchange National Bank (clearings), City. (*See transaction No. 29, page 101.*)

No. 70.—Note of H. P. Hale for \$6000.00. Interest accumulated to date, \$95.00. Total, \$6095.00. Paid in cash. (*See transaction No. 30, page 101.*)

The following paper, which has been sent to us for collection by other banks, has been presented for payment and payment has been refused. The paper has been protested and returned by us with notice that the protest fees have been charged.

No. 71.—Note of W. J. Wisdom for \$4000.00. Protest fees, \$3.50. Returned to Commercial National Bank, Chicago. (*See transaction No. 31, page 102.*)

No. 72.—Note of J. B. Carver for \$5000.00, protest fees \$4.50. Returned to Second National Bank, Boston.

No. 73.—We have received for collection city cash items as follows: From paying teller, \$888.00; from receiving teller, \$2900.00; from the mail, \$375.00. (*See transaction No. 34, page 102.*)

No. 74.—We have collected during the day city cash items to the amount of \$13000.00. (*See transaction No. 35, page 102.*)

No. 75.—Enter on your check sheet the footings of the columns entitled "Interest and Discount" and "Collection and Exchange" as shown by your discount register for June 22d.

No. 76.—Foot the various columns of the check sheet and make out proof. You have bills on hand to the amount of \$34550.00, and coin to the amount of \$1947.70. The total of your demand loans for June 22d is \$13050.00. This should be placed on the debit side of your proof. Bring footing of "Amount of Note" column from discount register and place opposite "Bills Discounted." The footing of your discount tickler for June 22d is \$75819.25. (Credit side of proof.)

Submit your check sheet and proof to your teacher for examination and approval.

MAIL DEPARTMENT.

SEC. 109.—In this department are kept the accounts of all out of town banks (correspondents) with which we do business. All remittances of cash items either to or from these banks are handled by the mail clerk, so as to keep such items entirely separate from collections which are handled by the collection clerk.

SEC. 110.—Sight Paper Remitted for Our Credit. Checks and sight drafts payable out of town, which are deposited in or cashed by our bank are remitted to our correspondents as cash items. They are charged to the bank to which they are remitted at the time of the remittance, and should not be entered in the collection register.

SEC. 111.—Sight Paper Received for Credit of Others. Checks and sight drafts which are received from other banks to be credited to them should be entered first on the mail check sheet, and second, to the credit of the bank remitting them, in the correspondents' ledger.

SEC. 112.—Distinction Between Collection and Cash Items. The student will observe that checks on out of town banks are sometimes handled by the collection clerk and sometimes by the mail clerk. There need be no confusion, however, if the following instruction is kept in mind: If a check, or similar item, on an out of town bank is left at our bank for collection, it should be turned over to the collection clerk, who will enter it in his collection register and tickler, and send it away for collection; but if a check, or similar item, drawn on an out of town bank is deposited in our bank, it should be given to the mail clerk, who will remit it to the bank on which it is drawn, for our credit.

The handling of the check depends on the answer to the question, "Was it taken for collection, or was it deposited by and credited to one of our customers?"

Out of town checks cashed by the paying teller, or taken by the note teller, are cash items, and must be turned over to the mail clerk and not to the collection clerk. Nothing but items left for collection are handled by the collection clerk.

Banks usually accept for deposit all checks from reputable business houses, and if not paid when presented, they are charged to the house making the deposit; but persons who are not depositors at the bank are generally required to leave all foreign checks (checks on out of town banks) for collection, and the proceeds are paid after the bank has actually made the collection.

FORM OF A FOREIGN CHECK.

LORD & TAYLOR.	No. <u>297</u>	New York, <u>May 20, 1901</u>
	Bank of New Amsterdam,	
	NEW YORK.	
	Pay to the order of <u>H. F. Hillman & Co.</u>	
	<u>Four Hundred Twenty-three ⁵⁰/₁₀₀ Dollars</u>	
	<u>\$423.⁵⁰/₁₀₀</u>	<u>Lord & Taylor</u>

INDORSEMENTS ON BACK OF ABOVE CHECK.

Pay Fourth National Bank,
or order, for deposit.

H. F. HILLMAN & Co.

Pay to the order of
Dallas National Bank,
Dallas, Tex.

Prior restrictive indorsements guaranteed.
Fourth National Bank,
Ft. Worth, Tex.

C. A. THOMAS, Cashier.

Pay Merchants National Bank,
St. Louis, Mo.,
or order.

Dallas National Bank,
Dallas, Tex.

R. T. GENTRY, Cashier.

Pay Traders National Bank,
Chicago, Ill.,
or order.

Merchants National Bank,
St. Louis, Mo.

W. B. PLUM, Cashier.

Pay any National Bank,
or order.

Traders National Bank,
Chicago, Ill.

L. T. GORMAN, Cashier.

Received payment through the
New York Clearing House,
June 24, 1899.

National City Bank,
H. G. MARSTON, Cashier.

JOURNEY OF A CHECK.—The above check was forwarded by the drawer to H. F. Hillman & Co., of Fort Worth, Tex., who deposited it in the Fourth National Bank. This bank remitted it to its Dallas correspondent, the Dallas National Bank, which sent it to Merchants National Bank, of St. Louis, Mo. The Merchants Bank remitted it to the Traders National Bank of Chicago, which sent it to the National City Bank of New York. This latter bank received payment through the clearing house, and the check was charged to the account of the drawer by the Bank of New Amsterdam, and returned with the drawer's other checks when the bank book was written up.

SEC. 113.—Allonge. If at any time the back of the check becomes full and it is desired to add other indorsements, an ordinary slip of paper may be attached for this purpose. This attached slip is called an "Allonge."

MAIL CHECK SHEET.

June 20, 1901.

RECEIVED BY MAIL						
NAME OF BANK.	OUR BANK.	CLEARINGS.	CORRESPONDENTS.	CITY CASH ITEMS.	COLLECTION AND EXCHANGE.	Net Amount Credited to Correspondents.
2nd Natl. Boston	265 20 100 865	1200 150		50		2630 20
Bank of Com. St. Paul	420 500	200	1000 300 250 145			170 2813 30
Contl. Bank Phila	125 40 1000 780 50 320 150 75 200 143 65 4870 50	200 425	600	5425 160 3270 100		50 4291 75 220 9735 25

SEC. 114.—**Mail Check Sheet.** On this sheet are entered all remittances of cash items received from other banks.

SEC. 115.—**Method of Handling Remittances of Cash Items from Other Banks.** Immediately on opening the mail, compare the checks, drafts, etc., in the envelope with the items enumerated in the letter of remittance. If they agree, write the name of the bank from which the remittance is received in the column entitled "Name of Bank" on the mail check sheet, after which enter the several items in the columns provided therefor. Place the amounts of all checks on our bank in the column entitled "Our Bank." All checks for banks which are members of the clearing house should be entered in the column entitled "Clearings." All drafts received, drawn on other banks, should be entered in the column entitled "Correspondents." All city cash items should be entered in the column designated "City Cash Items." The footing of the letter of remittance should be placed in the column entitled "Net Amount Credited to Correspondents."

SEC. 116.—At the close of the day a proof of the remittances from other banks should be compiled according to the above form.

DEBIT SIDE.

1. Checks received on our bank.
2. Checks received on banks which are members of the clearing house.
3. Drafts received which are drawn on out of town banks.
4. Checks received on banks in our city not members of the clearing house.

CREDIT SIDE.

1. Collection and exchange charged on out of town checks.
2. Total remittances from out of town banks.

MAIL PROOF, *June 20, 1901.*

1. Our Bank,	487050	1. Collection and Exchange,	220
2. Clearings,	2175	2. Correspondents,	973525
3. Correspondents,	2295		
4. City Cash Items,	39695		
	973745		973745

DRAFT REGISTER.*City National Bank, New York.*

DATE.	No.	AMOUNT.	Ck.	DATE.	No.	AMOUNT.	Ck.
<i>1899.</i> <i>June 20</i>	297	150	✓				
	298	475	✓				
	299	1160	✓				
	300	12540					
	301	3820	✓				
	302	26850	✓				
	303	52380	✓				
	304	200					
	305	450	✓				
	306	120	✓				
	307	800	✓				
	308	21410	✓				
		✓ 4525					

CORRESPONDENTS' LEDGER.


City National Bank, New York

DATE OF CASH	DEBITOR	MAKER	WHERE PAYABLE	EXPLANATION	DATE OF ENTRY	REMITTANCE FROM	DRAWN	CHEQUE	BALANCE
June 17, 1901	Ed. Thomas & Co.	G. H. Hamill	You		June 17, 1901	400			
15	Howe & King	J. W. & Bro.	Chemical			1200			
13	P. Bruce	G. C. McMillan	Hanover			700			
16	Arthur Hines	Leroy Walker	1st. Natl. Brooklyn			600	2900		
			Note				5000		
			Remittance 1/16					2200	
			Note					7925	
			Remittance 1/17		18			500	
			Draft Register					400	125
			Cash, Adams Ex.		19		8000		
			Remittance 1/19		20			200	
			Draft Register					4525	

SEC. 117.—Draft Register. This book is provided with columns for date of draft, number, and amount. The entries are made from the stubs of the draft book. At the close of each day the sum of the drafts drawn on each bank during the day is credited, by means of a credit ticket, to the proper account in the correspondents' ledger. (*See form, page 109.*)

In many banks the draft register is provided with a column for exchange, and at the close of each day the footing is credited to Collection and Exchange. As this work contemplates making an entry on the paying teller's or note teller's check sheet at the time the draft is drawn, for both the face of the draft and the exchange, the footings of the "Collec-

FORM OF ADVICE OF REMITTANCE OF CASH ITEMS.

GEORGE W. THAYER, PRESIDENT. W. B. SMITH, CASHIER.		HENRY C. BREWSTER, VICE-PRESIDENT. BYRON D. MCALPINE, VICE-PRESIDENT.	
CAPITAL, \$150,000.			
		<i>First National Bank.</i>	
		<i>Rochester, N.Y. June 20, 1901.</i>	
		<i>J. C. Haines, Esq., Cashier.</i>	
Dear Sir:			
I enclose for credit to our account items as stated below.			
Very respectfully,			
W. B. SMITH, Cashier.			
DATE.	ON WHOM DRAWN.	AMOUNT.	
<i>June 18</i>	<i>You</i>	<i>400</i>	
<i>19</i>	<i>Chemical Natl.</i>	<i>1200</i>	
<i>19</i>	<i>Hanover Natl.</i>	<i>700</i>	
<i>19</i>	<i>1st Natl. Brooklyn</i>	<i>600</i>	
	<i>Total</i>	<i>2900</i>	

tion and Exchange" columns on these sheets give the credits to Collection and Exchange. If many drafts are drawn, however, it may be expedient to omit the entries of exchange from the check sheets and use an exchange column in the draft register, making an entry for the total exchange at the close of the day.

SEC. 118.—Correspondents' Ledger. This book is a remittance register for cash items and a correspondents' ledger combined. It should contain our accounts with all out of town banks. The difference between its debits and credits should agree at all times with the balance shown by the correspondents' account in the general ledger. (*See form, page 110.*)

SEC. 119.—Method of Handling Remittances of Cash Items to Other Banks.

1. Enter the items in detail under the account of the bank to which you wish to make the remittance, giving a description of each item in the columns on the left-hand side of the correspondents' ledger.

2. Place the amounts of the different items separately in the column entitled "Remittance Items."

3. Enter the total of the remittances in the column entitled "Debits."

4. Write a letter to the bank similar in form to the one shown on page 111:

The amounts must not be copied from the correspondents' ledger, but must be entered on the letter directly from the items. After making the entries on the letter, compare the total as shown by the letter with the amount shown in the correspondents' ledger. If this is done, mistakes will rarely occur.

Proof of Correspondents' Ledger, June 20, 190

1. Debit Balance of General

Ledger from previous day, 10635064

2. Debits to Correspondents

during the day, 7989.045

1. Credit Balance of General

Ledger from previous day,

2. Credits to Correspondents

during the day, 2575225

27287014

27287014

SEC. 120.—Proof of Correspondents' Ledger. At the close of each day the balances as shown by the correspondents' ledger should be extended in the columns provided therefor, and a proof made out as above.

SEC. 121.—Carbon Copies of Letters. The columns entitled "Date of Check," "Indorser," "Maker or Payer," and "Where Payable" may be omitted from the correspondents' ledger, and the cash items may be recorded in a letter book. This book is made with alternate short leaves. The carbon is placed under the short leaf, and after the columns are filled up the short leaves are torn off and sent to the bank as a letter, with the cash items that are remitted. The footings of the several pages are posted to the proper accounts in the correspondents' ledger, either directly from the letter book or by means of charge tickets. The carbon letter book is not used in this work.

The following illustrates the form of such a book:

FORM OF CARBON LETTER BOOK.

NATIONAL UNION BANK, N. Y., June 20.			NATIONAL UNION BANK, N. Y., June 20.		
ON WHOM DRAWN.	AMOUNT.	DATE.	No.	PAYER.	INDORSER.
You	100	June 18	241	J. L. Smith	C. F. Green
Chemical	400			C. A. Jones	Howe & King
First Nat'l, Brooklyn	100			K. G. Lamar	H. G. Huntley
	600				

QUESTIONS.

1. What are the principal duties of the mail clerk? (*Sec. 109.*)
2. Is sight paper that has been remitted to other banks for our credit entered in the collection register? (*Sec. 110.*)
3. Where do you enter sight paper that has been remitted by other banks for their credit? (*Sec. 111.*)
4. Explain the difference in the method of handling sight paper remitted to other banks for our credit, and sight paper remitted to other banks for collection. (*Sec. 112.*)
5. What is an allonge? (*Sec. 113.*)
6. What items are entered on the mail check sheet? (*Sec. 114.*)
7. Explain the difference in the method of handling sight paper received from other banks for their credit, and sight paper received from other banks for collection. (*Sec. 115.*)
8. Explain the use of the draft register? (*Sec. 117.*)
9. What is a correspondents' ledger, and what accounts are kept therein. (*Sec. 118.*)
10. What columns may be omitted from the correspondents' ledger by using letters with carbon copies? (*Sec. 121.*)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

To be entered on the mail check sheet.

SEC. 122.—The following remittances of cash items have been received from other banks:

No. 1.—From Fourth National Bank, Cincinnati:

L. M. Thompson's check on us for \$260.50; W. H. Wisdom's check on Chase National Bank, City, for \$150.00; G. W. Young's check on us for \$200.00; draft of the First National Bank of Dallas, Texas, on City National Bank, New York, for \$235.20; C. M. Hunter's check on Brown Bros., Bankers, City, for \$50.00. Total, \$895.70.

INSTRUCTIONS.—Write "Fourth National Bank, Cincinnati," in the column entitled "Name of Bank" on the check sheet. (*See model, page 108, section 114.*) Place the amount (\$260.50) of L. M. Thomson's check in the column entitled "Our Bank." (*For list of our depositors, see page 96, section 105.*) The check on Chase National Bank for \$150.00 should be entered in the "Clearings" column. (*For list of city banks which are members of the clearing house, see page 42, section 32.*) The amount (\$200.00) of G. W. Young's check should be entered in the column entitled "Our Bank." The amount (\$235.20) of the draft on the City National Bank of New York should be entered in the column entitled "Correspondents." As Brown Bros. are not members of the clearing house, C. M. Hunter's check on them for \$50.00 should be entered in the column entitled "City Cash Items." (*For list of city banks which are not members of the clearing house, see page 42, section 33.*) Enter the total (\$895.70) of the remittance in the column entitled "Net Amount Credited to Correspondent."

No. 2.—From First National Bank, San Francisco:

J. E. Murphy's check on us for \$110.00; J. L. Woodruff's check on us for \$420.30; C. M. Johnson's check on Third National Bank, City (clearings) for \$125.00; draft of the Fourth National Bank, Chicago, on the City National Bank, New York, for \$200.00; H. C. Walton's check on Powers Bank, City (city cash items) for \$25.00; Chas. R. Taylor's check on us for \$140.20. Total, \$1020.50. (Entry similar to the preceding one.)

No. 3.—From Commercial National Bank, Chicago:

L. D. Hooper's check on Tenth National Bank, New York, for \$500.00; check of Randolph & Clowes on us for \$241.25; check of W. D. Myers on us for \$126.50; check of Geo. C. Smith on us for \$425.80; check of Mary V. Waters on us for \$80.45; check of Percy Trantum on us for \$321.50. Total, \$1695.50. Collection and exchange deducted on account of check on Tenth National Bank of New York, \$1.00. Net amount credited, \$1694.50.

No. 4.—From Second National Bank, Omaha:

Draft of the First National Bank, St. Louis, on the Chemical National Bank, New York, for \$521.00; Henry W. Washburn's check on us for \$234.10; Thomas A. Brown's check on Bank of Commerce, Boston, Mass., for \$128.30; check of the Century Publishing Co. on us for \$162.50; check of the Hubley Mfg. Co. on Brown Bros., Bankers, City (city cash items) for \$285.00; check of John H. Cameron on us for \$160.00; check of R. Dawson Conrad on us for \$85.60. Total, \$1576.50. Collection and exchange deducted, 50¢. Net amount credited, \$1576.00.

No. 5.—From City National Bank, New York:

Check of Harry G. Hoffman on us for \$350.00; check of F. A. Sampson on us for \$268.20; check of R. G. Simpson on us for \$100.00; check of W. H. Wilson on Bank of

Monroe, City, for \$240.00; check of the Rochester Cycle Co. on Merchants Exchange Bank, City, for \$168.40; check of R. M. Davis on us for \$54.00; check of John A. Fullwood on us for \$78.90; check of George C. Bain on us for \$200.00; check of J. E. Murphy on us for \$48.10. Total, \$1507.60.

No. 6.—From Tenth National Bank, Cleveland, O.:

Check of Rochester Cycle Co. for \$320.00 on Merchants Exchange Bank, City; check of Morris & Jones for \$135.80 on Germania National Bank, City; check of Randolph & Clowes on us for \$200.00; check of William E. West on us for \$158.90; check of Henry W. Washburn on us for \$20.60; check of J. L. Woodruff on us for \$125.10; check of George C. Smith on us for \$90.80; check of the Wood Machine Co. on Commercial Bank, City, for \$261.00; check of J. E. Murphy on us for \$28.90; check of F. A. Sampson on us for \$10.00; check of E. C. Tabor on us for \$48.35; check of A. L. Winter on Chase National Bank, City, for \$628.30. Total, \$2027.75.

No. 7.—Foot the columns of your check sheet. The sum of the footings of the columns entitled "Our Bank," "Clearings," "Correspondents," and "City Cash Items" should agree with the sum of the footings of the columns entitled "Collection and Exchange" and "Net Amount Credited to Correspondent." Ascertain if this is the case.

No. 8.—Make out mail proof according to instructions given below. (*See form, page 109.*)

HOW TO MAKE OUT MAIL PROOF.

DEBIT SIDE.

SEC. 123.—1. Take the footing of the column entitled "Our Bank" on the check sheet and place it after "Our Bank" on the mail proof.

2. Take the footing of the column entitled "Clearings" on the check sheet and place it after "Clearings."

3. Take the footing of the column entitled "Correspondents" on the check sheet and place it after "Correspondents."

4. Take the footing of the column entitled "City Cash Items" on the check sheet and place it after "City Cash Items."

CREDIT SIDE.

1. Take the footing of the column entitled "Collection and Exchange" on the check sheet and place it after "Collection and Exchange" on the mail proof.

2. Take the footing of the column entitled "Net Amount Credited to Correspondents" on the check sheet and place it after "Correspondents."

The proof should now balance.

No. 9.—Submit mail proof to your teacher for inspection and approval.

To be entered in the correspondents' ledger.

No. 10.—Take your correspondents' ledger (*see form, page 110*) and write the following accounts therein:

- Second National Bank, Boston, 12 lines.
- American Exchange Bank, Baltimore, 4 lines.
- Commercial National Bank, Chicago, 14 lines.
- Fourth National Bank, Cincinnati, 12 lines.
- Tenth National Bank, Cleveland, 8 lines.
- Bank of Commerce, Dallas, Texas, 10 lines.

Missouri National Bank, Kansas City, 14 lines.
 Third National Bank, Newport, 8 lines.
 City National Bank, New York, 28 lines.
 Fourth National Bank, New York, 24 lines.
 National State Bank, New Orleans, 10 lines.
 Second National Bank, Omaha, 12 lines.
 Continental Bank, Philadelphia, 14 lines.
 Boatmen's Bank, St. Louis, 14 lines.
 First National Bank, San Francisco, 10 lines.
 Bank of Commerce, St. Paul, 10 lines.

If the accounts of the various banks be entered in the ledger in the alphabetical order of the names of the towns in which the banks are located, it will seldom be necessary to refer to the index for the purpose of finding an account.

No. 11.—The accounts in your correspondents' ledger show the following balances:

Debit balances: City National Bank, New York, \$75628.50; Fourth National Bank, New York, \$59521.80; Second National Bank, Boston, \$48126.10; Commercial National Bank, Chicago, \$21232.40; Fourth National Bank, Cincinnati, \$10369.20; Missouri National Bank, Kansas City, \$1521.25; Bank of Commerce, St. Paul, \$42126.20. Credit balances: Tenth National Bank, Cleveland, \$21342.60; Bank of Commerce, Dallas, \$8421.25; National State Bank, New Orleans, \$10254.10; Third National Bank, Newport, \$5629.10; Continental Bank, Philadelphia, \$15840.16; Boatmen's Bank, St. Louis, \$10826.25; First National Bank, San Francisco, \$25723.15.

INSTRUCTIONS.—Enter the debit balances in the balance column in red ink, and the credit balances in the balance column in black ink, writing the word "Balance" in the "Explanation" column.

No. 12.—Credit the proper banks in your correspondents' ledger with the amounts shown in the column entitled "Net Amount Credited to Correspondent" on your mail check sheet.

INSTRUCTIONS.—The first bank on your mail check sheet is the Fourth National Bank, Cincinnati, which is credited with \$895.70. This amount should be placed in the column entitled "Credits" in the correspondents' ledger. Write "June 21" in the "Date" column and "Remittance 6/20" in the "Explanation" column. In the "Date" column place the day of the month on which the remittance was received. In the "Explanation" column indicate the date of the letter containing the remittance. Check the \$895.70 on your check sheet and transfer the other amounts in this column to your correspondents' ledger. (*See model ledger, page 110.*)

In actual work, the entries in the ledger should be made directly from the footings of the letters which are sent with the cash items. (*For explanation of the proper method of handling cash items received, see page 108, section 115.*)

We have made the following remittances of cash items to other banks:

No. 13.—To the City National Bank, New York:

Draft of the First National Bank, Dallas, Texas, on City National Bank, New York, for \$235.20, dated June 10th, indorsed by Fourth National Bank, Cincinnati; draft of the Fourth National Bank, Chicago, on City National Bank, New York, for \$200.00, dated June 12th, indorsed by First National Bank, San Francisco; draft of First National Bank, St. Louis, on the Chemical National Bank, New York, for \$521.00, dated June 12th, indorsed by second National Bank, Omaha; draft of First National Bank, Omaha, on City National

Bank, New York, for \$1000.00, dated June 16th, indorsed by Wilson, Smith & Co.; draft of Fourth National Bank, Philadelphia, on City National Bank, New York, for \$400.00, dated June 15th, indorsed by C. W. Lamar.

INSTRUCTIONS.—Enter the date (June 10) of the first item (\$235.20) in the column entitled "Date of Check." Write "Fourth National Bank, Cincinnati," in the column entitled "Indorser." Write "First National Bank, Dallas," in the column entitled "Maker." Write "You" in the column entitled "Where Payable." Place "June 21" in the column for "Date of Entry," and "\$235.20" in the column entitled "Remittance Items." (*Examine the entries in model correspondents' ledger, page 110.*)

Enter the second item (\$200.00) in the same manner. The entry of the third item (\$521.00) is similar to the entries of the first two, with the exception that "Chemical National Bank, New York," should be written in the column entitled "Where Payable."

After making all the entries, foot the column entitled "Remittance Items" and place the footing in the column entitled "Debits." (*For form, see first entry in model ledger.*)

No. 14.—To Commercial National Bank, Chicago:

Certified check of Jas. D. Lewis on Commercial Bank for \$200.00, dated June 14th, indorsed by Wilson, Smith & Co.; draft of the Bank of Joliet, Joliet, Ill., on the First National Bank, Chicago, for \$500.00, dated June 10th, indorsed by W. B. Culver; check of Arthur Hines on Commercial National Bank for \$150.00, dated June 20th, indorsed by Arthur Hines.

No. 15.—To Bank of Commerce, St. Paul:

Check of Warren H. King on Bank of Commerce for \$523.62, dated June 7th, indorsed by W. B. Culver; check of C. W. Willis on Traders Bank, Minneapolis, Minn., for \$1000.00, dated June 11th, indorsed by W. B. Culver.

No. 16.—To Second National Bank, Boston:

Certified check of Wilson, Smith & Co. on National State Bank, Boston, for \$234.50, dated May 31st, indorsed by Arthur Hines; check of Boston Transfer Co. on Merchants Exchange Bank, Boston, for \$568.00, dated June 4th, indorsed by W. B. Culver; check of Thos. A. Brown on Bank of Commerce, Boston, \$128.30, dated June 16th, indorsed by Second National Bank, Omaha.

No. 17.—To Fourth National Bank, New York:

Check of Chas. D. Thomas & Co. on Chemical National Bank, New York, for \$780.00, dated June 20th, indorsed by Chas. D. Thomas & Co.; check of J. H. McDowell on Fourth National Bank for \$800.00, dated June 6th, indorsed by C. P. Hunter; draft of the People's Bank, Boston, on the Chemical National Bank, New York, for \$640.20, dated June 16th, indorsed by L. Curtis Hammond; check of Ray Bros. & Co. on Bank of New Amsterdam for \$200.00, dated June 21st, indorsed by Ray Bros. & Co.; check of L. D. Hooper on Tenth National Bank, New York, for \$500.00, dated June 18th, indorsed by Commercial National Bank, Chicago.

No. 18.—To Boatmen's Bank, St. Louis:

Check of R. C. Sneed on Boatmen's Bank for \$160.00, dated June 19th, indorsed by Arthur Hines; check of Dawson & Lamar on Olive Street Bank, St. Louis, for \$500.00, dated June 16th, indorsed by G. W. Young.

No. 19.—To Fourth National Bank, Cincinnati:

Check of Wilson & Hinkle on Fourth National Bank for \$400.00, dated June 16th, indorsed by Howe & King; check of Cincinnati Machine Co. on Manufacturers Bank, Cincinnati, for \$240.00, dated June 14th, indorsed by G. W. Young.

No. 20.—To Continental Bank, Philadelphia:

Check of John Wanamaker on Continental Bank for \$590.00, dated June 15th, indorsed by G. W. Young; sight draft of W. B. Lyons on Baldwin Locomotive Works for \$425.70, payable at Continental Bank, dated June 20th, indorsed by W. B. Lyons.

No. 21.—To Missouri National Bank, Kansas City, Mo.:

Check of Emery, Smith & Co. on Ninth Street National Bank, Kansas City, for \$600.00, dated June 10th, indorsed by L. M. Thomson; check of Warner, Dean & Hagerman on Bank of Kansas City for \$640.00, dated June 12th, indorsed by W. B. Lyons.

No. 22.—To Tenth National Bank, Cleveland, O.:

Sight draft of H. R. Day on the Cleveland Cycle Works for \$100.00, payable at Tenth National Bank, dated June 20th, indorsed by L. M. Thomson.

No. 23.—To National State Bank, New Orleans, La.:

Check of the Louisiana Cotton Co. on the National State Bank for \$100.00, dated June 14th, indorsed by L. M. Thomson; check of the Watson Grocery Co. on Bank of City of New Orleans for \$125.00, dated June 10th, indorsed by L. M. Thomson.

To be entered in the correspondents' ledger.

No. 24.—You have been advised of charges to correspondents as stated below:

The advice is given by means of tickets made out by the note teller, and the discount and collection clerks.

City National Bank, New York, \$400.00.

Bank of Commerce, St. Paul, \$996.50.

Continental Bank, Philadelphia, \$7979.00.

Second National Bank, Omaha, \$6485.00.

Fourth National Bank, Cincinnati, \$9975.00.

Third National Bank, Newport, \$3.25. (Protest fees.)

Missouri National Bank, Kansas City, \$2.50. (Protest fees.)

Tenth National Bank, Cleveland, \$2.75. (Protest fees.)

INSTRUCTIONS.—Enter the above amounts to the debit of the several accounts, using as an explanation the word "Note" in all except the last three entries, for which you should use the words "Protest fees." Examine model ledger, page 110, before making entries.

No. 25.—You have been advised of the following credits to correspondents:

Fourth National Bank, New York, \$1000.00. (Correspondents' ledger.)

Commercial National Bank, Chicago, \$797.50.

Bank of Commerce, Dallas, Texas, \$3990.00.

To be entered in the draft register.

No. 26.—The stubs of the draft book show that the following drafts have been drawn on the City National Bank, New York:

#309—\$500.00; #310—\$1000.00; #311—\$800.00; #312—\$750.00; #313—\$680.00.

INSTRUCTIONS.—Enter the dates, numbers, and amounts of the drafts as per form shown in model draft register, page 109.

No. 27.—Foot the draft register, and carry the footing to the credit of the City National Bank, New York, in the correspondents' ledger. Write "Draft Register" in the "Explanation" column. (See fourth entry on credit side of model correspondents' ledger, page 110.)

No. 28.—Extend the balances in the column provided therefor in the correspondents' ledger, and make out proof according to form given on page 112. (See instructions on next page.)

HOW TO MAKE OUT PROOF OF CORRESPONDENTS' LEDGER.

SEC. 124.—Classification of Banks. The banks with which you do business are divided into three classes: National banks which are approved reserve agents (*for explanation, see page 211*), national banks which are not approved reserve agents, and state banks.

LIST OF APPROVED RESERVE AGENTS: City National Bank, New York; Fourth National Bank, New York; Commercial National Bank, Chicago, Ill.; Second National Bank, Boston, Mass.

LIST OF NATIONAL BANKS (not approved reserve agents): Tenth National Bank, Cleveland, Ohio; First National Bank, Ithaca, N. Y.; National State Bank, New Orleans, La.; Third National Bank, Newport, R. I.; Second National Bank, Omaha, Neb.; Fourth National Bank, Cincinnati, Ohio; First National Bank, San Francisco, Cal.; Missouri National Bank, Kansas City, Mo.

The above classification is for the student only, and is not intended to represent the approved reserve agents as they actually exist.

LIST OF STATE BANKS: Bank of Commerce, Dallas, Texas; Continental Bank, Philadelphia, Pa.; Bank of Commerce, St. Paul, Minn.; Boatmen's Bank, St. Louis, Mo.; American Exchange Bank, Baltimore, Md.

NOTE TO STUDENT.—Should you at any time do business with a bank not mentioned in the above list, it should be classified as a national bank if the word "National" appears in its name; otherwise it should be classified as a state bank.

DEBIT SIDE OF PROOF.

1. If the balance as shown by the general balance ledger is a debit balance, place it after "Debit balance of general ledger from previous day," on the proof. In this case the debit balance of the general ledger is \$160488.84. Enter this amount on the debit side of the proof.

2. Take the amount charged to correspondents, as shown by the general bookkeeper's proof sheet, and place it after "Debits to correspondents during the day." In this case the amount is \$38305.52.

3. Take the sum of all credit balances of national banks which are approved reserve agents (*see list above*) and place it after "Due to approved reserve agents." Take the sum of all credit balances of national banks (not approved reserve agents) and place it after "Due to national banks." Take the sum of all credit balances of state banks and place it after "Due to state banks."

CREDIT SIDE OF PROOF.

1. If the general ledger shows a credit balance, the amount should be placed after "Credit balance of general ledger from previous day." In this instance the general ledger shows a debit balance, hence nothing is placed after this title.

2. Take the total of the credits to correspondents as shown by the general bookkeeper's proof sheet and place it after "Credit to correspondents during the day." In this instance the total of the credits is \$18239.55.

3. Take the sum of all debit balances of national banks which are approved reserve agents, and place it after "Due from approved reserve agents." Take the sum of all debit balances of national banks (not approved reserve agents) and place it after "Due from national banks." Take the sum of all debit balances of state banks and place it after "Due from state banks."

The proof when footed should balance. If it does not, you may have made a mistake in extending the balances in the correspondents' ledger, and you should review this portion of your work. If you do not locate the error by this means, check the work from the source of original entry.

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 22.

To be entered on the mail check sheet.

SEC. 125.—The following remittances of cash items have been received from other banks:

No. 29.—From National State Bank, New Orleans:

Check of W. R. Raymond on us for \$42.15; draft of the Merchants Bank, St. Louis, on the Fourth National Bank, New York, for \$260.00; check of the Rochester Cycle Co. on Merchants Exchange Bank, City (clearings), for \$125.35; check of George W. Weaver on Citizens National Bank, City, for \$325.00; check of J. L. Woodruff on us for \$49.45; check of John A. Fullwood on us for \$126.00; check of R. Dawson Conrad on us for \$84.90; check of George C. Smith on us for \$100.00. Total, \$1112.85. (Entry similar to transaction No. 1, section 122.)

No. 30.—From Boatmen's Bank, St. Louis:

Check of Arthur, Jones & Pomeroy on Hide and Leather Bank, Boston, Mass., for \$100.00; check of the Rochester Cycle Co. on Merchants Exchange Bank, City, for \$85.90; check of Fred R. Brill on Brown Bros., Bankers, City (city cash items), for \$250.00. Total, \$435.90. Collection and exchange deducted, 25¢. Net amount credited, \$435.65.

No. 31.—From Continental Bank, Philadelphia:

Check of Mason & Hamlin on us for \$260.00; check of J. L. Woodruff on us for \$148.10; check of J. H. Anderson on us for \$125.00; check of John H. Cameron on us for \$50.80; check of the Rochester Cycle Co. on Merchants Exchange Bank, City, for \$168.00; check of T. H. Winters on Tenth National Bank, City, for \$126.00; check of Henry W. Washburn on us for \$50.00. Total, \$927.90.

No. 32.—From Second National Bank, Boston:

Draft of the First National Bank, Cincinnati, on the Hanover Bank, New York, for \$200.00; draft of the Fourth National Bank, Cleveland, O., on the City National Bank, New York, for \$525.80; check of Chas. R. Taylor on us for \$160.00; draft of the First National Bank, Portland, on the Chemical Bank, New York, for \$225.00. Total, \$1110.80.

No. 33.—From Second National Bank, Omaha:

Check of Ray Bros. & Co. on us for \$50.00; check of F. A. Sampson on us for \$75.90; check of R. M. Davis on us for \$129.00; check of W. H. Walton on Commercial Bank, City, for \$265.00; check of the Rochester Cycle Co. on Merchants Exchange Bank, City, for \$180.00; check of J. E. Murphy on us for \$89.00; check of Wm. E. West on us for \$125.60; check of Thos. A. Wilson on us for \$264.00; check of Wilson Mfg. Co. on us for \$128.10; check of G. W. Young on us for \$100.00. Total, 1406.60.

No. 34.—From Third National Bank, Newport, R. I.:

Draft of National State Bank, Boston, on the Fourth National Bank, New York, for \$265.00; check of Chas. L. Jones Mfg. Co. on Brown Bros., Bankers, City (city cash items), for \$125.00; check of W. D. Myers on us for \$40.80; check of Eastman Kodak Co. on Fourth St. National Bank, City, for \$135.00. Total, \$565.80.

No. 35.—From Fourth National Bank, New York:

Check of J. H. McDowell on us for \$136.45; check of J. E. Murphy on us for \$50.80; check of Harry G. Hoffman on us for \$139.10; check of Eastman Kodak Co. on the Fourth

St. National Bank, City, for \$165.90; check of Hawley & Beiler on Shoe and Leather Bank, City, for \$268.00; check of John C. Mills on us for \$43.80; check of John O'Connor on us for \$125.00; cashier's check on the Bank of Monroe, City, for \$250.00; Thos. A. Wilson's check on us for \$100.00. Total, \$1279.05.

No. 36.—From Missouri National Bank, Kansas City, Mo.:

Draft of the First National Bank of Dallas, Texas, on the Bank of New Amsterdam, New York, for \$235.00; check of W. D. Myers on us for \$100.00. Total, \$335.00.

No. 37.—From the American Exchange Bank, Baltimore:

Check of Harry G. Hoffman on us for \$275.00; check of the Rochester Cycle Co. on Merchants Exchange Bank, City, for \$128.10; check of W. B. Culver on us for \$300.00; check of H. H. Ham on Manhattan Trust Co., City (clearings), for \$126.80; check of Rochester Telephone Co. on the Park City Bank, Omaha, Neb., for \$235.70; check of J. E. Murphy on us for \$45.35; check of D. C. Smith on Park National Bank, City, for \$335.70; check of F. A. Sampson on us for \$20.00; check of D. Carlton Davis on Exchange National Bank, City, for \$132.10; check of John A. Fullwood on us for \$100.00. Total, \$1698.75. Collection and exchange deducted, 40¢. Net amount credited, \$1698.35.

No. 38.—Foot the first four columns of the check sheet. Ascertain if the sum of these footings agrees with the sum of the footings of the last two columns.

No. 39.—Make out mail proof and submit it to your teacher for inspection and approval.

No. 40.—Transfer the entries in the column entitled "Net Amount Credited to Correspondent" of the mail check sheet to the credit of the proper accounts in the correspondents' ledger.

To be entered in the correspondents' ledger.

We have made the following remittances to other banks:

No. 41.—To City National Bank, New York:

Draft of Fourth National Bank, Lowell, Mass., on City National Bank for \$400.00, dated June 1st, indorsed by G. W. Grinter; draft of the First National Bank, Reading, Pa., on National Union Bank, New York, for \$700.00, dated May 28th, indorsed by Hiram Wilson & Bro.; check of A. W. Wilson on City National Bank for \$600.00, dated June 19th, indorsed by Arthur Hines; check of Chas. D. Thomas & Co. on City National Bank for \$900.00, dated June 22d, indorsed by Chas. D. Thomas & Co.; check of the Harlem Mfg. Co. on City National Bank for \$100.00, dated June 14th, indorsed by Chas. D. Thomas & Co.; check of Lord & Taylor on the Astor National Bank, New York, for \$2000.00, dated June 16th, indorsed by W. B. Culver; draft of the Fourth National Bank, Cleveland, on City National Bank, New York, for \$525.80, dated June 15th, indorsed by Second National Bank, Boston; draft of the First National Bank, Dallas, Texas, on Bank of New Amsterdam, New York, for \$235.00, dated May 21st, indorsed by Missouri National Bank, Kansas City; draft of the First National Bank of Houston, Texas, on City National Bank for \$1496.00, drawn in our favor, dated June 16th. (Column entitled "Indorser" is left blank.) (Entry similar to transaction No. 13.)

No. 42.—To Second National Bank, Boston:

Draft of the First National Bank of Worcester, Mass., on Second National Bank for \$200.00, dated May 29th, indorsed by W. P. Jenkins; check of Fall River Mfg. Co. on First National Bank, Fall River, Mass., for \$580.00, dated June 17th, indorsed by L. M. Thomson; check of the Boston Furniture Co. on the National State Bank, Boston, for \$700.00, dated June 16th, indorsed by W. B. Culver; check of Arthur, Jones & Pomeroy on Hide and Leather Bank, Boston, for \$100.00, dated June 14th, indorsed by Boatmen's Bank, St. Louis.

No. 43.—To Fourth National Bank, New York:

Check of Mrs. A. K. Smith on Tenth National Bank, New York, for \$250.00, dated June 20th, indorsed by Mason & Hamlin; check of G. P. Putnam & Sons on Phoenix National Bank, New York, for \$250.00, dated June 11th, indorsed by Arthur Hines; check of John W. Cooper on Fifth National Bank, New York, for \$300.00, dated June 12th, indorsed by Charles D. Thomas & Co.; draft of Merchants Bank, St. Louis, on Fourth National Bank for \$260.00, dated May 20th, indorsed by National State Bank, New Orleans; draft of the First National Bank, Cincinnati, on Hanover Bank, New York, for \$200.00, dated May 25th, indorsed by Second National Bank, Boston; draft of the First National Bank, Portland, on Chemical National Bank, New York, for \$225.00, dated June 1st, indorsed by Second National Bank, Boston; draft of National State Bank, Boston, on Fourth National Bank for \$265.00, dated June 16th, indorsed by Third National Bank, Newport.

No. 44.—To Fourth National Bank, Cincinnati:

Draft of the First National Bank, Akron, O., on Fourth National Bank for \$264.90, dated June 4th, indorsed by Arthur Hines; sight draft of Chas. D. Thomas & Co. on the Cincinnati Machine Co. for \$400.00, dated June 22d, payable at Fourth National Bank, indorsed by Chas. D. Thomas & Co.

No. 45.—To First National Bank, San Francisco:

Check of E. P. Roe on First National Bank for \$970.00, dated June 10th, indorsed by R. G. Simpson; check of California Fruit Co. on Fourth National Bank, Oakland, Cal., for \$254.00, dated May 25th, indorsed by Chas. D. Thomas & Co.

No. 46.—To Boatmen's Bank, St. Louis:

Check of A. W. Moore on Boatmen's Bank for \$856.20, dated June 11th, indorsed by W. D. Myers; certified check of Buxton & Skinner on Bank of Commerce, St. Louis, for \$900.00, dated June 8th, indorsed by Chas. D. Thomas & Co.

No. 47.—To Second National Bank, Omaha:

Certificate of deposit in favor of C. W. Williams from Second National Bank for \$1435.00, dated May 2d, indorsed by H. H. Ham; certified check of the Nebraska Mfg. Co. on Fourth National Bank, Omaha, for \$524.25, dated June 1st, indorsed by Ray Bros. & Co.; check of Rochester Telephone Co. on Park City Bank, Omaha, Neb., for \$235.70, dated June 12th, indorsed by American Exchange Bank, Baltimore.

No. 48.—To Continental Bank, Philadelphia:

Certificate of deposit in favor of A. K. Rollins from Continental Bank for \$700.00, dated May 4th, indorsed by W. G. Keith; certified check of Jas. R. Hunt on Bank of Philadelphia for \$1000.00, dated June 2d, indorsed by G. W. Moffitt; sight draft of Ray Bros. & Co. on Baldwin Locomotive Works, Philadelphia, for \$320.00, payable at Continental Bank, dated June 22d, indorsed by Ray Bros. & Co.

No. 49.—To Commercial National Bank, Chicago:

Certified check of Henry Hunter on Commercial National Bank for \$1304.00, dated June 10th, indorsed by H. A. Prewitt; check of R. W. Moss on Commercial National Bank for \$100.00, dated June 5th, indorsed by Ray Bros. & Co.; check of Marshall Field & Co., on First National Bank, Chicago, for \$50.00, dated June 12th, indorsed by Ray Bros. & Co.

No. 50.—To Missouri National Bank, Kansas City, Mo.:

Check of Armour Packing Co. on Ninth National Bank, Kansas City, for \$250.00, dated June 13th, indorsed by Chas. D. Thomas & Co.; certified check of Moss & Owens on First National Bank, Independence, Mo., for \$300.00, dated June 7th, indorsed by Ray Bros. & Co.

No. 51.—To Bank of Commerce, Dallas, Texas:

Check of the Oriental Hotel Co. on Bank of Commerce for \$450.00, dated June 9th, indorsed by Arthur Hines; certified check of Hill & Smith on First National Bank, Dallas, for \$200.00, dated June 6th, indorsed by Ray Bros. & Co.

No. 52.—To Third National Bank, Newport, R. I.:

Certified check of Newport Improvement Co. on Third National Bank for \$400.00, dated June 15th, indorsed by Ray Bros. & Co.

To be entered in the draft register.

No. 53.—The following drafts on the City National Bank, New York, have been sold, as per stubs in draft book:

#314—\$1200.00; #315—\$1800.00; #316—\$600.00; #317—\$900.00.

Carry the footing of the draft register to the correspondents' ledger.

To be entered in the correspondents' ledger.

No. 54.—We have been advised by the note teller, discount and collection clerks, of the following charges to correspondents:

Fourth National Bank, New York, \$15000.00.

Fourth National Bank, Cincinnati, \$1000.00.

Second National Bank, Omaha, \$7975.00.

Missouri National Bank, Kansas City, \$2493.50.

Commercial National Bank, Chicago, \$3.50. (Protest fees.)

Second National Bank, Boston, \$4.50. (Protest fees.)

No. 55.—We have been advised of the following credits to correspondents:

Boatmen's Bank, St. Louis, \$8480.00.

First National Bank, San Francisco, \$5985.00.

No. 56.—Extend the balances in your correspondents' ledger. Make out proof and submit it to your teacher for examination and approval. The debit balance from our general ledger for the previous day is \$180554.81. The total of the charges to correspondents during the day as per bookkeeper's general proof sheet is \$47677.35. The total of the credits to correspondents during the day as per general proof sheet is \$27837.00.

LISTING CHECKS FOR CLEARING HOUSE.

JUNE 21.

SEC. 126.—We have on hand for the clearing house checks and notes as stated below. All paper for the clearings should be entered in the clearing house register. (*See form, page 82.*) (*For explanation of clearing house, see page 184.*)

Write the names of the clearing house banks in the clearing house register, leaving lines as indicated:

Park National Bank, 16 lines.

Chase National Bank, 18 lines.

Merchants Exchange Bank, 18 lines.

Citizens National Bank, 12 lines.

Germania National Bank, 15 lines.

Third National Bank, 12 lines.

Manhattan Trust Company, 14 lines.

Shoe and Leather Bank, 10 lines.

Exchange National Bank, 12 lines.

Bank of Monroe, 12 lines.

Commercial Bank, 14 lines.

Fourth St. National Bank, 14 lines.

Union Trust Company, 12 lines.

People's Bank, 13 lines.

Bank of America, 13 lines.

Tenth National Bank, 10 lines.

Place the amount of each check under the name of the bank on which it is drawn.

NOTE.—All post office and express money orders should be entered under Chase National Bank, as this bank is designated to attend to the clearing of the post office and express money orders.

To be entered in the clearing house register.

FROM RECEIVING TELLER.

Check of R. C. Wilkins on Germania National Bank, City, for \$740.80.
 Check of A. D. Dakin on Manhattan Trust Company, City, for \$34.50.
 Check of G. W. Whaley on Citizens National Bank, City, for \$320.00.
 Check of Mrs. L. A. Lewis on Park National Bank, City, for \$580.00.
 Check of Geo. C. Harmon on Park National Bank, City, for \$640.00.
 Check of W. B. Williams on Chase National Bank, City, for \$320.00.
 Check of Hanning, Russell & Co. on Union Trust Company, City, for \$580.00.
 Check of D. Armond on Exchange National Bank, City, for \$895.00.
 Check of J. McClure & Co. on Commercial Bank, City, for \$360.00.
 Check of Wm. Courtney on Shoe and Leather Bank, City, for \$290.45.
 Check of John W. Kaiser on Bank of America, City, \$560.80.
 Check of R. L. George on Tenth National Bank, City, for \$100.00.
 Check of Wm. Hughes on People's Bank, City, for \$729.00.
 Check of J. A. Castle on Park National Bank, City, for \$16.25.
 Check of Heckman & Williams on Manhattan Trust Company, City, for \$320.00.
 Check of H. T. McClurg on Germania National Bank, City, for \$870.00.
 Check of Cornell Manufacturing Company on Third National Bank, City, for \$964.25.
 Check of Mary H. McMillan on Merchants Exchange Bank, City, for \$300.00.
 Check of J. A. Luman on Park National Bank, City, for \$300.00.
 Check of J. H. Criger on Chase National Bank, City, for \$265.80.
 Check of James K. Hunt on Manhattan Trust Company, City, for \$948.10.
 Check of Frank Thomas on Bank of Monroe, City, for \$320.00.
 Check of B. H. Dixon on Exchange National Bank, City, for \$500.00.
 Check of Charles W. Hamlin on Union Trust Company, City, for \$100.00.
 Check of The Davis Refrigerator Company on Fourth St. National Bank, City, for \$50.00.
 Check of Geo. V. Damon on People's Bank, City, for \$460.00.
 Check of The Depew Publishing Company on Bank of America, City, for \$260.00.

FROM PAYING TELLER.

Check of Wilson, Smith & Co. on Merchants Exchange Bank, City, for \$600.00.
 Check of Johnson, Smith & Co. on Citizens National Bank, City, for \$1200.00.
 Check of Smith Bros. on Union Trust Co., City, for \$86.50.
 Check of Smith Bros. on Union Trust Co., City, for \$279.60.
 Check of W. C. Mason on Germania National Bank, City, for \$3124.00.

Check of W. D. Mills on Fourth St. National Bank, City, for \$25.80.

Check of Samuel Owens on Park National Bank, City, for \$1000.00.

Check of Jennie Homans on Manhattan Trust Co., City, for \$260.00.

FROM NOTE TELLER.

A. W. Teall's note for \$5000.00, payable at and certified by the Commercial Bank, City.

R. C. Smith's note for \$800.00, payable at and certified by Chase National Bank, City.

W. H. Leroy's note and interest for \$807.40, payable at and certified by Germania National Bank, City.

FROM MAIL CLERK.

W. H. Wisdom's check on Chase National Bank, City, for \$150.00.

C. M. Johnson's check on Third National Bank, City, for \$125.00.

W. H. Wilson's check on Bank of Monroe, City, for \$240.00.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$168.40.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$320.00.

Morris & Jones's check on Germania National Bank, City, for \$135.80.

Wood Machine Co.'s check on Commercial Bank, City, for \$261.00.

A. L. Winter's check on Chase National Bank, City, for \$628.30.

Foot the amounts under the several banks and transfer the footings to the delivery clerk's statement opposite the names of the banks, as shown below:

FORM OF DELIVERY CLERK'S STATEMENT.

NO.	BANKS.	DR. AMOUNTS.		SIGNATURE.
1	Park National Bank	76829	40	
2	Chase National Bank	52634	27	
3	Merchants Exchange Bank	41572	85	
4	Citizens National Bank	90586	23	
5	Germania National Bank	12682	50	
6	Third National Bank	22984	76	
7	Manhattan Trust Co.	18237	40	
		315527	41	

The above form represents the delivery clerk's statement which is taken to the clearing house. It shows the amount of checks that we have on hand for the clearings. The amounts in the above statement are different from the students amounts.

The footing of this statement should agree with the footing of the "Clearings" column of the general proof sheet, form of which is given on pages 138 and 139.

The footing of the "Clearings" column of the general proof sheet for June 21st is \$27036.75. Foot the statement and ascertain if the footings agree.

LISTING CHECKS FOR THE CLEARING HOUSE.

JUNE 22.

To be entered in the clearing house register.

FROM RECEIVING TELLER.

SEC. 127.—Check of Geo. W. Chase on Park National Bank, City, for \$460.00.
Check of Chapin & Co. on Park National Bank, City, for \$985.00.
Check of the Chemical Charcoal Co. on Chase National Bank, City, for \$800.00.
Check of the Commercial Express Line on Germania National Bank, City, for \$600.00.
Check of Arthur Collins on Third National Bank, City, for \$500.00.
Check of Joseph T. Cook on Manhattan Trust Company, City, for \$320.00.
Check of M. M. Drake on Citizens National Bank, City, for \$1350.00.
Check of G. L. Douglass on Merchants Exchange Bank, City, for \$560.00.
Check of Dudley & Childs on Merchants Exchange Bank, City, for \$1500.00.
Check of Thomas Dwyer on Exchange National Bank, City, for \$2500.00.
Check of C. H. Fowler on Fourth St. National Bank, City, for \$700.00.
Check of the Larkin Soap Company on Fourth St. National Bank, City, for \$900.00.
Check of W. E. Lemon on Commercial Bank, City, for \$620.00.
Check of Charles D. Marshall on Commercial Bank, City, for \$325.00.
Check of Mason Brothers on Commercial Bank, City, for \$472.00.
Check of W. L. McLeod on Shoe and Leather Bank, City, for \$800.00.
Check of the Niagara Car Wheel Company on Exchange National Bank, City, for \$520.00.
Check of Norton Brothers on Bank of Monroe, City, for \$250.00.
Check of L. G. Graves on Union Trust Company, City, for \$600.00.
Check of Geo. J. Gray on Bank of America, City, for \$560.00.
Check of W. R. Griffin on Bank of America, City, for \$590.00.
Check of Harris & Harris on Tenth National Bank, City, for \$42.50.
Check of Harris & Harris on Tenth National Bank, City, for \$20.45.
Check of A. J. Hartel on People's Bank, City, for \$43.26.
Check of F. L. Hewitt on People's Bank, City, for \$13.20.
Check of Herald Publishing Company on Bank of America, City, for \$58.75.
Check of Chas. E. Hoyt on People's Bank, City, for \$40.00.
Check of C. E. Ives & Co. on Park National Bank, City, for \$500.00.
Check of Lynn Brothers on Chase National Bank, City, for \$100.00.

FROM PAYING TELLER.

Check of R. C. Johnson on Bank of Monroe, City, for \$46.80.
Check of Mentor Thomson on Chase National Bank, City, for \$2000.00.
Check of L. C. Smith on People's Bank, City, for \$150.00.
Check of Wm. Monroe on Chase National Bank, City, for \$2346.50.
American Express Company money order for \$200.00.
Check of John Thomas on Manhattan Trust Co., City, for \$800.00.
Check of M. T. Bouldin on Shoe and Leather Bank, City, for \$540.20.
Check of National Rubber Co. on Bank of America, City, for \$150.00.
Cashier's check of Fourth St. National Bank, City, for \$600.00.
Check of Lord & Taylor on Third National Bank, City, for \$780.00.
American Express Company money order for \$200.00.

FROM NOTE TELLER.

John C. Johnson's note for \$19000.00, payable at and certified by the Germania National Bank, City.

A. A. Hamill's note for \$7000.00, payable at and certified by the Third National Bank, City.

R. L. Hunter's note for \$6000.00, payable at and certified by the Merchants Exchange Bank, City.

B. H. Carter's note for \$9000.00, payable at and certified by the Park National Bank, City.

Richard T. Gentry's note and interest for \$4073.00, payable at and certified by the Exchange National Bank, City.

FROM MAIL CLERK.

Rochester Cycle's Co.'s check on Merchants Exchange Bank, City, for \$125.35.

Geo. W. Weaver's check on Citizens National Bank, City, for \$325.00.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$85.90.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$168.00.

T. H. Winter's check on Tenth National Bank, City, for \$126.00.

W. H. Walton's check on Commercial Bank, City, for \$265.00.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$180.00.

Eastman Kodak Co.'s check on Fourth St. National Bank, City, for \$135.00.

Eastman Kodak Co.'s check on Fourth St. National Bank, City, for \$165.90.

Hawley & Beiler's check on Shoe and Leather Bank, City, for \$268.00.

Cashier's check of the Bank of Monroe, City, for \$250.00.

Rochester Cycle Co.'s check on Merchants Exchange Bank, City, for \$128.10.

H. H. Ham's check on Manhattan Trust Company, City, for \$126.80.

D. C. Smith's check on Park National Bank, City, for \$335.70.

D. Carlton Davis's check on Exchange National Bank, City, for \$132.10.

Foot the amounts under the several banks. Transfer footings to delivery clerk's statement and foot the statement. The footing of the statement should be \$72433.51.

INDIVIDUAL LEDGER BOOKKEEPER.

SEC. 127.—Duties. The individual ledger bookkeeper, or individual bookkeeper, as he is generally called, has charge of the accounts of the bank's depositors.

In many banks there are more than one individual bookkeeper, the individual ledgers being subdivided necessarily in consequence of the large number of accounts therein. The individual ledger bookkeeper should be rapid and accurate in figures, write a good, plain, business hand, and possess a great deal of patience, for it is generally his duty to meet many of the depositors of the bank and answer numerous questions regarding their accounts. No mention of anything regarding a depositor's account should be made to anyone outside of the bank, other than the depositor or his representative. The depositor's bank book should be balanced and all checks returned once a month, if possible.

SEC. 128.—Method of Handling Checks. When a bookkeeper receives a package of checks he should proceed as follows:

1. Assort the checks in piles arranged in the alphabetical order of the names of the drawers. A large table or desk is used for this purpose.

2. Begin with the letter A and enter the checks in the individual ledger. (*See form, page 128a.*) When you have entered the first check lay it on the table, and when you have

entered the second place it on top of the first, and so on until you have entered all checks, the names of the drawers of which begin with A. Proceed in a similar manner with the checks under B. Lay the checks under B directly on top of those under A, so that when you have finished, the last check you have entered is on the top of the pile.

3. After entering all the checks in the ledger, have a clerk *call them back to you*. He should begin with the check on top of the pile and read off the name and the amount. This you should compare with your entry in the ledger. If they agree, the check is laid on the table, and the next one is read and laid on top of the first one, and so on. When you have completed the comparison the checks beginning with A will be on top of the pile.

4. Separate the checks into piles arranged alphabetically with reference to the names of the drawers, and place them in the compartments provided therefor. Banks usually keep customers' checks in a series of drawers which are subdivided by paste-board partitions having the names of the depositors written thereon.

The depositors' checks are usually placed in a basket especially provided therefor by the tellers. Whenever a sufficient number accumulates in this basket, the individual bookkeeper should take them out and enter them in his ledger.

SEC. 129.—Canceling Checks. Checks are first canceled by the teller who takes them, but they should be canceled in some manner by the individual bookkeeper also after he has entered them in his ledger. (*For method of canceling checks, see page 200.*)

SEC. 130.—Overdrafts. The moment that an overdraft occurs it should be reported to the cashier, unless you have been notified that a special arrangement has been made therefor. A record of all overdrafts should be made in a book especially provided for this purpose, and this book should be examined by the cashier every morning. When an overdraft occurs, it is customary to send out a notice similar to the following:

FORM OF NOTICE OF OVERDRAFT.

FIRST NATIONAL BANK.

SAN FRANCISCO, CAL., June 20, 1900.

MR. J. C. MILLS,

Your account with this bank is overdrawn to the amount of \$43.60. Please give the matter your immediate attention.

Yours respectfully,

R. H. MOSES, Cashier.

As an error may have been made by the bank, many cashiers make it a rule to send a notice similar in form to the following:

ANOTHER FORM OF NOTICE OF OVERDRAFT.

FIRST NATIONAL BANK.

SAN FRANCISCO, CAL., June 20, 1900.

MR. J. C. MILLS,

Your account with this bank is overdrawn to the amount of \$..... Please send us your bank book that we may compare the account with our book.

Yours respectfully,

R. H. MOSES, Cashier.

If the account in the individual ledger proves to be correct, a notice similar in form to the one first given is then sent.

128A

JUNE 16, 190		SATURDAY, JUNE 17, 190					
DEPOSITS.	BALANCE.	CHECKS IN DETAIL.	TOTAL CHECKS.	DEPOSITS.	BALANCE.	NAME	
	6976.51				6976.51	Anderson, J. H.	200
2187.55	26095.25	1500	1500	3243.50		Bain, Geo. C.	325.90
4000	* 3443.14	69.35 476.62	545.97	651.71	28490.46	Davis, R. M.	464.25
				1184.38	7802.27		532.
2452.72		118.50					241.85
3500	25161.71	500 1896.17	2514.67	4790.84	32579.99	Howe & King	236.55
	2072.62	500 743.50	2116.12	4942.11	*43.50	Wilson Mfg. Co.	2000.
2000	7000	1000	1000	200	6200	Certificates of Dep.	
	3400			3000	6400	Certified Checks	
200	850	650	650	400 300 700	1000	Cashiers a/c	
						Sundry Discounts	
						Hamill, A. G.	
						Courtney, C.	
						Sundry Depositors	
	800	100	100		700	Campbell, C. M.	
4340.27	72356.09	8426.76	8426.76	29469.54	89947.23		
	* 3443.14				* 43.50		
	68862.95				89905.73		

The following is the form of such ticket:

given is then sent.

SEC. 131.—Individual Ledger. The individual ledger is a book of original entry for all transactions which affect the accounts of depositors. The names of the depositors are written in alphabetical order in this book. Sometimes the names are printed in when the book is made, and a few blank lines are left after each letter for the purpose of writing in any accounts that may be opened later. The amount of space left for each depositor is determined by the individual bookkeeper who makes up his estimate from the business which depositors have done previously, or, in case of a new depositor, the estimate is made upon the amount of business likely to be done. In some banks the leaves following the first record of names are cut two inches narrower, so that when the leaf on the right is turned over on the left-hand page the names are not covered and the record may be continued without rewriting the names, except on the first of each month or each three months.

At the close of banking hours the columns entitled "Checks in Detail," "Total Checks," and "Deposits" are footed. The footings of "Checks in Detail" and "Total Checks" should be the same. If they agree, the footings of "Total Checks" and "Deposits" are given to the general bookkeeper so that he may compare them with his proof. If he pronounces them correct, each customer's deposit is added to his balance for the previous day, his total checks deducted from this sum, and the new balance extended in the "Balance" column. (*For method of extending balances, see form, page 128a.*)

SEC. 132.—Overdrawing an Account. Whenever an account is overdrawn the balance is written in red ink. In footing the balance column the red ink balances must be omitted and their sum ascertained separately from the black ink balances. The sum of the red ink balances should be written below the sum of the black ink balances, and in proving the balances the red ink balances must be subtracted from those written in black ink.

SEC. 133.—Method of Proving Balances. Add the footing of the deposit column to the footing of the old balance column, and from their sum subtract the footing of the column for "Total Checks;" the remainder should agree with the footing of the new balance column. If there are red ink balances their sum should be subtracted from the sum of the black ink balances, and the net amount used in making up this proof.

O. K. The letters O. K. are written after a balance when the bank book has been written up and verified.

SEC. 134.—Too Many Checks for Space Provided. In case there are too many checks for the space provided in the body of the ledger, the checks may be listed on the margin of the ledger and reference made thereto by check mark. (*See amount of \$2000.00 in column entitled "Checks in Detail" on Friday after the name of George C. Bain.*) The list of the checks composing this item is written on the margin of the ledger. In case the bookkeeper should find it necessary to list checks on the margin very frequently, different characters might be provided for reference to the lists on the margin.

SEC. 135.—Error in Account. Sometimes an error is discovered in the individual ledger after it has been footed and the books all closed. To avoid the trouble incident to erasing the amount and changing the several footings, a system of charge and credit tickets is usually employed.

In case a check drawn by John O'Connor for \$248.10 is charged to L. M. Thompson, as the individual bookkeeper you should proceed as follows:

Make out a ticket charging John O'Connor and crediting L. M. Thomson with \$248.10. The following is the form of such ticket:

FORM OF CHARGE AND CREDIT TICKET.

<h2 style="margin: 0;">FIRST NATIONAL BANK.</h2> <p style="margin: 0; text-align: right;">Columbus, O., <i>June 20, 190-</i></p>		
<p>CHARGE: <i>John O'Connor</i></p> <p>CREDIT: <i>L. M. Thomson</i></p> <p style="margin-left: 150px;"><i>Dr. in error.</i></p>	<p><i>248</i></p> <p><i>248</i></p>	<p><i>10</i></p> <p><i>10</i></p>
<p style="font-size: 1.5em; margin: 0;"><i>M. A. H.</i></p> <p style="margin: 0;">Individual Bookkeeper.</p>		

The check which was charged to L. M. Thompson should be marked on the individual ledger with a double check, thus: (#). Thompson should be credited with \$248.10 and John O'Connor charged with the same. The credit entry should be double checked. The general bookkeeper should now be notified, as both the debits and credits of your individual ledger will be \$248.10 more than that which would otherwise be shown by the general bookkeeper's proof.

In writing up the bank book, all double checked (#) items are omitted therefrom.

SEC. 136.—Method of Extending Balances in Individual Ledger. To find the balance, add the total deposits to the old balance and from the sum subtract the total checks; the remainder will be the new balance. The following process will enable the student to find the new balance mentally, and with much greater rapidity than is possible if he is compelled to make his additions and subtractions on a separate sheet of paper. If we wish to subtract 4 from a number we could first add 6 (the difference between 4 and 10) and the sum would be just ten too large. By deducting 10 we would have the correct result. This is the principle on which the following short processes are based:

	BALANCE.		CHECKS.		TOTAL CHECKS.		DEPOSITS.		BALANCE.	
A. B.	2146	22	121	14	375	51	365	32	2136	03
			254	37						

The first figure in the "Deposits" column is 2; to this add the difference between the first figure in the "Total Checks" column (1) and 10; the sum will be 11; to this add the first figure of the old balance (2); the result is 13; deducting 10 we have a remainder of 3, which should be written as the first figure of the new balance. (In actual work instead of deducting 10 the 1 to the left of the 3 is simply dropped.) The second figure of the "Deposit" column (3), plus the difference between the second figure in the "Total Checks" column (5) and 10 equal 8; plus the second figure in the old balance column equal 10; deducting 10 we have zero for the second figure of the new balance. The remainder of the work would be as follows:

$5+5 (10-5)+6=16-10=6$, third figure of the "Balance" column.

$6+3 (10-7)+4=13-10=3$, fourth figure of the "Balance" column.

$3+7 (10-3)+1=11-10=1$, fifth figure of the "Balance" column.

As there are only five figures in the "Deposit" and "Check" columns there would be nothing to add to the sixth figure of the old balance, but this figure (2) should be written as the sixth figure of the new balance.

RULE.—Add the figures in the "Deposit" column to the difference between the figures in the "Total Checks" column and ten, and to the sum so obtained add the figures of the old balance; the result will be the new balance.

If the sum equals from 10 to 19 inclusive there is nothing to carry.

If the sum equals from 20 to 29 there is 1 to carry.

If the sum equals from 30 to 39 there are 2 to carry, and so on.

If the sum equals less than 10 it is impossible to deduct, so place the figure found in the "Balance" column and deduct 1 from the next figure in the "Deposit" column.

	BALANCE.		CHECKS.		TOTAL CHECKS.		DEPOSITS.		BALANCE.	
C. R.	4956	09	1286	50	1723	39	714	25	3946	95
			19	23						
			417	66						

$5+1(10-9)+9=15$. Omitting the 1 the first figure of the new balance would be 5.

$2+7 (10-3)+0=9$. As 9 is less than 10 it is impossible to deduct 10, so 9 should be written as the second figure of the new balance.

	BALANCE.		CHECKS.		TOTAL CHECKS.		DEPOSITS.		BALANCE.	
H. J.	12916	41	1256	13	1483	70	185	44	12593	66
			125	00			65	31		
			69	42			910	20		
			33	15						

The next figure in the "Deposit" column is 4. From this we must subtract 1, which leaves 3. $3+7(10-3)+6=16$, which gives 6 for the third figure of the new balance.

$1+8(10-2)+5=14$, which gives four for the fourth figure of the new balance.

$7+3(10-7)+9=19$, which gives 9 for the fifth figure of the new balance.

$9(10-1)+4=13$, which gives 3 for the last figure of the new balance.

When there are several deposits add the figures in the "Deposits" column before considering the figures in the "Total Checks" column. The solution of the above would appear as follows:

$1+4=5$ (the sum of the figures in the "Deposits" column)+ $10(10-0)+1=16$, which gives 6 for the first figure of the "Balance" column.

$2+3+4+3(10-7)+4=16$, or 6 for the second figure of the "Balance" column.

$5+5+7(10-3)+6=23$, which gives 3 for the third figure of the "Balance" column, and one to carry.

$1(\text{carried})+1+6+8+2(10-8)+1=19$, or 9 for the fourth figure of the "Balance" column.

$9+1+6(10-4)+9=25$, which gives 5 for the fifth figure of the "Balance" column, and one to carry.

$1(\text{carried})+9(10-1)+2=12$, which gives 2 for the sixth figure of the "Balance" column. The last figure of the old "Balance" column is one, which gives 1 for the seventh figure of the new balance.

	BALANCE.		CHECKS.		TOTAL CHECKS.		DEPOSITS.		BALANCE.	
F. R.	109	26	88	25	237	55	356	41	337	76
			149	30			28	64		

Solution:

$4+1+5(10-5)+6=16$, or 6.

$6+4+5(10-5)+2=17$, or 7.

$8+6+7(10-7)+0=17$, or 7.

$2+5+0(10-3)+9=23$, or 3, with one to carry.

$1(\text{carried})+3+8(10-2)+1=13$, or 3.

QUESTIONS.

1. What are the principal duties of the individual bookkeeper? (*Sec. 127.*)
2. Explain the method of handling checks. (*Sec. 128.*)
3. To whom should all overdrafts be reported? (*Sec. 130.*)
4. What items are entered in the individual ledger? (*Sec. 131.*)
5. State the method of proving balances? (*Sec. 133.*)
6. What is done in case there are too many checks for the space provided therefor in the body of the ledger? (*Sec. 134.*)
7. Explain the method of extending balances. (*Sec. 136.*)

WORK FOR THE STUDENT.

MEMORANDA OF TRANSACTIONS.

JUNE 21.

To be entered in the individual ledger.

SEC. 137.—**No. 1.** Write the following accounts in your individual ledger, placing the balance as stated in the first "Balance" column, and leaving blank lines as indicated. (*See form of ledger, page 128a.*)

J. H. Anderson,* \$12746.80, one line; George C. Bain, \$8500.00, one line; John H. Cameron, \$1786.20, one line; Century Publishing Co., \$45217.21, one line; W. B. Culver, \$96128.50, two lines; R. Dawson Conrad, \$17125.00, one line; H. R. Day, \$35126.42, two lines; John A. Fullwood, \$7245.00, one line; Arthur Hines, \$26528.90, two lines; Howe & King, \$25201.36, two lines; W. B. Lyons, overdraft, \$1148.20, two lines (write overdrafts in red ink); Mason & Hamlin, \$42386.29, two lines; J. H. McDowell, \$1725.00, one line; John C. Mills, \$22000.00, two lines; J. E. Murphy, \$4126.80, two lines; W. D. Myers, \$5389.27, one line; New York Central Railroad Co., \$279689.54, two lines; John O'Connor, \$7821.50, two lines; Randolph & Clowes, \$132586.20, two lines; W. H. Raymond, \$71000.00, one line; Ray Bros. & Co., \$17925.80, two lines; F. A. Sampson, \$86528.40, one line; Mrs. R. C. Sneed, \$18260.40, one line; R. G. Simpson, \$22168.29, one line; M. J. Samuels, \$12165.20, one line; George C. Smith, \$17584.00, one line; Chas. D. Thomas & Co., \$62186.45, two lines; R. L. Smith & Co., \$21378.92, two lines; Chas. R. Taylor, \$15986.20, one line; L. M. Thomson, \$37128.74, two lines; Percy Trantum, \$7126.29, one line; Mary V. Waters, \$6128.50, one line; J. L. Woodruff, \$77628.43, two lines; Henry W. Washburn, \$60628.50, two lines; Thos. Wilson, \$21999.13, one line; Wm. E. West, \$49826.40, one line; Wilson, Hinkle & Co., \$20000.00, one line; Wilson Mfg. Co., \$9000.00, one line; G. W. Young, \$71325.46, two lines.

Sundry Depositors, one line each: R. M. Davis, \$9786.20; Harry G. Hoffman, \$9400.00; E. C. Tabor, \$500.00. Leave three extra lines for additional accounts, six lines in all.

Sundry Discounts, one line each: D. J. Lowry, no balance; George W. Lewis, no balance; C. S. Williams, no balance. Leave two additional lines, five lines in all.

Notary account, \$1236.20, one line.

Certificate of deposit, \$24256.20, one line

Certified checks, \$91256.27, one line.

Cashier's checks, \$3000.00, one line.

No. 2.—The following checks have been received by the paying teller:

W. B. Culver, \$2560.00; H. R. Day, \$46.20; H. R. Day, \$1001.00; Arthur Hines, \$274.60; Howe & King, \$9000.00; Howe & King, \$750.75; D. J. Lowry, S. D., \$10908.33; J. H. McDowell, \$726.00; Mason & Hamlin, \$364.50; John O'Connor, \$849.00; Ray Bros. & Co., \$700.00; R. G. Simpson, \$48.25; Mrs. R. C. Sneed, \$881.67; Chas. D. Thomas & Co., \$325.00; L. M. Thomson, \$1538.20; Mary V. Waters, \$1869.00; G. W. Young, \$796.25.

INSTRUCTIONS.—Enter each check in the column entitled "Checks in Detail" immediately after the name of the drawer. (*See form of individual ledger.*)

*In writing the customers' names in the ledger, place the surname first and after it the initials, thus: Anderson, J. H.

No. 3.—The following charge tickets have been received from the paying teller on account of certified checks: (*See form of ticket, page 36.*)

Mason & Hamlin, \$1400.00; Mason & Hamlin, \$5000.00; John O'Connor, \$800.00; R. L. Smith & Co., \$1000.00. (Treat as checks in making entries.)

No. 4.—The following checks have been received from the receiving teller:

J. H. Anderson, \$360.00; W. B. Culver, \$126.00; W. B. Culver, \$134.00; H. R. Day, \$500.00; H. R. Day, \$40.00; H. R. Day, \$125.16; John A. Fullwood, \$300.00; W. B. Lyons, \$900.00; John C. Mills, \$1200.00; J. E. Murphy, \$320.00; J. E. Murphy, \$400.00; W. D. Myers, \$1200.00; W. D. Myers, \$625.00; New York Central Railroad Co., \$265.00; New York Central Railroad Co., \$320.00; John O'Connor, \$316.10; Randolph & Clowes, \$725.10; Ray Bros. & Co., \$380.00; F. A. Sampson, \$450.00; M. J. Samuels, \$580.00; M. J. Samuels, \$526.00; R. G. Simpson, \$500.00; R. L. Smith & Co., \$321.40; Mrs. R. C. Sneed, \$200.00; L. M. Thomson, \$25.10; Henry W. Washburn, \$700.00; Thos. Wilson, \$600.00; Thos. Wilson, \$184.70; J. L. Woodruff, \$48.25; G. W. Young, \$725.12; G. W. Young, \$384.10; G. W. Young, \$320.00; G. W. Young, \$140.00; G. W. Young, \$52.80.

No. 5.—The following checks and charge tickets have been received from the note teller:

W. B. Culver, \$1000.00; Howe & King, \$7500.00; Howe & King, \$2020.00; Ray Bros. & Co., \$10000.00.

No. 6.—The following checks have been received from the mail clerk:

George C. Bain, \$200.00; John H. Cameron, \$160.00; Century Publishing Co., \$162.50; Century Publishing Co., \$241.25; W. B. Culver, \$200.00; R. Dawson Conrad, \$85.60; R. M. Davis, \$54.00; John A. Fullwood, \$78.90; Harry G. Hoffman, \$350.00; J. E. Murphy, \$48.10; J. E. Murphy, \$28.90; J. E. Murphy, \$110.00; W. D. Myers, \$126.50; F. A. Sampson, \$268.20; F. A. Sampson, \$10.00; R. G. Simpson, \$100.00; George C. Smith, \$425.80; George C. Smith, \$90.80; E. C. Tabor, \$48.35; Chas. R. Taylor, \$140.20; L. M. Thomson, \$260.50; Percy Trantum, \$321.50; Henry W. Washburn, \$234.10; Henry W. Washburn, \$20.60; Mary V. Waters, \$80.45; Wm. E. West, \$158.90; J. L. Woodruff, \$20.30; J. L. Woodruff, \$125.10; G. W. Young, \$200.00.

No. 7.—The following checks have been received from the clearings:

J. H. Anderson, \$7624.10; Geo. C. Bain, \$5200.00; W. B. Culver, \$2000.00; H. R. Day, \$21659.38; Arthur Hines, \$1271.00; W. B. Lyons, \$7000.00; Mason & Hamlin, \$1000.00; N. Y. Central Railroad Co., \$9247.50; N. Y. Central Railroad Co., \$10000.00; Randolph & Clowes, \$2841.22; George C. Smith, \$13520.00; George C. Smith, \$10000.00; R. L. Smith & Co., \$582.70; Chas. R. Taylor, \$540.00; Chas. R. Taylor, \$2568.00; Chas. D. Thomas & Co., \$11265.20; Chas. D. Thomas & Co., \$829.45; Henry W. Washburn, \$529.80; Henry W. Washburn, \$5728.00; Henry W. Washburn, \$18324.85; Mary V. Waters, \$145.26; Mary V. Waters, \$375.00; W. E. West, \$3462.90; Thos. Wilson, \$986.50; Thos. Wilson, \$4325.40; J. L. Woodruff, \$8425.00; J. L. Woodruff, \$600.00; G. W. Young, \$1605.13.

No. 8.—The following deposit tickets have been received from the receiving teller:

Certificates of deposit, \$500.00; W. B. Culver, \$8360.58; H. R. Day, \$4204.20; W. B. Lyons, \$3888.35; Mason & Hamlin, \$1274.95; John C. Mills, \$3861.25; New York Central Railroad Co., \$14844.05; M. J. Samuels, \$900.00; R. L. Smith & Co., \$4161.38; Chas. D. Thomas & Co., \$3545.10; L. M. Thomson, \$1923.75; Thos. Wilson, \$1200.00; G. W. Young, \$4648.75.

INSTRUCTIONS.—Enter the deposits in the "Deposits" column of the individual ledger.

No. 9.—The following credit tickets to depositors have been received from the note teller and collection and discount clerks:

W. B. Culver, \$8000.00; H. R. Day, \$7920.00; Arthur Hines, \$7970.00; Howe & King, \$19730.00; Howe & King, \$9965.00; D. J. Lowry, S. D., \$10908.33; W. B. Lyons, \$995.00; Mason & Hamlin, \$17910.00; Notary account, \$14.50; Ray Bros. & Co., \$10944.00; Ray Bros. & Co., \$400.00; Mrs. R. C. Sneed, \$6000.00; Chas. D. Thomas & Co., \$12000.00; Chas. D. Thomas & Co., \$6479.00.

No. 10.—The total checks certified during the day as reported by the paying teller is \$8200.00. (Credit Certified Checks for \$8200.00.)

No. 11.—Add the checks in the column entitled "Checks in Detail" and extend their several sums in the column entitled "Total Checks." Foot the columns entitled "Checks in Detail," "Total Checks" and "Deposits." Ascertain if the footings of the columns entitled "Checks in Detail" and "Total Checks" agree. Ascertain if the footings of the columns entitled "Total Checks" and "Deposits" agree with the debits and credits to depositors, as shown by the general proof sheet.

The debits to depositors on this proof sheet are \$231759.52. The credits to depositors are \$183748.19. If your debits and credits agree with those given above add each depositor's deposit to his balance for the previous day, and from the sum subtract his total checks. Enter the new balance in the "Balance" column. Foot the "Balance" column. Add the footing of the column entitled "Deposits" to the column entitled "Balance" for the previous day. From the sum subtract the footing of the column entitled "Total Checks." The remainder should be the same as the footing of the column entitled "Balance" for this day.

No. 12.—Submit your individual ledger to your teacher for examination and approval.

JUNE 22.

To be entered in the individual ledger.

No. 13.—You have received the following checks from the paying teller:

W. B. Culver, \$1200.00; H. R. Day, \$2000.00; H. R. Day, \$725.00; George Lewis, S. D., \$8587.61; W. B. Lyons, \$600.60; J. H. McDowell, \$216.80; John C. Mills, \$796.00; John O'Connor, \$1625.00; John O'Connor, \$1500.00; Ray Bros. & Co., \$1400.00; Ray Bros. & Co., \$1801.80; Ray Bros. & Co., \$58.25; R. G. Simpson, \$375.00; R. L. Smith & Co., \$347.50; Mrs. R. C. Sneed, \$36.80; Chas. D. Thomas & Co., \$9042.03; G. W. Young, \$700.00; G. W. Young, \$300.00; cashier's check, \$600.00; certificate of deposit, \$100.00; certificate of deposit, \$2000.00; certificate of deposit, \$1040.00; certified check, \$3260.00.

No. 14.—The following charge tickets for certified checks have been received from the paying teller:

Mason & Hamlin, \$1200.00; John O'Connor, \$1450.00; W. B. Lyons, \$580.00; John C. Mills, \$364.50; R. G. Simpson, \$2000.00. (Treat as checks in making entries.)

No. 15.—You have received the following checks from the receiving teller:

J. H. Anderson, \$421.12; Century Publishing Co., \$15.20; W. B. Culver, \$3000.00; W. B. Culver, \$1100.00; H. R. Day, \$600.00; John A. Fullwood, \$100.00; Arthur Hines, \$300.00; Arthur Hines, \$420.80; Harry G. Hoffman, \$64.25; Howe & King, \$300.00; Howe & King, \$240.00; Howe & King, \$1500.00; W. B. Lyons, \$760.00; J. H. McDowell, \$700.00; John C. Mills, \$500.00; John C. Mills, \$324.00; W. D. Myers, \$1300.00; New York Central Railroad Co., \$2600.00; New York Central Railroad Co., \$900.00; New York Central Railroad Co., \$1200.00; New York Central Railroad Co., \$200.00; New York Central Railroad Co.,

\$1200.00; Ray Bros. & Co., \$200.00; Ray Bros. & Co., \$400.00; R. G. Simpson, \$340.80; E. C. Tabor, \$400.00; Chas. D. Thomas & Co., \$500.00; L. M. Thomson, \$150.00; L. M. Thomson, \$600.00; L. M. Thomson, \$540.00; Henry W. Washburn, \$100.00; Mary V. Waters, \$1200.00; Wilson, Hinkle & Co., \$460.25; Thomas Wilson, \$300.00; Thomas Wilson, \$250.00.

No. 16.—You have received the following checks and charge tickets from the note teller, discount and collection clerks:

H. R. Day, \$6729.00; Howe & King, \$500.00; Mason & Hamlin, \$5640.25; Ray Bros. & Co., \$3543.00; R. L. Smith & Co., \$8500.00.

No. 17.—You have received the following checks from the mail clerk:

George C. Bain, \$40.80; John H. Cameron, \$50.80; R. Dawson Conrad, \$100.00; W. B. Culver, \$129.00; H. R. Day, \$126.00; Arthur Hines, \$20.00; Arthur Hines, \$75.90; Howe & King, \$148.10; Howe & King, \$264.00; W. B. Lyons, \$50.00; Mason & Hamlin, \$260.00; Mason & Hamlin, \$300.00; Mason & Hamlin, \$275.00; J. H. McDowell, \$100.00; John C. Mills, \$40.80; J. E. Murphy, \$136.45; John O'Connor, \$128.10; John O'Connor, \$100.00; John O'Connor, \$84.90; Randolph & Clowes, \$50.80; Ray Bros. & Co., \$100.00; W. H. Raymond, \$139.10; F. A. Sampson, \$43.80; George C. Smith, \$160.00; Mrs. R. C. Sneed, \$50.00; E. C. Tabor, \$125.00; Chas. R. Taylor, \$125.60; Chas. D. Thomas & Co., \$45.35; L. M. Thomson, \$89.00; Thos. Wilson, \$125.00; Wilson Mfg. Co., \$100.00; G. W. Young, \$50.80.

No. 18.—You have received the following checks from the clearings:

R. Dawson Conrad, \$926.80; H. R. Day, \$1100.00; H. R. Day, \$2625.70; H. R. Day, \$4000.00; George C. Smith, \$500.00; J. L. Woodruff, \$6582.27; J. L. Woodruff, \$5327.00; J. L. Woodruff, \$100.00; Henry W. Washburn, \$2164.25; Henry W. Washburn, \$3295.13.

No. 19.—The following depositors are to be credited as per deposits tickets from receiving teller:

Arthur Hines, \$5804.25; Howe & King, \$5771.05; Ray Bros. & Co., \$5118.75; John O'Connor, \$8300.00; J. H. McDowell, \$2500.00; R. G. Simpson, \$3400.00; Mary V. Waters, \$3400.00; Mrs. R. C. Sneed, \$2000.00; Wilson, Hinkle & Co., \$6791.25; certificates of deposit, \$800.00; Chas. D. Thomas & Co., \$6120.60; L. M. Thomson, \$1123.93; W. B. Culver, \$3200.00; certificate of deposit, \$1500.00; John C. Mills, \$1849.25; New York Central Railroad Co., \$7345.40; cashier's check, \$1000.00.

No. 20.—The following amounts are to be credited to depositors as per tickets received from the note teller:

L. M. Thomson, \$6800.00; John O'Connor, \$4000.00; Howe & King, \$750.00; Mason & Hamlin, \$1500.00; Mason & Hamlin, \$6519.96; Howe & King, \$7918.67; C. S. Williams, S. D., \$14925.00; G. W. Young, \$9980.00; George Lewis, S. D., \$8587.61; L. M. Thomson, \$1000.00; W. B. Culver, \$9000.00; Ray Bros. & Co., \$3425.25; J. H. McDowell, \$7960.00; Howe & King, \$2489.50; Ray Bros. & Co., \$1493.00; Arthur Hines, \$500.00; notary account, \$10.25.

No. 21.—Amount of checks certified as reported by the paying teller, \$5594.50. (*See entry for transaction No. 10, page 135.*)

No. 22.—Foot your individual ledger, extend the balances, and prove the footings as per instructions given in transaction No. 11, page 135.)

The total of the debits to depositors on the general proof sheet is \$122,261.01. The total of the credits is \$158478.22.

Submit your individual ledger to your teacher for examination and approval.

GENERAL BOOKKEEPER.

SEC. 138.—Duties. The general bookkeeper has personal charge of the general ledger and final proofs, and is required to make out statements and balance sheets from time to time, exhibiting the bank's condition. He must be familiar with the method of accounting employed in every department of bank work, as it is all more or less under his supervision. He should be absolutely accurate in his accounts, and able at all times to furnish a complete statement of the bank's affairs within a few hours. He is regarded by many as standing an equal chance with the paying teller for promotion.

SEC. 139.—General Bookkeeper's Proof Sheet. In this sheet lies the verification of the entire day's work. It is much more far reaching in its effects than the title of the various proofs would indicate at first. Outside of charging or crediting a depositor or a bank with an item which should have been charged or credited to some other depositor or bank, there are very few errors that it will not reveal. (*For form, see pages 138 and 139.*)

This proof sheet is compiled from the proofs of the paying, receiving, and note tellers, and the mail clerk. It is evident that if these auxiliary proofs balance before being entered on the general proof sheet, the general proofs must balance, and as the general proofs contain all charges and credits to general ledger accounts, the general bookkeeper can prove the correctness of his debits and credits to such accounts before entering them in his general ledger. (*For full explanation in regard to the method of compiling the general proof sheet, see page 148, section 154.*)

In this work the debits and credits to general ledger accounts are taken directly from the last column of the proof sheet. They could be taken from the charge and credit tickets. In a bank in which the proofs are less complete than those here given, it would probably be necessary to take the general ledger items from tickets.

ANALYSIS OF GENERAL PROOF SHEET.

SEC. 140.—Cash on Hand. This column should contain in the first section a detailed statement of the amount of cash on hand at the close of the day, held by the paying teller, receiving teller and note teller, and in the second section, a statement of the amount of checks for the clearing house and a statement of the cash items, both city and foreign, which are held by the bank. The actual money which the bank holds is represented by the sum of the items in the first section, but in making up a statement of cash it is customary for banks to consider as cash all checks on banks in the same city (clearings and city cash items), and all checks and drafts on out of town banks which are to be remitted to such banks for the credit of the remitting bank.

SEC. 141.—Cash Proof. To make up a cash proof, take the balance of cash on hand from the previous day, to this balance add the amount of cash received during the day, and from the sum subtract the amount of cash paid out. The remainder should be the amount of cash on hand, and should agree with the footing of the column entitled "Cash on Hand." The balance of cash from yesterday is the amount shown by the footing of the "Cash on Hand" column for the previous day.

To ascertain the amount of cash received during the day, find the sum of the amounts received by the receiving teller, the note teller, and the paying teller, and to this sum add the amount of checks on hand for the clearing house and the amount of city and foreign cash items held at the close of the day.

GENERAL BOOKKEEPER'S

June

CASH ON HAND.		CLEARINGS PROOF.	
41 PAYING TELLER:		2 Receiving Teller,	75126 40
National Bank Notes,	13500	8 Paying Teller,	856427
Legal Tender Notes,	68260	27 Note Teller,	1756432
Gold Certificates,	10800	20 Mail,	301021
Gold Coin,	51890		
Silver Certificates,	25320		
Silver Dollars,	2125	Out,	
Fractional Silver Coin,	12550		
Minor Coin,	2315		
	17204365	40	10426520
42 RECEIVING TELLER:		CASH PROOF.	
Bills,	21540	50 Balance from Yesterday,	34256280
Coin,	336839		
	2490839	RECEIVED:	
43 NOTE TELLER:		1 Rec. Teller { Bills, 12145 Coin, 89640 P. T. Spec. 140000 }	2704140
		24 Note Teller { Bills, 8565 Coin, 299520 }	1156620
Bills,	18110	11 Paying Teller { Debits, 502620 Cred. & Pa. 4325 Clearings }	506948
Coin,	11451		4367708
	1822451	40 Clearings, checks on hand,	10426520
44	21517655	Cash Items on hand,	
45 Clearings, checks on hand,	10426520	28 City,	500
Cash Items on hand,		51 Foreign,	125
46 City,	500		10489020
47 Foreign,	125		49113008
	10489020	PAID OUT:	
		14 Paying Teller,	6362531
		15 Amt taken to Clearings,	10667302
		Cash Items, balance from yesterday,	
		37 City,	345
		52 Foreign,	420
			17106333
49	32006675	53	32006675

The numbers on the above sheet refer to the numbers in explanation given in section 154, page 148.

19, 190—

PROOF SHEET.

PROOF OF CORRESPONDENTS' DEBITS.		PROOF OF INDIVIDUAL LEDGER DEBITS.		GENERAL BALANCE LEDGER DEBITS.	
3 Receiving Teller.	1614580	12 Checks from Clearings.	12378425	58 Deposits.	25829192
9 Paying Teller.	1152786	4 Receiving Teller.	5652784	59 Correspondents.	7669518
26 Note Teller.	3214520	7 Paying Teller.	3246520	79 Protested Paper.	14520
21 Mail.	1658132	25 Note Teller.	1968543	30 Bills Discounted.	44500
52 Balance from Yesterday.	420	19 Mail.	1156420	31 Demand Loans.	11000
	7682018	13 Checks Certified.	14265	10 Sundry Expense.	1320
				60 Cash (Received.)	14856728
51 Out.	125	Out.			
54	7669518	56	25829192	61	55358758
PROOF OF CORRESPONDENTS' CREDITS.		PROOF OF INDIVIDUAL LEDGER CREDITS.		GENERAL BALANCE LEDGER CREDITS.	
23 Mail.	3216434	5 Deposits. (R. T.)	23452640	62 Deposits.	29632120
36 Note Teller.	1759840	33 Note Teller.	4752980	63 Correspondents.	5478894
16 Paying Teller. (Drafts.)	502620	18 Certification Account.	14265	38 Protested Paper.	1540
				39 Bills Discounted.	1583651
				35 Demand Loans.	13575
				34 Interest and Discount.	38750
				Collection and Exchange:	
		Out.		6 Receiving Teller.	2542
				17 Paying Teller.	1891
				32 Note Teller.	2600
				22 Mail Clerk.	400 7510
				64 Cash (Paid out.)	17106333
55	5478894	57	29632120	65	55358758

The total amount of cash paid out is the amount paid out by the paying teller, the amount of checks taken to the clearing house, and the amount of city and foreign cash items which we held at the close of the previous day.

The city cash items on hand from the previous day are supposed to be collected, and foreign cash items are supposed to be remitted to the banks on which they are drawn; but even if this has not been done, the method of making the cash proof would be the same, for it is evident that if we had \$200.00 in city cash items at the close of the previous day, and were to hold these items until the close of the next day, they would be counted at night, and the \$200.00 placed under "Cash Received." They would be included also in the balance brought forward from yesterday, so that our cash would be \$200.00 too much; but by placing the balance of the city cash items from yesterday (\$200.00) under "Cash Paid Out," we would offset the extra amount shown under "Cash Received."

SEC. 142.—Clearings Proof. This proof comprises the amount of checks for clearing house banks taken in during the day by the receiving teller, the paying teller, the note teller, and the mail clerk. It is evident that the sum of the checks for the clearings, as shown by the check sheets of the various tellers and mail clerk, should agree with the amount of checks we have on hand for the clearing house. In most banks it is customary to take to the clearing house all checks which are received in the morning's mail, hence it is evident that the sum of the amounts shown by the check sheets of the tellers and the mail clerk will be in excess of the amount of actual clearing house checks on hand to the extent of the amount taken from the morning's mail; and to find the actual amount that we have on hand, we must subtract the amount taken from the morning's mail from the total of the amounts shown by the check sheets. The amount to be subtracted should be placed under "Clearings Proof" after "Out."

SEC. 143.—Proof of Correspondents Debits. This proof comprises the amount of checks on out of town banks received by the receiving teller, the paying teller, the note teller, and the mail clerk, plus the balance we had on hand from yesterday. In the event that we are holding checks on out of town banks (which we do not intend to remit to-day) the amount that we hold (foreign cash items on hand) should be placed after "Out" on the proof, and subtracted. The footing of the proof of correspondents debits should agree with the debits to correspondents in the correspondents' ledger, for it is evident that all items to be debited to correspondents must have been on hand at the close of the previous day, or they must have been taken in during the day by some of the tellers, or the mail clerk. The sum of the amounts shown by the various sources of entrance must agree with the amount that we have (the amount debited to correspondents).

SEC. 144.—Proof of Correspondents Credits. This proof comprises the amount of checks which out of town banks have sent us by mail, the amount of credits to correspondents, as shown by the note teller's check sheet (notes, etc., collected for them), and the amount of drafts drawn on correspondents by the paying teller, as shown by the draft register. The sum of these amounts should agree with the credits to correspondents, as shown by the correspondents' ledger, for it is evident that credits to our correspondents can arise only from paper, money, etc., which they send to us for their credit, from collections which we make for them, and from drafts which we draw on them. The sum of the amounts shown by the various sources of credit must be equal to the total credit.

SEC. 145.—Proof of Individual Ledger Debits. This proof comprises the checks received from the clearing house (which are drawn on our bank by depositors), depositors' checks which have been received during the day by the receiving teller, the note teller, and the mail clerk, and checks which have been cashed and certified by the paying teller. In

the event that any of these checks have not been charged to depositors in the individual ledger, the amount not charged should be placed after "Out," and subtracted. The total of this proof should agree with the footing of the items charged to depositors in the individual ledger.

SEC. 146.—Proof of Individual Ledger Credits. This proof comprises the amount of deposits taken by the receiving teller, the notes, collections, etc., credited to depositors by the note teller, and the amount of checks certified. If, for any reason, there are deductions of any kind, they should be placed after "Out." The total of this proof should agree with the footing of the items credited to depositors in the individual ledger, as it is evident that all credits must arise either from deposits made by depositors, or from notes and collections credited to them. Certification account is credited with all certified checks issued, and as this account is kept in the individual ledger, it should be treated in practically the same manner as an account with a depositor.

SEC. 147.—General Balance Ledger Debits. This comprises all accounts, the debit sides of which have been affected by transactions made during the day. It shows the amount charged to depositors, the amount charged to correspondents, the bills discounted, the demand loans, etc.

SEC. 148.—General Balance Ledger Credits. This comprises all accounts, the credit sides of which have been affected by transactions made during the day. It shows the amounts credited to depositors, to correspondents, to protested paper, to bills discounted, to demand loans, etc. It is evident that the sum of the amounts debited to accounts in the general balance ledger must agree with the sum of the amounts credited to accounts in this ledger.

SEC. 149.—Advantages of the General Proof Sheet. In a bank which transacts a large volume of business it is practically impossible to avoid some errors. By the old method of keeping accounts it was necessary, in case of an error, to check over the entire day's work, but by the system of proof sheets all errors can be definitely located on a particular side of a book, or in a particular class of accounts, so that it is unnecessary to check the entire day's work.

If an entry is omitted from the credit side of the individual ledger, our books will be out of balance. By the old method we would be compelled to check over every book in the entire bank, unless we should, by chance, begin with the individual ledger; but by the new system, the general proof sheet shows the error to be on the credit side of the individual ledger, so we know at once not only in which book the error has been committed, but we know the particular side of the book on which it may be found. The manifold advantages of such a system are obvious.

SEC. 150.—General Balance Ledger. This book should contain all the general accounts of the bank. Debit, credit, and balance columns are provided for each business day of the week. The debit balances are written in red ink and the credit balances in black. The sum of the red ink balances should at all times equal the sum of the black ink balances. When it is desired to declare a dividend, the revenue accounts are closed into loss and gain by means of charge and credit tickets, which may be entered on the general proof sheet, or directly in the general balance ledger. To the up-to-date banker this form of ledger possesses many advantages over the old form of mercantile ledger. The balance of any account may be ascertained immediately, the bookkeeper can prepare a statement of the bank's condition in a few minutes, and clerical labor is reduced to the minimum, the improved form requiring less than one-third the clerical work necessitated by the old method.

GENERAL BALANCE LEDGER.

	MONDAY JUNE 19, 1900.			
	BALANCE.	DEBITS.	CREDITS.	BALANCE.
<i>Bills Discounted</i>	216506.54	44500	15836.51	219372.87
<i>Cash</i>	342562.80	148567.28	171063.33	320066.75
<i>Correspondents</i>	544444.00	76695.18	54788.94	1063506.4
<i>Demand Loans</i>	66202.45	11000	13575	63627.45
<i>Due from U.S. Treasurer</i>	1000			1000
<i>Furniture & Fixtures</i>	7500			7500
<i>Five per cent Redemption Fund</i>	9000			9000
<i>Protested Paper</i>	1000	14520	1540	13980
<i>Premium on U.S. Bonds</i>	3000			3000
<i>Real Estate & Mortgages</i>	4000			4000
<i>Stocks and Bonds</i>	145000			145000
<i>Sundry Expense</i>	180	1320		19320
<i>Salaries</i>	9720			9720
<i>Taxes</i>	560			560
<i>U.S. Bonds to Secure Cir.</i>	200000			200000
<i>Capital Stock</i>	750000			750000
<i>Circulation</i>	180000			180000
<i>Collection and Exchange</i>	1548420		7510	1555930
<i>Dividends Unpaid</i>	2135			2135
<i>Deposits</i>	1520362.73	258291.92	296321.20	1558392.01
<i>Interest and Discount</i>	2462870		38750	2501620
<i>Loss and Gain</i>				
<i>Surplus Fund</i>	450000			450000
<i>Undivided Profits</i>	9662450			9662450
	303923513	55358758	55358758	307772701

The statement shown on page 143 is made out at the close of the student's work on June 29th, and on June 30th. It is not required in the work of June 21st and June 22d.

HOW TO COMPILE THE DAILY STATEMENT.

SEC. 151.—For explanation of the different accounts on the daily statement, see explanation of the similar accounts on the report of the comptroller, section 152.

1. Balance of "Bills Discounted" from general balance ledger.
 2. Balance of "Demand Loans" from general balance ledger.
 3. Balance of "Protested Paper" from g. b. l.
 4. Balance of U. S. bonds to secure circulation from g. b. l.
 5. Premium on U. S. bonds from g. b. l.
 6. Balance of "Stocks and Bonds" from g. b. l.
 7. Balance of "Furniture and Fixtures" from g. b. l.
 8. Balance of "Real Estate and Mortgages" from g. b. l.
 9. Balance of "Salaries" from g. b. l.
 10. Balance of "Taxes" from g. b. l.
 11. Balance of "Sundry Expenses" from g. b. l.
 12. Amount owing us by national banks other than those which are approved reserve agents. This amount is ascertained from the correspondents proof.
 13. Amount owing us by state banks, as shown by the correspondents proof.
 14. Amount we have deposited with national banks which are approved reserve agents, as shown by the correspondents proof.
 15. Amount we owe approved agents, as shown by the correspondents proof.
- The amount we owe approved reserve agents is subtracted from the amount owing us by approved reserve agents, and the difference entered on the debit side of the statement. If the amount that we owe approved reserve agents should be larger than the amount owing us by approved reserve agents the difference would be entered on the credit side of the statement.
16. Amount deposited with the United States treasurer for the redemption of circulation, as shown by the g. b. l.
 17. Amount due from United States treasurer, as shown by g. b. l.
 18. Amount of overdrafts, as shown by the individual ledger.
 19. Amount of cash on hand, as shown by the general bookkeeper's proof sheet.
 20. Checks for clearing house, as shown by general proof sheet.
 21. Cash items on hand, as shown by general proof sheet.
 22. Capital stock paid in, as shown by g. b. l.
 23. Amount of surplus fund, as shown by g. b. l.
 24. Amount of undivided profits, as shown by g. b. l.
 25. Amount of circulation, as shown by g. b. l.
 26. Amount due national banks other than reserve agents, as shown by the correspondents proof.
 27. Amount due state banks, as shown by the correspondents proof.
 28. Amount deposited with us by national banks which are approved reserve agents, as shown by the correspondents proof.
 29. Amount owing us by approved reserve agents, as shown by correspondents proof.
 30. Amount of cashier's checks, as shown by the individual ledger.

No. of 1



1. $\left\{ \begin{array}{l} \text{Loans a} \\ \text{are li} \\ \text{Loans a} \\ \text{are ne} \end{array} \right.$
2. Overdri
3. U. S. B
- U. S. B
5. U. S. B
6. Premia
7. Stocks,
8. Bankin
9. Other I
10. Due fre
11. Due fre
12. Due fre
13. Checks
14. Exchan
15. Bills of
16. Fractio
17. Lawful

Spea

Legal

U. S.

18. Redemptio
19. Due fro

Place for official seal
to be affixed by officer
whom acknowledged.
Act Feb. 26, 1881

Notary must not be officer or director of bank

LOANS AND DISCOUNTS. (Including Loans and Discounts on which Officers and Directors are Liable.)

On demand, paper with one or more individual or firm names.....	\$						
“ “ secured by stocks, bonds, and other personal securities							
On time, paper with two or more individual or firm names.....							
“ “ single-name paper (one person or firm) without other security							
“ “ secured by stocks, bonds, and other personal securities.....							
“ “ on mortgages or other real estate security (see schedule).....							
TOTAL.....							
INCLUDED IN THE ABOVE ARE—							
Bad debts, as defined in Section 5204, Rev. Stat.....	\$						Enter the amount of these items, or write word “none” if there is no amount to
Other suspended and overdue paper.....							
Liabilities of directors (individual and firm) as payers.....							

LOANS Exceeding the Limit Prescribed by Section 5209 of the Revised Statutes, including Amounts which Exceed
due from State and Private Banks and Bankers.

Name of Borrower.	Enter full amount of loss.			Name of Borrower.	Rate

Brewed:

OVERDRAFTS.

Uncovered:

Standing 12 months or over				Standing 12 months or over	
" 6 " " 				" 6 " " 	
Temporary				Temporary	
Officers and Directors				Officers and Directors	
TOTAL				TOTAL	

STOCKS, SECURITIES, Etc. (Stocks, Bonds, Claims, Judgments, and similar items should be included under th

[illegible]

From—

BALANCES DUE FROM OR TO APPROVED RESERVE AGENTS.

[illegible]

CHECKS AND OTHER CASH ITEMS

Checks and drafts on banks, etc., in this city, not members of clearing house.				Internal Revenue stamps	
Checks and drafts on other banks					
				TOTAL	

AVERAGE RESERVE AND INTEREST.

Average reserve for last 90 days (in bank and with reserve agents) wasper cent of deposits and bank to
The highest rate of interest paid by the bank on Deposits isper cent, on Bills Payable isper cent,
Bills Rediscounted isper cent.

[illegible]

the full amount
of loan.

its previously
twice.

Amount.

31. Amount of certificates of deposit issued, as shown by the individual ledger.

32. Amount of certified checks, as shown by the individual ledger.

33. Amount due depositors, as shown by the individual ledger.

The sum of the amounts after Nos. 30, 31, 32, 33, less overdrafts, should be the same as the balance of deposits, as shown by g. b. l.

34. Dividends unpaid, as shown by g. b. l.

35. Balance of Interest and Discount, as shown by g. b. l.

36. Balance of Collection and Exchange, as shown by g. b. l.

The above report is made out at the close of the student's work, June 30th.

NOTES ON REPORT TO COMPTROLLER.

RESOURCES.

SEC. 152.—1. Loans and discounts are divided into two classes: those on which the officers and directors are liable, either as indorsers or payers, and those on which officers and directors are not liable. The aggregate of loans and discounts represents all time and demand paper and bills discounted on hand.

2. When collateral of any kind is deposited to secure the payment of an overdraft, such overdrafts are known as "secured." When no collateral is deposited, the overdrafts are designated "unsecured."

3. The national bank act provides that the circulation of national bank notes shall be secured by deposit of United States bonds, the circulation being 90% of the face of all the bonds deposited, except thirty-year 2% gold bonds. On these bonds are permitted to issue circulating notes to the full face value of the bonds up to the amount of their capital stock.

4. The United States government keeps money deposited in various national banks throughout the country, the banks themselves keeping United States bonds deposited to secure the payment of the government money. These banks are known as United States Depositories.

5. United States bonds owned by the bank in addition to the amount necessary to secure circulation and United States deposits should be classified as separate and distinct from those in Nos. 3 and 4.

6. In ordinary accounting United States bonds are charged with the cost of the bonds at the time of purchase. The comptroller, however, requires the account with United States bonds to show only the par value of the bonds, and a separate account must be opened for the premium paid on them.

7. The cost of stocks, bonds, and all securities other than United States bonds should be charged to Stocks, Securities, etc. This account includes both the par value and the premium. The premium is kept separate only in the case of United States bonds.

8. National banks are allowed to own the building in which they do business and the furniture and fixtures thereof.

9. Sometimes banks are compelled to take real estate or mortgages in payment of loans made on personal security. Such real estate must not be held for a longer time than five years.

10. National banks are divided into two classes: those which are not reserve agents, and those which are reserve agents. (*See explanation under No. 12.*)

11. The amount due from state and private banks and bankers should be shown separately from that due from national banks.

12. National banks in smaller cities are required to keep a reserve equal to 15% of their deposits. Three-fifths of this may be kept in national banks known as approved reserve

agents. (*See page 211.*) Banks in larger cities are required to keep a reserve equal to 25% of their aggregate deposits. One-half of this may be kept with national banks in central reserve cities.

Number 12 should include all balances due from national banks which are approved reserve agents, while number 10 includes the balances due from national banks which are not approved reserve agents.

13. Checks on city banks not members of the clearing house, and checks and drafts on other banks or bankers are listed under this number.

14. This includes all checks on hand for the clearing house.

15. Bills of other national banks on hand must be listed separately from the remainder of the cash.

16. This represents the amount of fractional currency, nickels, and cents on hand.

17. The national bank act designates the different kinds of money which may constitute the reserve which national banks are required to keep. By this act the lawful money reserve may consist of gold coin, gold treasury certificates, gold clearing house certificates, silver dollars, silver treasury certificates, fractional silver coin, legal tender notes, United States certificates of deposit and clearing house certificates representing specie or lawful money specially deposited with any clearing house association. Fractional silver currency, nickels, and cents are not considered as a proper constituent for a legal reserve.

18. National banks are required to deposit with the United States treasurer an amount equal to 5% of their circulation for the redemption of their bank notes.

19. If the amount deposited with the United States treasurer for redemption fund should at any time be in excess of the 5% required, this excess would be considered "Due from the U. S. treasury." This title would also include mutilated bills forwarded to the treasurer for redemption.

LIABILITIES.

1. This represents the actual capital stock paid in. Stock subscribed but not paid for must not be included.

2. National banks are required to carry one-tenth of the net profits each half year to the surplus fund before declaring a dividend. When the surplus fund amounts to 20% of the capital stock this practice may be discontinued, although in some banks the surplus is nearly equal to the capital stock.

3. The amounts paid for current expenses and taxes should be deducted from the bank's profits which have not yet been declared as a dividend, and the remainder extended after the title "Undivided Profits." Our profits consist of our undivided profits from the previous year, our gains on interest and discount, collection and exchange, etc.

4. When bonds are deposited with the comptroller, national banks may receive 90% of the par value of the bonds in national bank notes. These notes are put in circulation by the bank; that is, they are paid out over the bank's counters in payment of the checks, loans, etc. In making up the statement, the amount of the national bank notes on hand and the amount in the U. S. Treasury for redemption should be subtracted from the amount received from the comptroller, and the balance extended in the money column.

5. This represents the amount of state bank notes (circulation) which were issued by state banks before their conversion into national banks, and which have never been presented for redemption. The law provides that whenever this circulation outstanding is not greater than 5% of the capital of the bank at the time the circulation was issued, the bank shall be exempt from taxation thereon.

6. Amount due national banks which are not reserve agents.
 7. Amount due state and private banks and bankers.
 8. Banks which are approved reserve agents may keep a portion of their reserve with central reserve agents. Such amounts should be indicated after this number.
 9. Dividends which have been declared but are unpaid should be indicated after "Dividends Unpaid."
 10. "Individual Deposits Subject to Check" includes the accounts of all depositors other than those to whom certificates of deposit have been issued.
 11. "Demand Certificates of Deposit" has reference to such certificates as are payable on demand or at sight.
 12. "Time Certificates of Deposit" has reference to certificates that are payable a certain number of days or a certain number of months after date.
 13. This has reference to the amount of certified checks outstanding.
 14. This has reference to the amount of cashier's checks outstanding.
 15. Amount deposited in the bank by the U. S. government.
 16. United States disbursing officers keep their accounts in national banks, and the balances which such accounts show are known as Deposits of U. S. Disbursing Officers.
 17. Banks frequently sell paper, which they have discounted, to other banks at a lower rate of discount than they themselves deduct. Paper so sold is known as notes and bills discounted.
 18. Banks often issue their notes and certificates of deposit for the purpose of borrowing money. This may be done in times of financial stringency, or it may be done for the purpose of securing money to loan, the bank receiving a higher rate of interest from its customers than it pays the bank or other institution from which it borrows the money.
- The schedules on the back of the report are merely itemized statements of overdrafts, balances due from and to approved reserve agents, checks and cash items on hand, etc., etc., and are so simple in character that their compilation by the student has been deemed unnecessary.

QUESTIONS.

1. What are the principal duties of the general bookkeeper? (*Sec. 138.*)
2. What is the general bookkeeper's proof sheet? (*Secs. 139 and 140.*)
3. Explain the use of the general balance ledger, and name the class of accounts kept therein. (*Sec. 150.*)
4. Do you understand how the clearings proof on the general proof sheet proves the clearing house checks?
5. What does the daily statement show?
6. What is shown by the report to the comptroller?

WORK FOR THE STUDENT.

JUNE 20.

To be entered on general bookkeeper's proof sheet.

SEC. 153.—Make out general bookkeeper's proof for June 20th according to model shown on pages 138 and 139. (*See instructions below.*)

HOW TO MAKE OUT GENERAL BOOKKEEPER'S PROOF SHEET.

SEC. 154.—This sheet is compiled from model receiving teller's, note teller's, and mail clerk's proofs, and the paying teller's second proof.

The numbers of the following instructions refer to the numbers on the model general bookkeeper's proof sheet. If the student will bear this in mind, there will be no danger of his putting an item under the wrong proof.

ITEMS FROM THE RECEIVING TELLER'S PROOF.

Turn to the receiving teller's proof, page 28. Place a check mark in front of the amount (\$2730.40) after "City Cash Items," which is the seventh item on the debit side. The city cash items have been turned over to the note teller, hence this amount is not entered on the general proof sheet.

DEBIT SIDE.

1. The amounts (\$27500.00, \$3253.80, \$18000.00) after "Bills," "Coin," and "Paying Teller (Special)" represent the amount of cash received during the day by the receiving teller. Place these amounts after "Receiving Teller" under "Cash Proof" on general bookkeeper's proof sheet, entering them short, as shown in model proof on page 138. Add the three amounts together and place their sum (\$48753.80) in the money column. As the amounts are transferred from the receiving teller's proof to the general proof sheet they should be checked so as to prevent the possibility of taking the same item twice.

2. Take the amount (\$98076.29) after "Clearings" on the receiving teller's proof and place it after "Receiving Teller" under "Clearings Proof" on general bookkeeper's proof sheet.

3. Take the amount after "Correspondents" on the receiving teller's proof and place it after "Receiving Teller" under "Proof of Correspondents Debits" on general proof sheet.

4. Take the amount after "Our Bank" on the receiving teller's proof, and place it after "Receiving Teller" under "Proof of Individual Ledger Debits."

CREDIT SIDE.

5. Take the amount after "Deposits" on the right-hand side of the receiving teller's proof and place it after "Deposits (R. T.)" under "Proof of Individual Ledger Credits."

6. Take the amount after "Collection and Exchange" on the receiving teller's proof, and place it after "Receiving Teller" under "Collection and Exchange" under "General Balance Ledger Credits."

It will be observed that all amounts on the left side of the receiving teller's proof have been entered as debits on the general proof sheet, and all amounts on the right side of the

receiving teller's proof have been entered as credits on the general proof sheet. This rule applies in entering the paying teller's, note teller's, and the mail clerk's proofs on the general proof sheet.

ITEMS FROM THE PAYING TELLER'S SECOND PROOF.

Turn to the paying teller's second proof on page 42. Place a check mark in front of the amount (\$288.90) after "City Cash Items" on the left side of the paying teller's proof. The city cash items have been turned over to the note teller for collection, and should not be entered on the general proof sheet.

DEBIT SIDE.

7. Take the amount (\$28025.05) after "Checks on Our Bank" and place it after "Paying Teller" under "Proof of Individual Ledger Debits."

8. Take the amount after "Clearings Checks Cashed" and place it after "Paying Teller" under "Clearings Proof."

9. Take the amount after "Correspondents" and place it after "Paying Teller" under "Proof of Correspondents Debits."

10. Take the amount after "Sundry Expense" and place it after "Sundry Expense" under "General Balance Ledger Debits."

11. Take the amount (\$4545.45) after "Currency as Under," and place it after "Paying Teller" under "Received" under "Cash Proof."

12. Take the amount after "Amount of Checks Received from Clearings" on paying teller's proof and place it after "Checks from Clearings" under "Proof of Individual Ledger Debits."

13. Take the amount after "Checks Certified for Depositors" and place it after "Checks Certified" under "Proof of Individual Ledger Debits."

CREDIT SIDE.

14. Take the amount after "Currency Paid Out" on the right side of paying teller's proof sheet and place it after "Paying Teller" under "Paid Out" under "Cash Proof."

15. Take the amount after "Amount of Checks Taken to Clearings" on paying teller's proof, and place it after "Amount Taken to Clearings" under "Paid Out" under "Cash Proof."

16. Take the amount after "Correspondents (drafts drawn)" on paying teller's proof, and place it after "Paying Teller" under "Proof of Correspondents Credits."

17. Take the amount after "Collection and "Exchange" on paying teller's proof and place it after "Paying Teller" under "Collection and Exchange" under "General Balance Ledger Credits."

18. Take the amount after "Certification Account" on paying teller's proof and place it after "Certification Account" under "Proof of Individual Ledger Credits."

ITEMS FROM THE MAIL PROOF.

Turn to mail proof on page 109.

Place a check mark in front of the amount (\$396.95) after "City Cash Items."

DEBIT SIDE.

19. Take the amount (\$4870.50) after "Our Bank" and place it after "Mail" under "Proof of Individual Ledger Debits."

20. Take the amount after "Clearings" and place it after "Mail" under "Clearings Proof."

21. Take the amount after "Correspondents" and place it after "Mail" under "Proof of Correspondents Debits."

CREDIT SIDE.

22. Take the amount after "Collection and Exchange" and place it after "Mail Clerk" under "General Balance Ledger Credits."

23. Take the amount (\$9735.25) after "Correspondents" and place it after "Mail" under "Proof of Correspondents Credits."

ITEMS FROM THE NOTE TELLER'S PROOF.

Turn to the note teller's proof, page 95.

Place a check mark in front of the amounts (\$2730.40, \$288.90, \$396.95) after "Receiving Teller," "Paying Teller," and "Mail" on the right side of proof. These amounts represent the city cash items which the note teller has received, as indicated by the paying teller's, receiving teller's, and mail clerk's proofs. The items on the first three proofs were checked on the left or debit side. They are now checked on the right or credit side of the note teller's proof. We have now checked sufficient debits to equal the credits and this preserves the equilibrium of the general proof sheet.

DEBIT SIDE.

24. Take the amounts (\$11800.00, \$267.50) after "Bills" and "Coin" on note teller's proof, and place their sum after "Note Teller" under "Cash Proof."

25. Take the amount after "Charged to Depositors" on note teller's proof and place it after "Note Teller" under "Proof of Individual Ledger Debits."

26. Take the amount after "Correspondents" on note teller's proof and place it after "Note Teller" under "Proof of Correspondents Debits."

27. Take the amount after "Clearings" and place it after "Note Teller" under "Clearings Proof."

28. Take the amount after "City Cash Items Unpaid" and place it after "City Cash Items on Hand" under "Cash Proof."

29. Take the amount after "Protested Paper" and place it after "Protested Paper" under "General Balance Ledger Debits."

30. Take the amount after "Bills Discounted" and place it after "Bills Discounted" under "General Balance Ledger Debits."

31. Take the amount after "Demand Loans" and place it after "Demand Loans" under "General Balance Ledger Debits."

CREDIT SIDE.

32. Take the amount after "Collection and Exchange" and place it after "Note Teller" under "General Balance Ledger Credits."

33. Take the amount (\$69556.02) after "Credited to Depositors" and place it after "Note Teller" under "Proof of Individual Ledger Credits."

34. Take the amount after "Interest and Discount" and place it after "Interest and Discount" under "General Balance Ledger Credits."

35. Take the amount after "Demand Loans Paid" and place it after "Demand Loans" under "General Balance Ledger Credits."

36. Take the amount after "Correspondents" and place it after "Note Teller" under "Proof of Correspondents' Credits."

37. Take the amount after "City Cash Items, Balance from Yesterday" and place it after "City Cash Items, Balance from Yesterday" under "Paid Out" under "Cash Proof."

38. Take the amount after "Protested Paper" and place it after "Protested Paper" under "General Balance Ledger Credits."

39. Take the amount after "Bills Discounted" and place it after "Bills Discounted" under "General Balance Ledger Credits."

The general bookkeeper's proof sheet up to the present time has been compiled from four auxiliary proofs. These proofs exactly balanced before being entered on the general proof sheet, so it is evident that the general proof sheet at the present time should be in balance; that is, the debits should exactly equal the credits.

CLEARINGS PROOF.

The footing of this proof should exactly equal the amount of checks on hand for the clearing house. If any of the checks received during the day have been taken to the clearing house, the amount so taken should be placed after "Out" and subtracted from the sum of the items above.

40. Place the footing of the column entitled "Clearings Proof" on general bookkeeper's proof sheet after "Clearings Checks on Hand" under "Cash Proof" on general proof sheet.

The footing of the column entitled "Clearings Proof" is a debit. If this footing be transferred to the debit side of Cash and the clearings proof column be disregarded, it is evident that the general proof sheet will still be in balance.

CASH ON HAND.

ITEMS FROM THE PAYING TELLER'S PROOF.

Turn to the paying teller's model first proof on page 41.

41. Take the amount of national bank notes shown on paying teller's first proof (\$12400.00) and place it after "National Bank Notes" on g. b. p. s. Take the amount of legal tender notes as shown on the paying teller's proof and place it after "Legal Tender Notes" on g. b. p. s. Take the amount of gold certificates and place after "Gold Certificates" on g. b. p. s. Take the amount of gold coin and place it after "Gold Coin" on g. b. p. s. Treat the amounts shown after silver certificates, silver dollars, fractional silver coin, and minor coin on the paying teller's proof in the same manner. Extend the total of the cash on hand by the paying teller in the column provided therefor. (*See model general bookkeeper's proof sheet, pages 138 and 139.*)

ITEMS FROM THE RECEIVING TELLER'S PROOF.

Turn to model receiving teller's proof on page 28.

42. Take the amount (\$27500.00) after "Bills" on the receiving teller's proof and place it after "Bills" on the g. b. p. s. Take the amount after "Coin" on the receiving teller's proof and place it after "Coin" on the g. b. p. s. Extend the sum of the "Bills" and "Coin" in the column provided therefor. (*See model p. b. g. s.*)

ITEMS FROM THE NOTE TELLER'S PROOF.

Turn to model note teller's proof, page 95.

43. Take the amount (\$11800.00) after "Bills" on the note teller's proof and place it after "Bills" on the g. b. p. s. Take the amount after "Coin" and place it after "Coin" on the g. b. p. s. Extend the sum of the "Bills" and "Coin" in the column provided therefor.

44. Add the amounts of the "Bills" and "Coin" on hand by the paying teller, note teller, and receiving teller. The sum of these items should be \$214245.40.

45. Take the footing (\$138***.69) of the column entitled "Clearings Proof" on general proof sheet and place it after "Clearings Checks on Hand."

Count the amount of "City Cash Items" and "Foreign Cash Items" that you have on hand. Your "City Cash Items" are \$1106.00; your "Foreign Cash Items" are \$150.00.

46. Place the amount (\$1106.00) of "City Cash Items on Hand" after "City" on the g. b. p. s.

47. Place the amount of "Foreign Cash Items on Hand" after "Foreign" on the g. b. p. s.

By "Foreign Cash Items on Hand" is meant the amount of checks on out of town banks which you have in your possession.

The "Cash Items" are usually counted and placed in an envelope with the items listed in detail on the back thereof.

48. Add the amount of your "Clearings," "City Cash Items" and "Foreign Cash Items" together and extend the sum in the column provided therefor.

49. Find the total of your "Cash on Hand," which should be \$354389.09.

ITEMS FROM THE CASH PROOF.

50. The cash on hand at the close of the previous day (shown by model proof on page 138) is \$320066.75. Place this amount after "Balance from Yesterday" under "Cash Proof" on general proof sheet.

The above includes all money, clearing house checks, and city cash items, on hand at the close of the previous day.

51. The amount of your "Foreign Cash Items" on hand (checks on out of town banks) is \$150.00. Place this amount after "Out" under "Proof of Correspondents Debits," and after "Foreign Cash Items on Hand" under "Cash Proof."

52. At the close of the previous day you had on hand "Foreign Cash Items" to the amount of \$125.00. Place this amount after "Balance from Yesterday" under "Proof of Correspondents Debits" and after "Foreign Cash Items, Balance from Yesterday" under "Paid Out" under "Cash Proof."

53. Foot your cash proof according to model shown on page 138. The total received during the day plus the balance from yesterday should be \$525577.19. The amount paid out during the day should be \$171188.10. The difference would be the balance on hand, and this should equal the footing of the column entitled "Cash on Hand" of the general proof sheet.

PROOF OF CORRESPONDENTS DEBITS.

54. Add the first five items. Their sum should be \$80040.45. Subtract the amount after "Out" and write the remainder in the space therefor at the foot of the column. The remainder (\$79890.45) represents the total charged to out of town banks during the day, and is used for the purpose of proving the correspondents' ledger, as per proof shown on page 112.

PROOF OF CORRESPONDENTS CREDITS.

55. The footing of this column should be the amount credited to out of town banks during the day. The footing is compared with proof given on page 112 for ascertaining the correctness of the correspondents' ledger.

PROOF OF INDIVIDUAL LEDGER DEBITS.

56. The footing of this column should be the same as the footing of the column entitled "Total Checks" in the individual ledger.

PROOF OF INDIVIDUAL LEDGER CREDITS.

57. The footing of this column should be the same as the footing of the column entitled "Deposits" in the individual ledger.

GENERAL BALANCE LEDGER DEBITS.

58. Take the footing of the column entitled "Proof of Individual Ledger Debits" (No. 55) and place it after "Deposits."

59. Take the footing of the column entitled "Proof of Correspondents Debits" (No. 53) and place it after "Correspondents."

60. Take the amount of cash received during the day (\$205***.44), as shown under "Cash Proof" (\$65***.75 and \$140***.**), and place it after "Cash Received."

61. The "General Balance Ledger Debits" column should now be footed. The total is \$562011.03.

GENERAL BALANCE LEDGER CREDITS.

62. Take the footing of the column entitled "Proof of Individual Ledger Credits" (No. 56) and place it after "Deposits."

63. Take the footing of the column entitled "Proof of Correspondents Credits" (No. 54) and place it after "Correspondents."

64. Take the amount of "Cash Paid Out" (\$171188.10) and place it after "Cash Paid Out."

65. Foot the "General Balance Ledger Credits" column. The footing should be the same as that of the "General Balance Ledger Debits."

Submit your proof sheet to your teacher for inspection and approval.

WORK FOR THE STUDENT.

JUNE 20.

To be entered in the general balance ledger.

SEC. 155.—No. 1. Take your general balance ledger and write therein all accounts shown in the model ledger, page 142.

No. 2.—Enter the balances shown in the "Balance" column of June 19th in the model ledger (page 142) in the first "Balance" column of your ledger. Foot the red and black ink balances in the "Balance" column and write the footings as per form shown in model.

No. 3.—Post the amounts on your general proof sheet (June 20th) under "General Ledger Debits" and under "General Ledger Credits" to your general balance ledger under date of June 20th.

No. 4.—Find the general ledger balances for June 20th and extend them in the balance column. (*See instructions below.*)

METHOD OF EXTENDING GENERAL LEDGER BALANCES.

Add the amounts in the debit column opposite red ink balances to these balances, and subtract from their sum the amounts in the credit column. The several remainders will be the new debit (red ink) balances. Add the amounts in the "Credit" opposite black ink balances to these balances, and subtract from their sum the amounts in the "Debit" column. The several remainders will be the new credit (black ink) balances.

JUNE 21.

To be entered on the general bookkeeper's proof sheet and in the general balance ledger.

No. 1.—Make out general bookkeeper's proof sheet for June 21st, from your receiving teller's, paying teller's, note teller's, and mail clerk's proofs.

INSTRUCTIONS.—Take the proofs which you made out for your work for June 21st and compile a general proof for them, as per instructions previously given.

Be sure to place the foreign checks from yesterday (\$150.00) under "Foreign Cash Items" under "Paid Out," and after "Balance from yesterday" under "Correspondents Debits" on general bookkeeper's proof sheet.

No. 2.—Ascertain if the footing of "Total Checks" on your individual ledger for June 21st is the same as the footing of the column entitled "Proof of Individual Ledger Debits" on your proof sheet.

No. 3.—Ascertain if the footing of "Deposits" on your individual ledger is the same as the footing of the column entitled "Proof of Individual Ledger Credits" on your proof sheet.

No. 4.—Submit your general proof sheet to your teacher for examination and approval.

No. 5.—Post the amounts in the last column of your proof sheet to your general balance ledger, extend the balances, and submit your ledger to your teacher for inspection.

JUNE 22.

No. 6.—Make out general bookkeeper's proof sheet for June 22d, from your work previously done for that day.

No. 7.—Post the entries in the last column of proof sheet to your ledger, and extend the balances.

No. 8.—Submit your proof sheet and your ledger to your teacher for approval.

PART II.

WORK FOR THE STUDENT.

Introductory.—In the work which follows, the student will handle all vouchers as he would in actual business. It is presumed that the preliminary work in the different departments of bank accounting has afforded the student a general knowledge of the subject, and this work is designed to impress upon him the principles already learned.

Where to Find Vouchers.—All vouchers and papers will be found in special envelopes provided therefor. Each envelope is appropriately labeled so that the student will experience no difficulty in selecting the right papers.

Numbering.—The different vouchers and papers are numbered to correspond to the numbers of the transactions in this book. Before making the entries the student should compare the numbers as shown on the papers with the numbers of the transactions which he is recording.

Incoming Papers.—All papers which the student receives from other persons are designated "Incoming Papers." These papers are filled out exactly as they would be in business.

Outgoing Papers.—All papers which the student disposes of, that is, all papers which he gives to other persons, are designated "Outgoing Papers."

Miscellaneous Blanks.—All forms which are to be filled out by the student are designated "Miscellaneous Blanks."

RECEIVING TELLER.

JUNE 29.

Receiving Teller's Work.—The work for June 29th will be found in an envelope labeled "Receiving Teller's Work for June 29th" in your package of incoming papers for June 29th. Take this envelope out and put it on your desk.

Receiving Teller's Envelope.—This envelope corresponds to the receiving teller's drawer in a bank. It will be found in your package of miscellaneous blanks for June 29th. Take it out and put it on your desk.

MEMORANDA FOR TRANSACTIONS.

No. 1.—In your envelope entitled "Work for the Student" you will find a package of papers numbered one, to agree with the number of this transaction. This package contains the deposit of W. B. Culver, and it is enclosed in W. B. Culver's bank book. Handle the deposit as follows:

(a) Take the deposit out of the bank book, and turn the bank book face downward on your desk.

(b) Count the money and see if it agrees with the amount shown after "Bills" on the deposit ticket. If it does, place a check mark in front of the amount on the deposit ticket. (See form, page 21.)

The first check shown on the deposit ticket is drawn on our bank. (First National Bank of Rochester.) Place the letter "B" in front of the check on the deposit ticket. (*See form, page 21.*)

Examine the back of the check and see if it is properly endorsed. (*For method of indorsement, see page 23, section 13.*) The second check is drawn on the Park National Bank of Rochester. As this bank is a member of the clearing house a cross should be placed in front of the amount shown on the ticket. (*For list of clearing house banks, see page 42, section 32.*) The third check on the deposit ticket is also drawn on a clearing house bank, and this should be so indicated by a cross. The fourth check on the deposit ticket is drawn on our bank, and should be marked with the letter "B." The fifth check on the deposit ticket is drawn on a clearing house bank and should be marked with a cross. The sixth check on the deposit ticket is drawn on a bank which is not a member of the clearing house. This check is a "city cash item," and should be marked with the letter "O." (*For list of banks not members of the clearing house, see page 42, section 33.*) The last check on the deposit ticket is drawn on our bank and should be marked with a "B."

(c) Add the items on the deposit ticket and see if they agree with the footing given. If they do not, make proper correction. The student must not accept the footing on the deposit ticket as correct, for this footing has been made by the depositor, and while most depositors foot their deposit tickets correctly, some make mistakes.

(d) Enter the footing of the deposit ticket in W. B. Culver's bank book. (*For form of entry, see page 23.*) (*For form of bank book, with several entries made therein and properly ruled up, see page 199.*)

(e) Enter the deposit ticket on the receiving teller's check sheet, placing the amount of bills in the column entitled "Currency," all checks marked "B" in the column entitled "Our Bank," all checks marked with a cross in the column entitled "Clearings," etc., and extend the total of the deposit in the column entitled "Amount Credited to Depositor." (*For detailed instructions for making entries on this sheet, see page 30, section 20.*)

(f) Mark all checks on our bank paid by writing "Paid" across the face of them. (Banks use stamps for this purpose.) (*See page 200.*)

Do not write anything on checks drawn on other banks.

(g) Place the checks, money, and deposit ticket in your receiving teller's envelope. Put W. B. Culver's bank book in envelope for receiving teller's work for June 30th. (In actual business the bank book is returned to the depositor.)

No. 2.—Handle this transaction as you handled No. 1, with the following exception: There is an item of exchange on out of town checks of \$2.50. Deduct this from the deposit ticket. (*See form, page 30.*) (*For method of making entry when exchange is deducted from the deposit, see transaction No. 1, page 30.*) Be sure to handle each deposit in the exact manner and order outlined in transaction No. 1.

No. 3.—Collection and exchange to be deducted on out of town checks, \$1.35. Treat this as No. 2 was treated.

No. 4.

No. 5.—Collection and exchange to be deducted, \$20.00.

No. 6.—Collection and exchange to be deducted, \$1.00.

No. 7.—H. A. Smith has given you \$6500.00 for a certificate of deposit.

INSTRUCTIONS.—You will find \$6500.00 in your envelope labeled "Receiving Teller's Work for June 29th." Take it out and put it in your receiving teller's envelope. Take

your certificate of deposit book from your envelope labeled "Miscellaneous Blanks," and fill out a certificate of deposit, favor of H. A. Smith for \$6500.00. Number the certificate 940. (*For form of certificate of deposit properly filled out, see below.*) Place the certificate of deposit in your envelope for outgoing papers. From the stub of the certificate of deposit make out a deposit ticket according to the following form No. 1:

FORM OF DEPOSIT TICKET FOR
CERTIFICATE OF DEPOSIT.

No. 1.

DEPOSITED IN		
FIRST NATIONAL BANK,		
Rochester, N. Y.		
By <u>Certificate of Deposit #940.</u>		
<u>June 29, 1901.</u>		
	Dollars	Cents
Bills,	6500	
Gold,		
Silver,		
Checks,		
"		
"		
"		
"		
"		
"		
"		
"		
TOTAL		

FORM OF DEPOSIT TICKET WHEN EX-
CHANGE IS PAID IN CASH.

No. 2.

DEPOSITED IN		
FIRST NATIONAL BANK,		
Rochester, N. Y.,		
By <u>Ray Bros. & Co.</u>		
<u>June 29, 1901.</u>		
	Dollars	Cents
Bills,	4400	
Gold,		
Silver,		
Checks,	520	
"	400	
"	900	
"	2000	
"	100	
"		
"		
"		
"		
TOTAL	5320	

Enter the ticket on your check sheet. (*For method of making entry, see transaction No. 7, page 31.*) Enter the transaction on your check sheet and place the ticket and the money in your receiving teller's envelope. All certificates of deposit which you issue should be numbered consecutively.

No. 8.—The collection and exchange on out of town checks is \$3.00. This amount is paid in cash. Make a notation on the left side of deposit ticket as shown in form No. 2 above.

The letters "C. T. M." are the initials of the teller who received the money. Write your own initials instead of C. T. M. (*For method of making entry on check sheet when exchange is paid in cash, see transactions Nos. 4 and 5 on receiving teller's check sheet, page 26.*)

No. 10.—W. B. Culver has given you this check for \$1000.00. Take your book of cashier's checks and fill out a check for W. B. Culver for \$1000.00. Number the check 340. (*For form of cashier's check properly filled out, see page 25.*) Make out a deposit ticket for cashier's check for \$1000.00. This ticket is made out same as the ticket for certificates of deposit, with the exception that "Cashier's check" is written in place of "Certificates of

deposit." The check received should be entered on the deposit ticket and marked "B." Enter the deposit ticket on your check sheet, after which place the ticket and W. B. Culver's check in your receiving teller's envelope. Place the cashier's check in the envelope for outgoing papers.

Nos. 11, 12.

No. 13.—Collection and exchange deducted on out of town checks, \$1.75.

Nos. 14, 15, 16.

No. 17.—(a) Take \$5000.00 from your receiving teller's envelope. Write the words "From receiving teller, special, June 29th" on a small slip of blank paper and pin it to the money, after which place the money in the envelope labeled "Paying Teller's Work for June 29th." In the upper left-hand corner of your check sheet write the following: "Amount given to paying teller, \$5000.00."

(b) Take all the checks and deposit tickets out of your receiving teller's envelope, leaving the currency in the envelope. Sort the checks, putting all those for the clearings in one pile, those for out of town banks (correspondents) in another, and so on. Place the deposit tickets in a separate pile.

(c) Take the checks for the clearing house and compare them with the amounts shown in the column entitled "Clearings" on your check sheet. As you make the comparison, check the amounts on the check sheet. If the amounts on the check sheet agree with your clearings checks, write the words "Receiving teller" on a slip of paper, place it on top of the checks, and put a rubber band around them, after which place your clearings checks in envelope labeled "Checks for the Clearing House."

All papers which you place in envelope for individual bookkeeper, envelope for mail clerk's work, etc., etc., must be labeled as directed above.

(d) Take your package of checks for out of town banks and compare them with the amounts shown in the "Correspondents" column, checking the items as previously explained. If they are found to be correct, place your checks in the envelope labeled "Mail Clerk's Work for June 29th."

(e) Take the checks on our bank and compare them with the items shown in the "Our Bank" column. If they are found to be correct, place the checks in the envelope labeled "Individual Bookkeeper's Work for June 29th."

(f) Compare your city cash items with the amount shown in the column entitled "City Cash Items," and if they are found to be correct, put them in the envelope labeled "Note Teller's Work for June 29th."

(g) Check the footing of the deposit tickets against the items in the column entitled "Amount Credited to Depositor," after which place the deposit tickets in envelope for the individual bookkeeper's work for June 29th.

In placing checks, etc., in mail clerk's envelope, individual bookkeeper's envelope, etc., you are in effect turning these items over to the mail clerk, individual bookkeeper, and note teller.

No. 18.—Foot the columns of your check sheet, count the currency that you have on hand, and make out receiving teller's proof according to form shown on page 28. If your work does not prove, see instructions below on "How to Find Errors on Receiving Teller's Check Sheet."

Submit your proof to your teacher for examination. (All proofs must be examined by your teacher.) If your proof is correct, put it in the envelope labeled "General Bookkeeper's Work for June 29th."

No. 19.—In your package of miscellaneous papers you will find an envelope labeled, "Amount turned over to paying teller by receiving teller at close of day, June 29th, \$27243.10." Place your currency, which should be the amount shown on the envelope, in the envelope and put it in the envelope of paying teller's work for June 29th.

HOW TO FIND ERRORS ON RECEIVING TELLER'S CHECK SHEET.

(a) Verify your additions. This is a fruitful source of error.

(b) Get the deposit tickets from the individual bookkeeper, and compare them with the amounts shown on the check sheet. In making your comparison be sure that the deposit tickets are properly footed. Always check the items on the deposit ticket and on the check sheet when making the comparison. If desired, red ink may be used for this purpose.

(c) If you do not locate the error by the above methods, add the amounts on the check sheet in the various columns after the depositor's name and see if the sum of these amounts is equal to the sum of the amounts shown in the columns entitled "Collection and Exchange" and "Amount Credited to Depositor." It is evident that the amount credited to the depositor, plus the collection and exchange, should at all times be equal to the sum of the items composing the deposit.

PAYING TELLER.

Paying Teller's Work.—The work for June 29th will be found in the envelope labeled "Paying Teller's Work for June 29th" in your package of incoming papers.

Paying Teller's Envelope.—This envelope corresponds to the paying teller's cash drawer in a bank. It will be found in your package of miscellaneous blanks.

MEMORANDA FOR TRANSACTIONS.

No. 20.—Cash on Hand. Your cash as shown by yesterday's proofs is as follows:

Cash on hand by the paying teller, \$85829.15; amount turned over by the receiving teller, \$48125.30; amount turned over by the note teller, \$24260.00; total, \$158214.45.

Apply to your teacher for your cash. He will give you two packages, one labeled "Paying Teller's Cash," and the other labeled "Incoming Cash." The envelope labeled "Paying Teller's Cash" should contain \$158214.45, in bills as follows:

125 × \$1000.00, \$125000.00; 45 × \$500.00, \$22500.00; 85 × \$100.00, \$8500.00; 26 × \$50.00, \$1300.00; 30 × \$20.00, \$600.00; 15 × \$10.00, \$150.00; 15 × \$5.00, \$75.00; 30 × \$2.00, \$60.00; 20 × \$1.00, \$20.00; 10 × 50¢, \$5.00; 10 × 25¢, \$2.50; 15 × 10¢, \$1.50; 5 × 5¢, \$.25; 20 × 1¢, \$.20.

Take the cash out of the envelope labeled "Paying Teller's Cash," count it and see if it is correct.

Lay the money before you in piles representing the denominations of the several bills; that is, put the thousand dollar bills together, the five hundred dollar bills together, and so on.

Make entry in the "Sundry" column of check sheet. (*See form, pages 38 and 39.*)

The paying teller should count his cash each morning to be sure that everything is correct before beginning his day's work.

Put your package of incoming cash among your other papers, and use it when so instructed. This package should contain \$7815.40.

How to Pay Checks.—In cashing checks, always make payment in the largest bills possible. If a check for \$123.00 is presented give the offerer one one-hundred-dollar bill, one twenty-dollar bill, one two-dollar bill, and a one-dollar bill.

No. 21.—This check has been presented by Thomas F. Harlin to be cashed.

INSTRUCTIONS.—Examine the check and see if it is properly indorsed. If it is, take one five-hundred-dollar bill and four one-hundred-dollar bills from your cash and put them in your envelope for outgoing papers.

IMPORTANT.—Count the money three times to be sure you pay out the correct amount. If you pay out too much or too little, it will be impossible to obtain your final proof, and you will have the entire work to perform again.

As the check is drawn on our bank, it should be entered in the first column of your check sheet. (*See form, page 38.*) Mark the check paid by writing the word "Paid" across the face of it. (*For method of canceling checks used in business, see page 200.*)

Place the check in your paying teller's envelope.

No. 22.—Entry for No. 22 is similar to entry for No. 21.

When not otherwise specified, it is understood that all checks, drafts, etc., presented are to be cashed.

Nos. 23, 24, 25.—(In entering certified checks write "Certified checks" instead of name of drawer in explanation column.)

No. 26.—(Correspondents column.)

If at any time the student is in doubt in regard to the proper method of making an entry, he should consult the explanations given for transactions on pages 45 and 46.

No. 27.—(Clearings column.)

Nos. 28, 29, 30.

No. 31.—(City cash items.)

No. 32.—Write "Certificate of deposit" in the explanation column under "Our Bank."

No. 33.

No. 34.—A check payable to "Cash" need not be indorsed when presented by the drawer. If presented by any one other than the drawer, the check should be indorsed by the person to whom the money is paid.

Nos. 35, 36.

No. 37.—Collection and exchange, \$4.00. Deduct \$4.00 from the face of the check and pay the difference, \$2396.00, in cash. Enter the face of the check in the "Correspondents" column, and the collection and exchange in the column for "Collection and Exchange."

No. 38.—As we are anxious to get paper on New York in order to create a balance with our correspondents at that point, against which to draw drafts, no collection and exchange is charged on checks and drafts on New York banks.

No. 39.—Presented by W. B. Lyons for certification.

INSTRUCTIONS.—Certify this check according to the form shown on page 35, writing your own name as paying teller. Make proper entry in certified check book. (*See form, page 36.*) Make out charge ticket as shown on page 36. You will find blank charge tickets in your envelope for miscellaneous forms. Put the charge ticket in the envelope labeled "Individual Bookkeeper's Work for June 29th." Place the check in your envelope for outgoing papers. Make no entry on your check sheet.

No. 40.—Presented for certification by L. M. Thomson. Entry similar to the preceding transaction.

Sometimes the drawer of a check has it certified before tendering it in payment. Frequently the owner of goods is unwilling to surrender them to a stranger for his check. This difficulty may be easily obviated by having the check certified.

Nos. 41, 42.—(Paid in cash.)

No. 43.—Collection and exchange deducted, \$5.00. Difference paid in cash. (*See transaction No. 37.*)

No. 44.—Check for New York draft to cover both face of draft and exchange. Face of draft, \$1200.00; exchange \$2.40.

INSTRUCTIONS.—Fill out a blank draft in favor of Century Publishing Co. according to form shown on page 37.

Draw the draft on the City National Bank, New York. Unless differently instructed, all drafts will be drawn on this bank.

Make proper record on stub of draft. Enter the face of the check in the "Our Bank" column of the check sheet. Enter the face of the draft (\$1200.00) in the column for drafts under "Sold for checks," and the exchange (\$2.40) in the column entitled "Exchange on Drafts." (*See model check sheet, page 39.*) Pay out no money. Place the draft in your envelope for outgoing papers and the check in your paying teller's envelope.

Nos. 45, 46, 47, 48.

No. 49.—Collection and exchange deducted, \$1.00.

No. 50.

No. 51.—For New York draft and exchange. Face of the draft, \$6500.00; exchange, \$11.00. Treat as transaction No. 44 was treated.

Unless differently instructed, always make out the draft in favor of the purchaser, and he may indorse it to whomever he wishes it made payable.

No. 52.—Presented for certification by G. Y. Smith.

No. 53.—Issue New York draft favor of R. H. Montgomery for cash. Face of draft, \$3420.00; exchange, \$6.20. Cash received, \$3426.20.

INSTRUCTIONS.—Enter the face of the draft in the draft column under "Sold for Cash;" enter the exchange (\$6.20) in the column for exchange on drafts. Take the money (\$3426.20) from your envelope entitled "Incoming Cash" and put it with your paying teller's cash.

In taking money from your "Incoming Cash" always take bills of the largest denominations possible. In the above instance you should take bills as follows:

3 × \$1000.00, \$3000.00; 4 × \$100.00, \$400.00; 1 × \$20.00, \$20.00; 1 × \$5, \$5.00; 1 × \$1.00, \$1.00; 2 × 10¢, \$.20; total, \$3426.20.

Whenever your instructions state that you have received so much cash, you should always take the amount named from your "Incoming Cash," unless differently directed.

Write out draft as instructed in No. 44.

Nos. 54, 55, 56, 57, 58, 59, 60.

No. 61.—Collection and exchange deducted, \$7.35.

No. 62.—Issue New York draft favor of Chas. A. Kelk for cash. Face of draft, \$1720.00; exchange, \$2.35; cash received, \$1722.35. (*See transaction No. 53.*)

No. 63.—Collection and exchange deducted, \$3.70.

No. 64.—New York draft for amount named in check. Exchange, \$4.00, paid in cash.

INSTRUCTIONS.—Enter the check in the "Our Bank" column, the draft in the draft column under "Sold for Checks," and the \$4.00 received for exchange in the "Exchange" column. Take the \$4.00 from your envelope for incoming cash and put it with your cash.

No. 65.—Check for New York draft to cover both face of draft and exchange. Face of draft, \$1832.15; exchange, \$3.25. (*See transaction No. 44.*)

No. 66.—Collection and exchange deducted, \$3.10.

No. 67.—Check for New York draft and exchange. Face of draft, \$2519.85; exchange, \$4.50.

No. 68.—Make entry under "Sundry Expense;" pay out amount of ticket and put ticket in your paying teller's envelope.

No. 69.

No. 70.—In your envelope for incoming papers you will find \$5000.00, which has been turned over to you during the day by the receiving teller. Take out the amount, count it, and put it with your cash. Make entry in "Sundry" column. (*See model, page 39.*)

No. 71, 72, 73.—Notes presented for certification for clearing house by the banks whose names appear in the indorsements on the back of the notes.

INSTRUCTIONS.—Certify the notes according to form shown on page 36, writing your name as paying teller. Make entry in certified check book and make out charge tickets, debiting the makers of the notes the same as if the checks had been certified. Put the charge tickets in the envelope for individual bookkeeper's work for June 29th. Place the notes in the envelopes for items received from clearings in envelope for paying teller's work for June 30th. Be sure to put each note in the envelope representing the bank presenting it, as shown in the indorsement on the back of the note.

No. 74.—Statement of checks taken to and received from the clearing house.

INSTRUCTIONS.—The footing of the debit column of the statement shows the amount of checks taken to the clearing house. The footing of the credit column shows the amount of checks received from the clearing house. The difference shows the amount which has been paid you in cash. You will find the cash in your incoming papers. Make entry in the "Sundry" column of your check sheet, writing the words "Received from the clearings" in explanation column. The checks which you have received from the clearing house should be handled as follows:

(a) Examine the checks in regard to form, indorsements, etc. If any of these are incorrect, they should be presented to your teacher for correction.

(b) Compare the checks with the items shown on the lists of checks which are attached to each package.

(c) Compare the totals of the several lists with the items shown in the "Credit" column of the settling clerk's statement. (*For explanation of clearing house, see page 184.*)

In a bank it is not the duty of the paying teller to examine the checks received from the clearings. This is done by a clerk.

(d) Place the checks in the envelope for individual bookkeeper's work for June 29th.

No. 75.—The difference between the sides of the clearing house statement is paid to you in cash. Fill out and sign receipt for the amount. (*See form of receipt, page 191.*) You will find blank receipt in your package of miscellaneous forms. Take the proper amount of cash from your package of incoming cash. Make entry on your check sheet ("Sundry" column). Place the receipt in your envelope of outgoing papers. Put the clearings statement in your paying teller's envelope.

No. 76.—Foot your certified check book, make out ticket crediting Certified Checks for the total, and put the ticket in the envelope for individual bookkeeper's work for June 29th.

No. 77.—(a) Take all paper out of your paying teller's envelope.

(b) Sort the checks and charge tickets in piles corresponding to the names of the columns on your paying teller's check sheet.

(c) Take all checks which are drawn on our bank and check them against the items in the "Our Bank" column. If they prove to be correct, write the words "Paying teller" on a slip of paper, place it on top of the pile of checks, put a rubber band around them, and place them in the individual bookkeeper's envelope for June 29th.

Whenever you are instructed to put checks in another clerk's envelope always handle them as indicated above.

(d) Take all checks which are drawn on clearing house banks in our city and check them against the items appearing in the column entitled "Clearings." If they are found to be correct, place the checks in the envelope labeled "Checks for the Clearings."

(e) Take all checks drawn on out of town banks and check them against the items appearing in the column entitled "Correspondents." If they are found to be correct, place them in the envelope for mail clerk's work for June 29th.

(f) Take all checks drawn on banks in our city which are not members of the clearing house and compare them with the items in the column entitled "City Cash Items." If they are found to be correct, place them in the envelope for note teller's work for June 29th.

(g) Compare your cashier's charge tickets with the items in the "Sundry Expense" column, and if they are found to be correct, place the charge tickets in your envelope for outgoing papers. (In business these charge tickets are filed away for future reference.)

No. 78.—Count your cash on hand, and make out paying teller's first proof, as shown on page 41. As you have not the different kinds of money indicated on the proof you may simply place the total of your cash in the second column, and omit the items shown after "National bank notes," "Legal tender notes," etc.

In case of an error, proceed to locate it according to instructions given below on "How to Find Errors in the Paying Teller's Check Sheet."

No. 78a.—Make out paying teller's second proof according to form on page 42. Place the paying teller's first proof and the second proof in general bookkeeper's envelope for June 29th.

At the close of the day the receiving teller and the note teller should turn over their cash to you. The receiving teller's cash is in your work for June 29th. Put it in your work for June 30th, as it is not to be entered on your check sheet and proofs until to-morrow. The note teller's cash has not yet been turned over.

HOW TO FIND ERRORS IN THE PAYING TELLER'S CHECK SHEET.

(a) Review your additions.

(b) Count your currency.

(c) Prove your bank drafts by the draft book. The sum of the drafts which you have sold, plus those shown on the note teller's check sheet (and on the general bookkeeper's proof sheet, if any), should agree with the footing of your draft register.

(d) Get your checks and other items from the clerks to whom you gave them, and compare them with the items shown on your check sheet.

(e) In case the error cannot be found, it is presumed that a mistake has been made in the amount of some disbursement or receipt, and in business it should be charged to "Over and Short," as explained on page 206.

In this work if the cash on hand does not make the proof balance, the student must again go through the entire process of paying checks. It is essential that the cash should be absolutely correct, and if the student is inaccurate in counting cash, this is the time and the place for him to remedy this deficiency.

DISCOUNT CLERK.

Discount Clerk's Work.—The work for June 29th will be found in the envelope labeled "Discount Clerk's Work for June 29th" in your package of incoming papers.

Discount Clerk's Envelope.—In this envelope will be placed all paper which you receive which is to be retained by you. When you discount notes or make time or demand loans on commercial paper, they should be placed in the discount clerk's envelope for safe keeping.

MEMORANDA FOR TRANSACTIONS.

To be entered in the discount tickler.

No. 79.—Notes contained in this package are numbered on the back. They should be entered in your discount tickler in the order of the dates on which they fall due, as follows:

Nos. 590, 573, 589, 587, 576, 580, 588, 572, 571, 574, 578, 585, 583, 586, 579, 581, 575, 591, 577, 593, 584, 592, 594, 582.

The dates on which the notes fall due are marked on their face in red ink. Be sure to enter those falling due on June 29th under June 29th, and those falling due on June 30th under June 30th, etc.

No. 79A.—The following notes have been sent away for collection:

Note No. 580 to the City National Bank, New York; No. 588 to Second National Bank, Boston; No. 571 to Boatmen's Bank, St. Louis; No. 581 to City National Bank, New York; No. 575 to Continental Bank, Philadelphia; No. 577 to Second National Bank, Boston; No. 584 to Commercial National Bank, Chicago; No. 592 to Fourth National Bank, New York; No. 594 to Boatmen's Bank, St. Louis.

INSTRUCTIONS.—Put the above named notes in your envelope for outgoing papers, and write in the "To whom sent" column the names of the banks to which the notes were sent for collection.

No. 80.—After handling the notes as previously directed, take all of those you have left falling due on June 29th and place them in the envelope for discount clerk's work for June 29th. Take all of those falling due on June 30th and place them in the envelope for the discount clerk's work for June 30th. Those which fall due on any other date than June 29th or 30th should be placed in the discount clerk's envelope. Notes are usually filed with respect to their due dates. (*For method of filing, see page 59, No. 8.*) This represents the line of discounts which is at present carried by the bank.

NOTE TO THE STUDENT.—The student is not opening a bank, but is simply taking charge of the work of a bank which is already in running order, and keeping the books for two days; namely, June 29th to 30th.

To be entered in the demand loan register.

No. 81.—This represents the amount of demand loans you are carrying. A separate account should be opened with each note. After entering the notes, place those which are signed by Mason & Hamlin, G. W. Young, and Chas. D. Thomas & Co. in the discount

clerk's work for June 29th. Place those which are signed by L. M. Thomson and Randolph & Clowes in the discount clerk's work for June 30th. The note signed by N. Y. Central Railroad Co. should be placed in your discount clerk's envelope.

You are now ready to begin business.

The following paper has been presented for discount and accepted by the cashier:

No. 82.—Presented by Randolph & Clowes; discounted at 6%. The name of the last indorser on the back indicates the firm or person who presented the note, and the firm or person to whom the proceeds are to be credited. When a note is presented for discount there are seven separate and distinct steps which should be taken. (*For method of procedure see page 57, section 47.*) It is essential that you handle this note exactly as outlined in the section referred to above. Number the note 595, and number all notes presented for discount consecutively from this on, the next being 596, etc.

In calculating discount always find the actual number of days from the date on which the note is discounted to the due date of the note, and make the calculation for the number of days so ascertained. Unless otherwise instructed, calculate discount and interest at 6%.

Make out a credit ticket for the proceeds of the note (\$9861.67) and place the credit ticket in the note teller's work for June 29th. Put the note in your discount clerk's envelope. Make the entries in the discount register only. You need not make the transfer to the discount tickler until the close of the day.

Nos. 83,84.—Discounted at 6%. Treat as the preceding transaction was treated.

No. 85.—Discounted at 6%; collection and exchange, $\frac{1}{4}\%$.

Calculate the interest on this note for three months at 6%. Write the amount of interest in red ink on the note, and add the interest to the face of the note, writing the sum in red ink to the right of the original amount. (*See form, page 71.*)

Discount the amount (the face of the note plus the interest) for the difference in time between June 29th and the due date of the note, at 6%. (Count the actual number of days in ascertaining the time for which the note is discounted.)

Take $\frac{1}{4}\%$ (\$20.30) of the amount for collection and exchange. Add the discount, collection and exchange, and subtract their sum from the face of the note plus the interest, and the remainder (\$8**5.04) will be the amount to be credited to G. W. Young.

No. 86.—Discounted at 6%; collection and exchange, $\frac{1}{4}\%$.

No. 87.—This is an accepted draft. Treat it as you would a note, using the date of the acceptance as the date from which to count time in ascertaining the due date. Collection and exchange, $\frac{1}{4}\%$.

No. 88.—This is a sight draft accompanied by a bill of lading. (*For explanation of drafts with bill of lading attached, see page 68, section 3.*) As the goods are shipped to a person living in Kansas City, Mo., it is evident that it will be several days before the draft will be paid, as the drawee will not be likely to pay it before the goods arrive. It is estimated by the bank that it will take ten days to secure the collection of the draft and return of the money, so discount the draft for ten days at 6%; collection and exchange, $\frac{1}{4}\%$.

No. 89.—Foot and rule your discount register.

No. 90.—Transfer the entries from the discount register to the discount tickler. All notes are usually sent away for collection from fifteen days to one month before they are due; the student should send them away one month before they are due. Examine the discount

tickler, and if there are any notes therein which are due within a month from the present date, indicate in the proper column to what banks the notes are sent.

Write letters (*see form, page 78,*) to the various banks; place the notes inside the letters, and put them in your envelope for outgoing papers.

No. 91.—After making proper entry in the demand loan register, make out a credit ticket for \$2000.00 in favor of Chas. D. Thomas & Co. (*See form of credit ticket, page 59.*) Place the credit ticket in the note teller's work for June 29th, and place the note in the discount clerk's envelope.

No. 92.—Treat as No. 90 was treated.

No. 93.—This note is accompanied by collateral, but it should be treated as Nos. 90 and 91 were treated. After making the entries, examine the collateral and see if it agrees with that called for on the face of the note. If so, place the note, together with the collateral, in the discount clerk's envelope.

No. 94.—Collecting Paper Due To-Day. Turn to your discount tickler under June 29th. Take all notes marked "Due June 29th" from your envelope and compare them with those in the discount tickler. Some, of course, have been sent to out of town banks for collection, but those which are not marked "Sent away" you should have on hand. If the notes you have on hand agree with the entries in the discount tickler, place the notes in the note teller's work for June 29th. The note teller collects all notes due in the city, and as he makes the collections the "Remarks" column of your discount tickler is filled up. The notes will be disposed of as follows:

No. 590. Charged to Mrs. R. C. Sneed. This should be marked "Charged to Mrs. R. C. Sneed" in the "Remarks" column. (*For method of making entries in the "Remarks" column, see page 63, section 54.*) No. 573. Paid in cash. No. 589. Paid in cash. No. 587. Certified for the clearings. No. 576. Certified for the clearings. No. 580. Charged to the City National Bank, New York. Make out a charge ticket for the face of this note and place the charge ticket in the note teller's work for June 29th. You must make out charge tickets for all notes payable out of the city when you charge them to other banks. (*For form of charge ticket, see page 60.*) No. 588. Charged to Second National Bank. Treat this as you did the preceding one. No. 572. Protested for non-payment. Protest fees, \$3.50. No. 571. Charged to Boatmen's Bank, St. Louis. No. 574. Charged to G. W. Young. No. 578. Paid by certified check on Commercial National Bank, Chicago. No. 585. This note is not due until June 30th, but the maker, N. C. Hamlin, wishes to pay it in cash to-day. Enter the note in the discount tickler under June 29th, write 585 in the "Number" column; N. C. Hamlin in the "Payer" column; and "Due June 30th" in the "To Whom Sent" column. Place the face of the note in the "Amount" column, and write "Paid in Cash" in the "Remarks" column. Draw two red lines across the amount of the note (\$15000.00) under June 30th, and write "Paid June 29th" in the "Remarks" column under June 30th. Take the note of N. C. Hamlin and place it in the note teller's work for June 29th.

COLLECTION CLERK.

Collection Clerk's Work.—The work for June 29th will be found in the envelope labeled "Collection Clerk's Work."

Collection Clerk's Envelope.—In this envelope should be placed all paper which you receive which is to be retained by you.

MEMORANDA FOR TRANSACTIONS.

To be entered in the collection tickler.

No. 95.—Notes contained in this package are numbered on the back. They should be entered in your collection tickler in the order of the dates on which they fall due, as follows:

Nos. 829, 828, 833, 838, 837, 839, 831, 840, 832, 841, 836, 863, 874, 881, 879, 886, 897, 891, 899, 868, 892, 869, 830, 845, 850.

No. 96.—After entering the notes, take all those which are payable at banks out of our city (Rochester) and place them in the envelope for outgoing papers. Take those payable in our city (Rochester) which fall due on June 29th and place them in your collection clerk's work for June 29th.

Place all those (payable in our city) which fall due on June 30th in the collection clerk's work for June 30th.

To be entered in the collection register.

No. 97.—Paper has been received from the following persons for collection: Arthur Hines, L. H. Hunter, W. D. Sutton, Mrs. R. C. Sneed, R. L. Smith & Co., H. R. Day, Howe & King. (The last endorsement always shows the name of the person who left the paper for collection.) Number the collections consecutively, commencing with No. 926, and enter them in your collection register. Place the notes in the collection clerk's envelope.

No. 98.—Paper has been received for collection from the following banks: (a) Continental Bank, Philadelphia; (b) Second National Bank, Boston; (c) Second National Bank, Omaha; (d) First National Bank, San Francisco. This paper is already numbered, but you also should number it, writing your number immediately beneath the number of the other bank. After entering the note in the collection register place them in the collection clerk's register.

No. 99.—Transfer the entries from the collection register to the collection tickler. Paper payable at sight should be entered under to-day (June 29th), unless time is allowed for the collection of such paper, in which case it would be entered under the estimated date of the collection. For example: A sight draft dated June 29th, on which ten days were allowed for the collection, would be entered under July 9th instead of June 29th. Time for collection is allowed only when so stated in the book.

No. 100.—Check which was left with you by L. H. Hunter is drawn on the Philadelphia National Bank. It should be sent to the Continental Bank of Philadelphia for collection. Write a letter according to the form shown on page 78. (You will find a blank form for this letter in your package of incoming papers.) Take the check from the collection clerk's envelope, indorse it to the Continental Bank, place the check and the letter in an envelope properly directed and put both in your envelope for outgoing papers. Write "Continental Bank, Philadelphia" in the "To Whom Sent" column.

No. 101.—All other paper payable out of town which is due within one month from date should be sent to your correspondents for collection. Write letters as explained in preceding number.

METHOD OF HANDLING PAPER IN COLLECTION TICKLER.

No. 102.—First compare the notes with the entries in the collection tickler, and if they agree, place all those which are payable in our city in the note teller's work for June 29th. As the note teller collects the notes you will fill up your "Remarks" column.

No. 829 is charged to J. E. Murphy. (*For method of filling up "Remarks" column, see page 76.*) No. 828 is charged to G. W. Young. No. 833 has been sent to the Boatmen's Bank, St. Louis. Make no entry for this until you receive letter of advice from the Boatmen's Bank. Leave the "Remarks" column blank until such letter is received. No. 838 has been sent to the Second National Bank, Boston, for collection. Leave the "Remarks" column blank. No. 837. Proceeds remitted by New York draft. No. 839. Certified for the clearings. No. 831. Paid in cash. No. 840 is charged to Woodruff. No. 832. Paid in cash. No. 841. Paid in cash by Brown Bros. No. 836. Sent to Fourth National Bank, Cincinnati, for collection. "Remarks" column blank.

Collection for L. D. Hunter has been sent to Continental Bank, Philadelphia, for collection. Collection for W. H. Sutton has been sent to Second National Bank, Boston, for collection. Collection of \$7000.00 check for Second National Bank, Boston, has been certified for clearings. Checks remitted to us for collection should be certified before being sent to the clearing house, but checks remitted as cash are sent without certification.

Clearings Checks.—The collection clerk should list the checks for the clearing house, but as these checks cannot be obtained in this work until after the note teller's and the mail clerk's work has been performed, the listing of clearing checks will be deferred until that time.

NOTE TELLER.

Note Teller's Work.—The work for June 29th will be found in the envelope labeled "Note Teller's Work for June 29th" in your package of incoming papers.

Note Teller's Envelope.—In this envelope will be placed all paper which you receive which is to be retained by you.

MEMORANDA FOR TRANSACTIONS.

No. 103.—You have the following city cash items on hand: Check of R. E. Early & Co. on Powers Bank, check of M. J. Moore on Powers Bank, and check of J. H. Houston & Bro. on Brown Bros., Bankers.

Enter the total of these checks in the column for "City Cash Items" at top of check sheet, writing as an explanation, "Balance from yesterday."

Keep the checks in your note teller's envelope until you are instructed to collect them.

No. 104.—The following notes have been given you for collection by the discount clerk: Nos. 590, 573, 589, 587, 576, 572, 574, 578, 585.

Examine them and see if the numbers correspond.

No. 105.—Note Charged to a Depositor. Note No. 590, signed by Mrs. R. C. Sneed, is payable at our bank, and as Mrs. Sneed is one of our depositors the note should be charged to her account. (*See section 97.*) Make an entry in the depositors' column of your check sheet. (*For form of check sheet, see page 92.*) Mark the note paid by writing the word "Paid" across the face of it in red ink. (*For form of marking notes used in business, see page 200.*) Put the note in your note teller's envelope so that it may be charged to Mrs. Sneed's account.

No. 106.—Note Paid in Cash. Note No. 573 has been paid you in cash. Take the amount of the note from your envelope containing miscellaneous cash and put it in the note teller's envelope. Mark the note paid and put it in your envelope for outgoing papers.

Make an entry in the "Currency" column of your check sheet. If at any time you are in doubt as to the method of making an entry you should refer to the explanations given in the work commencing on page 87.

No. 107.—Note No. 589 is paid in cash. Treat as preceding transaction was treated.

No. 108.—Note Paid Through the Clearing House. Note No. 587 is payable at Park National Bank of Rochester. As the Park National Bank is a member of the clearing house this note should be certified. (*For form of certification, see page 87.*) Present the note to your teacher who will certify it for you, after which make proper entry in the "Clearing" column on your check sheet and put the note in your note teller's envelope. (*For method of handling notes payable at clearing house banks, see page 87, section 96.*)

No. 109.—Note No. 576 should be treated as preceding transaction was treated.

No. 110.—Note Protested for Non-payment.—Note No. 572 has been protested for non-payment. (*For method of protesting a note, see page 88, section 98.*) Fill out notice of protest for Carter H. Harrison and put it in your package of outgoing papers. Attach the note to your certificate of protest and place both in your note teller's envelope. Write across the face of the note, "Protested," in red ink. Protest fees are \$3.25. (*For form, see page 88.*) Enter only the face of the note in the column for protested paper on your check sheet. Make no entry for the protested fees until paid. Put note in note teller's envelope.

No. 111.—Note No. 574 should be charged to G. W. Young.

No. 112.—Note Paid by Certified Check. Note No. 578 has been paid by certified check on Commercial National Bank, Chicago. Mark the note paid. Make an entry in the "Correspondents" column, charging Commercial National Bank and place the note in your envelope for outgoing papers. Place the certified check in note teller's envelope.

No. 113.—Note Paid Before Due. Note No. 585 is not due until June 30th, but the maker wishes to pay it to-day in cash. Treat it as if it were due on the 29th.

No. 114.—Charge Tickets from the Discount Clerk.—In your work you will find three charge tickets made out by the discount clerk for notes Nos. 580, 588, and 571. These notes have been sent away for collection. It is customary to charge up bills discounted sent away for collection on the day on which they are due. (Collections are not charged up until report of collection has been received.) Enter the charge tickets in your "Correspondents" column, after which put them in note teller's envelope.

The banks to which the notes have been sent are charged with the face of the notes. No entry is made for the collection and exchange until the collecting bank sends notice of collection. When this notice is received, Collection and Exchange is debited and the bank credited for the amount.

No. 115.—In your papers you will find credit tickets made out by the discount clerk for bills discounted credited to depositors. Enter the amounts shown on these tickets in the proper column to the credit of the depositors, after which put the tickets in the note teller's envelope.

No. 116.—In your papers you will find a credit ticket made out by the discount clerk for demand loans credited to depositors. Treat this as you treated the preceding number.

No. 117.—Demand Note Paid. Mason & Hamlin wish to pay their demand note for \$12000.00, and have instructed you to charge the note and interest to their account. Find the interest on the face of the note from the date it was given to the present time. Write the interest above the amount in red ink. Draw a slanting line and write the amount of the interest and the face of the note in red ink to the right of the line. (*For form, see page 71.*)

Mark the note paid and place it in the note teller's envelope; make entry in demand loan register; charge Mason & Hamlin on your check sheet with the face of the note, plus the interest. Credit Interest and Discount with the amount of the interest, and Demand Loans, Paid, with the face of the note.

No. 118.—G. W. Young wishes to pay his demand note for \$2000.00, and Chas. D. Thomas & Co. wish to pay their demand note for \$25000.00. They have instructed you to charge the notes and interest to their accounts. Treat these notes as you treated the preceding transaction.

No. 119.—The collection clerk has given you the following paper:

Nos. 829, 828, 837, 839, 831, 840, 832, 841; also check on Chase National Bank, City, for \$7000.00. (You will find these notes, etc., in your note teller's work.)

No. 120.—**Collection Charged to a Depositor.** Note No. 829 should be charged to J. E. Murphy and credited to Thomas Wilson. No deduction is made for collection and exchange. Make out credit ticket favor of Thos. Wilson. (*See form, page 98.*) Put both the note and the credit ticket in the note teller's envelope.

No. 121.—Note No. 828 should be treated as the preceding transaction was treated.

No. 122.—Note No. 837 should be charged to Chas. D. Thomas & Co. Collection and Exchange deducted, \$12.00. The proceeds of the note (\$11988.00) should be remitted to the People's Bank, Sedalia, Mo., by draft on the City National Bank, New York. Fill out New York draft, and write letter according to form shown on page 79. Place the draft and the letter in your envelope for outgoing papers. Enter the amount of the collection and exchange under "Collection and Exchange," and the amount of the draft to the credit of "Correspondents" (City National Bank) under "Bank drafts drawn." Chas. D. Thomas & Co. are charged with the face of the note. (Do not open an account with People's Bank.) As the City National Bank is credited from the draft register at the close of the day, no credit ticket should be made out.

No. 123.—**Collection Certified for Clearing House.** Note No. 839 should be certified for the clearings. Collection and exchange deducted, \$9.80. Credit Second National Bank, Omaha, with the proceeds. Credit Collection and Exchange with the amount of the collection and exchange, and enter the face of the note in the "Clearings" column. Make out a credit ticket and place the note and the ticket in the note teller's envelope.

No. 124.—**Collection Paid in Cash.** Note No. 831 has been paid in cash. Collection and exchange deducted, \$7.00. Debit Cash with the face of the note, credit Collection and Exchange with \$7.00, and credit City National Bank, New York, with the proceeds of the note. Make out credit ticket favor City National Bank and put it in note teller's envelope. Take proper amount of cash from envelope for incoming cash and put it in your note teller's envelope.

No. 125.—Note No. 840 is charged to J. L. Woodruff. Collection and exchange deducted, \$6.83. Charge J. L. Woodruff, credit Collection and Exchange and Third National Bank, Newport. (Make out credit ticket.)

No. 126.—Note No. 832 paid in cash. No collection and exchange deducted. Face of note credited to J. H. McDowell. (Make out ticket.)

No. 127.—Note No. 841 is presented to Brown Bros., and paid in cash. Collection and exchange deducted, \$5.00. Credit proceeds to Ray Bros. & Co. (Credit ticket.)

No. 128.—Protest Fees and Protested Note Paid. C. E. Long has paid his protested note and protest fees in cash. Protest fees, \$4.50. Amount of cash received, \$5004.50. H. A. Arthur has paid Kincaid's protested note, on which he (Arthur) is endorser, and protest fees in cash. Protest fees, \$4.75.

In each of the above instances debit Cash and credit Notary Fees and Protested Paper.

No. 129.—Check of R. M. Scotten on the Chase National Bank for \$7000.00, which has been sent you for collection by Second National Bank, Boston, should be presented to the Chase National Bank for certification. (The student will present the check to his teacher for certification.) An entry should be made in the "Clearings" column and in the "Correspondents' Credit" column for \$7000.00. (Credit ticket.) No charge for collection and exchange.

No. 130.—The following cash items have been turned over to you: Receiving Teller, \$933.09; Paying Teller, \$1700.00; and Mail Clerk, \$3309.54. The items from the receiving and paying tellers you will find in your note teller's work. Examine them and see if they agree with the amounts above mentioned. If they do, make the entries in the column entitled "City Cash Items" and "Sundry Credit" column. (*For form refer to model check sheet, page 92.*) As the work for the mail clerk has not yet been performed by the student he cannot receive these items, but the amount (\$3309.54) should be entered on the check sheet. Place the city cash items in your note teller's work for June 30th.

No. 131.—You have collected during the day cash items to the amount of \$4000.00. Collect the amount in cash, and make an entry in the "Currency" column and in the "City Cash Items. (Cr.)" Take \$4000.00 in city cash items (checks of J. H. Houston & Bro., M. J. Moore, and R. L. Early & Co.) from your note teller's work, and place these items in your outgoing papers.

No. 132.—(a) Take all the papers out of your note teller's envelope and sort them into piles to correspond with the titles of the several columns on the note teller's check sheet.

(b) Take all items which are charged to depositors and check them against the amounts shown in the column entitled "Depositors" at top of check sheet. If they agree, place these items in the individual bookkeeper's work for June 29th.

(c) Take all items which are charged to out of town banks and check them against the items shown in the "Correspondents Debit" column. If they agree, place the items in the mail clerk's work for June 29th.

(d) Take all items for the clearing house and check them against the items in the "Clearings" column. If they agree, place the items in the envelope for clearings.

(e) Check all protested papers against the "Protested Paper" column at top of check sheet, and put the paper in the note teller's work for June 30th.

(f) Take all credit tickets made out by the discount clerk and check them against the items shown in column entitled "Bills Discounted and Demand Loans Credited to Depositors." If they agree, put the tickets in the individual bookkeeper's work for June 29th.

(g) Take all tickets made out by the collection clerk in favor of depositors and check them against the items in the column entitled "Collections Credited to Depositors." If they agree, place the tickets in the individual bookkeeper's work for June 29th.

(h) Take all items indicating credits to out of town banks and check them against the items in the "Correspondents Credit" column. If they agree, place the items in the mail clerk's work for June 29th. In making the above comparison, drafts drawn by us on other banks must not be included, as the corresponding credit will be found in the draft register.

No. 133.—Foot the columns of your check sheet. Make out a credit ticket for the footing of the column entitled “Notary Fees,” and place the ticket in the individual bookkeeper’s work for June 29th.

Make out note teller’s proof. (*See form, page 95.*)

In making the entry for demand loans on debit side of proof, take the total only of demand loans made this day, June 29th.

After the note teller’s proof is examined by your teacher, place it in the general bookkeeper’s work for June 29th.

In case you have an error in your work, proceed to locate it according to the instructions given below:

HOW TO LOCATE ERRORS IN NOTE TELLER’S CHECK SHEET AND PROOF.

- (a) Review your additions.
- (b) See if your cash on hand agrees with footing of the currency column.
- (c) Ascertain if you have transferred the proper amounts of interest and discount and collection and exchange from the discount register to the check sheet.
- (d) Ascertain if you have transferred the proper amount of bills discounted and demand loans from the discount and demand loan registers to the debit side of the proof.
- (e) Ascertain if you have transferred the proper amount from the discount tickler to the credit side of the proof.
- (f) See if your city cash items on hand agree with the amount shown after “City Cash Items Unpaid” on debit side of proof.
- (g) Trace the entries from the discount register to the check sheet.
In looking for errors always check the entries as you proceed.
- (h) Trace the entries for demand loans made during the day from the demand loans register to the check sheet.
- (i) Trace the entries from the discount tickler to the check sheet.
- (j) Obtain from the bookkeepers all tickets made out from the collection tickler and check them against the entries on the sheet. These tickets should also be compared with the entries on the tickler, to avoid the possibility of omitting an entry.
- (k) Obtain from the discount clerk the tickets for demand loans paid during the day and check them against entries on the sheet.
- (l) See if the amounts after “Receiving Teller,” “Paying Teller,” and “Mail” under “City Cash Items” agree with the amounts under “Sundry” at bottom of sheet.
- (m) See if the amounts under “City Cash Items” at bottom of sheet are entered in the Currency column.
- (n) Ascertain if all protested paper paid during the day is entered, and if the debits and credits of these entries balance.
- (o) Ascertain if all notary fees have been entered and if such entries have proper debits.
- (p) If there are any unchecked entries on the check sheet, ascertain if they are proper entries and if their debits and credits are of equal amounts.
- (q) Obtain your checks, notes, etc., etc., from the individual bookkeeper, the mail clerk, and clearings, and compare them with the amounts shown on the check sheet, reviewing the work given in the book.

MAIL CLERK.

Mail Clerk's Work.—The work for June 29th will be found in the envelope labeled "Mail Clerk's Work for June 29th" in your package of incoming papers.

Mail Clerk's Envelope.—In this envelope will be placed all paper which you receive which is to be retained by you.

MEMORANDA FOR TRANSACTIONS.

No. 134.—In handling all mail proceed as follows:

(a) Open the envelope and take out the letters and checks. (b) Compare the items enumerated in the letter with the checks, checking the amounts in the letter with a pencil. If the items agree with those shown by the letter, verify the footing of the letter, and if found correct, place the checks in your mail clerk's envelope. (c) Enter the amounts shown in the letter on your mail check sheet. The explanations in the column "On Whom Drawn" will indicate the column on the check sheet in which the items are to be entered. (d) Enter the total of the letter, less collection and exchange, in the last column of the check sheet. Place a check mark on the letter and put it in your mail clerk's envelope.

The following remittances of cash items have been received from other banks:

No. 135.—Collection and exchange deducted, \$.70. Subtract the amount of the collection and exchange from the footing of the letter, and enter the amount of collection and exchange in the "Collection and Exchange" column of your check sheet. Enter the net amount of the remittance (\$7510.90) in the column entitled "Net Amount Credited to Correspondent."

Nos. 136, 137.

No. 138.—Collection and exchange deducted, \$7.85, (*See transaction No. 135.*)

No. 139.

No. 140.—Draft on Harper Bros. & Co. of Rochester should be entered as a city cash item. (All sight drafts on business firms in our city, which are remitted to us as cash, should be entered as city cash items.)

No. 141, 142, 143, 144.—Collection and exchange deducted, \$1.00.

No. 145.—Take all checks, drafts, etc., from your mail clerk's envelope, and sort them, putting the checks on our bank in one pile, the clearings checks in another, etc. Take the checks on our bank and compare them with the amounts shown in the column entitled "Our Bank" on your check sheet, placing a check mark in front of the items as the comparison is made. If the items are correct, write the words "From mail clerk June 29th" on a slip of paper, put it with the checks, and place a rubber band around them, after which put the checks in the individual bookkeeper's work for June 29th. Treat the other checks and papers in a similar manner. Put those for the clearing house in the clearing house envelope, those for the correspondents in the mail clerk's work for June 29th, and city cash items in the note teller's work for June 29th.

No. 146.—Add the columns of your check sheet, and make out mail clerk's proof according to form shown on page 109. Put the proof in the general bookkeeper's work for June 29th.

No. 147.—Take the letters you receive from correspondents and enter the net amounts to be credited to the various banks in your correspondents' ledger. (*See form, page 110.*) Before making the entries in the correspondents' ledger it will be necessary for you to open accounts with your correspondents, as instructed in the following transaction:

No. 148.—Open accounts with your correspondents in your correspondents' ledger (*see form, page 110*), leaving the number of lines and using balance as indicated.

Second National Bank, Boston, 20 lines, Cr. balance, \$143600.00.

American Exchange Bank, Baltimore, 4 lines, no balance.

Commercial National Bank, Chicago, 18 lines, Dr. balance, \$175264.08.

Fourth National Bank, Cincinnati, 10 lines, Cr. balance, \$60350.58.

Tenth National Bank, Cleveland, 10 lines, Cr. balance, \$136284.25.

Bank of Commerce, Dallas, Texas, 8 lines, Cr. balance, \$95862.40.

First National Bank, Ithaca, N. Y., 7 lines, no balance.

Missouri National Bank, Kansas City, 10 lines, Dr. balance, \$90583.20.

City National Bank, New York, 28 lines, Dr. balance, \$146271.35.

Fourth National Bank, New York, 14 lines, Dr. balance, \$150026.04.

Third National Bank, Newport, 8 lines, Dr. balance, \$25146.10.

National State Bank, New Orleans, 10 lines, Dr. balance, \$100000.00.

Second National Bank, Omaha, 12 lines, Dr. balance, \$3009.18.

Continental Bank, Philadelphia, 16 lines, Dr. balance, \$68526.12.

Boatmen's Bank, St. Louis, 12 lines, no balance.

First National Bank, San Francisco, 7 lines, no balance.

Bank of Commerce, St. Paul, 7 lines, Dr. balance, \$83624.00.

Third National Bank, Syracuse, 7 lines, no balance.

Merchants Bank, Scranton, 7 lines, no balance.

Parr's Bank, London, England, 7 lines, no balance.

Enter debit balances in red ink and credit balances in black ink. (*For form, see model ledger, page 110.*) After entering the above balances on your ledger find the sum of all the red ink balances, and from their sum subtract the sum of the black ink balances. The difference should be \$406352.84. Do not make any entries in your ledger if your difference does not agree with the above mentioned amount, but check over your work until you locate your error.

No. 149.—In your mail clerk's work for June 29th you will find a number of checks, drafts, etc., which have been given you by the receiving teller, paying teller and note teller to be sent away to other banks. Take these out and enter them in your correspondents' ledger, according to instructions given on page 112, section 119.

Remit checks on cities near Philadelphia to the Continental Bank, Philadelphia; remit checks on cities near Boston to the Second National Bank, Boston, and so on. Checks on Ithaca, N. Y., Syracuse, N. Y., Scranton, Pa., and other cities near you, but not near any of your regular correspondents, should be sent direct to the banks on which they are drawn, with the request that the proceeds be remitted to you by New York draft. Accounts will have to be opened in your correspondents' ledger with these banks, although they are not regarded as regular correspondents.

After making the entries in the ledger write letters to the different banks (*see model, page 111*), and enclose the remittance items in these letters. After writing the letters compare the items very carefully with the amounts shown in the letters, after which compare the letters with the amounts shown in your correspondents' ledger. If they agree, place the letters in properly directed envelopes, and put them in your outgoing papers.

In most banks the letters are not sent out until the proof of the correspondents' debits is obtained, and this is undoubtedly the proper mode of procedure.

No. 150.—Take your draft book as filled out by the paying teller, and from the stubs of the drafts sold write up your draft register as shown on page 109. Carry the footings of the draft register to the proper account in your correspondents' ledger.

No. 151.—Extend the balances in your correspondents' ledger. You cannot make out proof of the ledger until after the general bookkeeper's proof is compiled.

LISTING CHECKS FOR THE CLEARING HOUSE.

No. 152.—Take all checks from envelope labeled "Checks for Clearing House" and enter them in your clearing house register under the names of the various banks on which they are drawn. Foot the account of each bank and transfer the footings to the debit column of the settling clerk's statement for June 30th. This statement will be found in the paying teller's work for June 30th. (*For explanation of clearing house, see page 82, section 84.*) Find the difference between the debits and credits of the settling clerk's statement. The difference will be the amount you will have to pay the clearing house in cash on June 30th (your next day's work).

All post office and express money orders should be entered under Chase National Bank, as this bank is designated to attend to the clearing of the post office and express money orders.

Put your clearing house checks in envelopes. List the checks on the back of the envelopes. Place a rubber band around the package and put it in your paying teller's work for June 30th.

INDIVIDUAL BOOKKEEPER.

JUNE 29.

Individual Bookkeeper's Work.—Work for June 29th will be found in the envelope labeled "Individual Bookkeeper's Work for June 29th."

No. 153.—Opening the Individual Ledger. Take your Individual Ledger and write the following names therein, leaving space and writing balances as indicated.

J. H. Anderson, Cr. balance, \$21368.50, one line. (*For method of writing names on the individual ledger, see form of ledger, page 128a.*)

Geo. C. Bain, overdraft, \$400.00, one line. (All overdrafts should be written in red ink.)

John H. Cameron, Cr. balance, \$18352.60, one line.

Century Publishing Co., Cr. balance, \$36284.20, one line.

W. B. Culver, Cr. balance, \$162583.70, three lines.

R. Dawson Conrad, Cr. balance, \$4000.00, one line.

H. R. Day, Cr. balance, \$123582.10, two lines.

John A. Fullwood, Cr. balance, \$6384.18, one line.

Arthur Hines, Cr. balance, \$63437.29, two lines.

Howe & King, Cr. balance, \$184537.00, three lines.

W. B. Lyons, Cr. balance, \$52111.00, two lines.

Mason & Hamlin, Cr. balance, \$132623.40, three lines.

J. H. McDowell, Cr. balance, \$10000.00, one line.

John C. Mills, Cr. balance, \$12865.83, one line.

J. E. Murphy, Cr. balance, \$44000.00, two lines.

W. D. Myers, Cr. balance, \$12009.60, one line.

New York Central R. R. Co., Cr. balance, \$200000.00, one line.

John O'Connor, Cr. balance, \$26500.00, two lines.

Randolph & Clowes, Cr. balance, \$247982.05, four lines.

W. H. Raymond, overdraft, \$250.00, one line.

Ray Bros. & Co., Cr. balance, \$173628.11, two lines.

F. A. Sampson, Cr. balance, \$19426.10, two lines.

Mrs. R. C. Sneed, Cr. balance, \$15823.47, two lines.

R. C. Simpson, Cr. balance, \$200.00, one line.

Geo. C. Smith, Cr. balance, \$1000.00, one line.

M. J. Samuels, Cr. balance, \$500.00, one line.

R. L. Smith & Co., Cr. balance, \$84325.00, three lines.

Chas. D. Thomas & Co., Cr. balance, \$95684.12, three lines.

Chas. R. Taylor, Cr. balance, \$6841.15, one line.

L. M. Thomson, Cr. balance, \$27386.40, two lines.

Percy Trantum, Cr. balance, \$12600.00, one line.

Mary V. Waters, Cr. balance, \$9368.74, two lines.

J. L. Woodruff, Cr. balance, \$56321.43, two lines.

Henry W. Washburn, Cr. balance, \$62000.00, one line.

Thos. Wilson, Cr. balance, \$12340.00, one line.

Wm. E. West, Cr. balance, \$8000.00, one line.

Wilson, Hinkle & Co., Cr. balance, \$1250.00, one line.

Wilson Mfg. Co., Cr. balance, \$3000.00, one line.

G. W. Young, Cr. balance, \$115623.75, two lines.

Sundry Depositors:

H. A. Arthur, no balance, one line.

R. M. Davis, Cr. balance, \$100.00, one line.

H. G. Hoffman, Cr. balance, \$50.00, one line.

E. C. Tabor, Cr. balance, \$200.00, one line.

E. H. Sutherland, Cr. balance, \$350.00, one line.

Sundry Discounts, no balance, six lines.

Notary Account, Cr. balance, \$850.00, one line.

Certificates of Deposit, Cr. balance, \$65634.20, two lines.

Certified Checks, Cr. balance, \$48358.36, four lines.

Cashier's Checks, Cr. balance, \$1123.25, one line.

After entering your balances in the individual ledger, ascertain the total. The sum of the credit balances, minus the overdrafts, should be \$2172755.53.

Do not make any entries in your ledger until the sum of your balances agrees with the amount named above.

No. 154.—Take all the checks from your individual bookkeeper's work for June 29th, and sort them according to the instructions given on page 127, section 128.

Enter the checks in the column entitled "Check in Detail." Ascertain the totals of the checks after the several names and enter the totals in the column entitled "Total Checks." Foot the columns entitled "Checks in Detail" and "Total Checks." The footings of these columns should agree. They are proved by the general bookkeeper's proof sheet. Your proof cannot be obtained until the general proof sheet is made out. Put a rubber band around the checks and place them in your envelope for outgoing papers.

No. 155.—Take the deposit slips from your individual bookkeeper's work for June 29th, and enter them in the column entitled "Deposits." Foot the column for deposits. This column is proved by the general bookkeeper's proof sheet. Place a rubber band around the deposit tickets and put them in your envelope for outgoing papers.

IMPORTANT NOTE.—Do not extend the balances in the balance column until after your checks and deposits are proved by the general bookkeeper's proof sheet. This proof will be obtained in your next work.

GENERAL BOOKKEEPER.

JUNE 29.

No. 156.—Compile general proof sheet according to form given on page 138.

INSTRUCTIONS.—The general proof sheet is compiled from the receiving teller's, paying teller's, note teller's, and mail clerk's proofs for June 29th. (*See instructions, page 148, section 154.*)

Cash on hand from yesterday is \$298199.48; this includes bills, coin, clearings, checks, and cash items, both city and foreign.

No. 157.—Ascertain if the total checks as shown by the individual ledger agrees with the footing of the column entitled "Individual Ledger Debits" on the general proof. Ascertain if the footing of the column entitled "Deposits" on the individual ledger agrees with the footing of the column entitled "Proof of Individual Ledger Credits" on general proof. Extend balances in individual ledger.

No. 158.—Make out proof of the correspondents' ledger according to form shown on page 112. In case the proof does not balance proceed as follows: Find the total of the debits in your correspondents' ledger for June 29th, and ascertain if this total agrees with the footing of the column entitled "Proof of Correspondents Debits," on the general proof sheet. Find the total of the credits in your correspondents' ledger for June 29th, and ascertain if it agrees with the footing of the column entitled "Proof of Correspondents Credits." This proves the correctness of the entries for June 29th on the correspondents' ledger, and if the day's entries are correct and the proof does not balance, it is evident that the error has been made in extending the balances in the correspondents' ledger.

No. 159.—Ascertain if the amount of the checks for the clearings agrees with the footing of the column entitled "Clearings Proof" on the general proof sheet.

No. 160.—Write the following accounts in your general balance ledger with balances as indicated. (*See form of general balance ledger, page 142.*)

Bills Discounted, Dr. balance, \$2398790.29. (All Dr. balances must be written in red ink.) Cash, Dr. balance, \$298199.48. Correspondents, Dr. balance, \$406352.84. Demand Loans, Dr. balances, \$190500.00. Due from U. S. Treasurer, Dr. balance, \$1000.00. Furniture and Fixtures, Dr. balance, \$47500.00. 5% Redemption Fund, Dr. balance, \$9000.00. Protested Paper, Dr. balance, \$12000.00. Premium on U. S. Bonds, Dr. balance, \$3000.00. Real Estate and Mortgages, Dr. balance, \$44014.97. Stocks and Bonds, Dr. balance, \$145000.00. Sundry Expense, Dr. balance, \$193.20. Salaries, Dr. balance, \$9720.00. Taxes, Dr. balances, \$560.00. U. S. Bonds to Secure Circulation, Dr. balance, \$200000.00.

Capital Stock, Cr. balance, \$750000.00. (All Cr. balances should be written in black ink.) Circulation, Cr. balance, \$180000.00. Collection and Exchange, Cr. balance, \$26559.30. Dividends Unpaid, Cr. balance, \$2135.00. Deposits, Cr. balance, \$2172755.53. Interest

and Discount, Cr. balance, \$34016.20. Loss and Gain, no balance. Surplus Fund, Cr. balance, \$600000.00. Undivided Profits, Cr. balance, \$364.75. Ascertain if the footings of the debits and credits are equal. The footing should be \$3765830.78.

No. 161.—Enter the debits and credits as shown by the general proof sheet in the general balance ledger, and extend the new balance for June 29th. After extending the new balances foot the debits and credits and see that the footings are equal.

No. 162.—Make out daily statement according to form shown on page 143. (*For list of banks which are approved reserve agents, see page 119.*) Submit your daily statement to your teacher for examination and approval.

RECEIVING TELLER.

JUNE 30.

No. 163.—Collection and exchange deducted, \$12.70.

Nos. 164, 165.

No. 166.—Collection and exchange deducted, \$1.40.

No. 167.—Certificate of deposit favor of A. C. Baldwin for \$4000.00.

No. 168.—Collection and exchange deducted, \$1.30.

No. 169.—Collection and exchange deducted, \$15.10.

No. 170.—Collection and exchange, \$1.00. Paid in cash.

No. 171.—Collection and exchange deducted, \$8.60.

No. 172.—Certificate of deposit favor of J. H. Janes for \$8500.00.

Nos. 173, 174, 175, 176.

No. 177.—Turn over to the paying teller cash, \$8000.00. Foot your check sheet and make out receiving teller's proof. (In this set your teacher will examine only your general proof sheet, daily statement, and report to the comptroller. Your receiving teller's proof, paying teller's proof, etc., need not be submitted to him.)

PAYING TELLER.

JUNE 30.

Nos. 178, 179, 180, 181.

No. 182.—Collection and exchange deducted, \$10.00; difference paid in cash.

No. 183.—Collection and exchange deducted, \$1.25.

Nos. 184, 185, 186, 187.

No. 188.—Check for New York draft favor of Mason & Hamlin for \$1000.00. Collection and exchange, \$2.25. Total, \$1002.25.

No. 189.—Presented by J. L. Woodruff for certification.

No. 190.—Presented by H. D. Minter for certification.

Nos. 191, 192, 193, 194, 195.

No. 196.—Collection and exchange deducted, \$1.21.

No. 197.—Collection and exchange deducted, \$9.50.

No. 198.—Check for New York draft favor of D. H. Smith & Co. for \$500.00. Collection and exchange, \$1.00. Paid in cash. (Take money from envelope containing incoming cash.)

No. 199.—Check for New York draft favor of Howe & King for \$625.00. Collection and exchange, \$1.50. Paid in cash.

No. 200.—Send \$9000.00 by express to Parr's Bank, London, England, to be placed to your credit. Pay express charges, \$10.00.

INSTRUCTIONS.—Take \$9010.00 in cash and place it in your envelope for outgoing papers. In your incoming papers you find express receipt for \$9000.00. Make out charge ticket for \$9000.00 against Parr's Bank, and put it in mail clerk's work for June 29th. Make entry in the "Correspondents" column of your check sheet. Enter express charges on check sheet in lower part of column for "Sundry Expense," but debit Collection and Exchange, and when you make out proof be sure that the \$10.00 is charged to Collection and Exchange and not to Sundry expense.

No 201.—Check for New York draft favor of Lord & Thomas for \$600.00. Exchange, \$1.25. Paid in cash.

No. 202.—New York draft favor of A. G. Hollis for \$2000.00. Collection and exchange, \$4.00. Total, \$2004.00. Entire amount paid in cash.

Nos. 203, 204, 205, 206.

No. 207.—New York draft favor of R. R. Cobbin for \$590.00. Collection and exchange, \$1.50. Total, \$591.50. Paid in cash.

No. 208.—Collection and exchange deducted, \$15.00.

Nos. 209, 210, 211, 212, 213, 214.

No. 215.—New York draft favor of Chas. Waller for \$960.00. Collection and exchange, \$2.50. Total, \$962.50. Paid in cash.

No. 216.—Presented by Amos J. Smythe for certification.

No. 217.—Presented by W. B. Culver for certification.

Nos. 218, 219, 220, 221, 222, 223, 224.

Nos. 225 (Sundry expense bill), **226, 227.**

No. 228.—Letter of credit favor of Geo. H. Morrison on Parr's Bank of London for £200. Rate of exchange, \$4.86. Commission, \$9.75. Total amount paid, \$981.75.

INSTRUCTIONS.—Write "Parr's Bank" in the lower part of the column for drafts, on your check sheet, and make entry for letter of credit as if it were a draft drawn on Parr's Bank. Write "\$972.00" in the column for drafts, and "\$9.75" in the column for exchange. In posting to your correspondents' ledger, the amounts of letters of credit and foreign exchange which are drawn on Parr's Bank must be entered to the credit of Parr's Bank, and drafts drawn on New York must be entered to the credit of the City National Bank. (*For full explanation of letter of credit and how to fill out blank form, see page 195.*)

No. 229.—Foreign bill of exchange favor of Lord & Taylor for £50. Current rate of exchange, \$4.86. Exchange on draft, \$3.50. Total, \$246.50. Paid in cash.

INSTRUCTIONS.—Draw the foreign bill of exchange or draft on Parr's Bank of London. Make entry under Parr's Bank on check sheet for \$243.00 in the draft column, and \$3.50 in the column for exchange. (*For full explanation of foreign bills of exchange, see page 194.*)

No. 230.—The receiving teller has turned over to you during the day cash, \$8000.00.

No. 231.—Count your cash and make out paying teller's first proof and second proof.

DISCOUNT CLERK

JUNE 30.

The following paper has been presented for discount and accepted by the cashier:

No. 232.—Presented by Randolph & Clowes, discounted at 6%. (*See transaction No. 82, page 165.*)

No. 233.—Discounted at 6%. Collection and exchange, $\frac{1}{4}\%$.

No. 234.—Discounted at 6%. Collection and exchange, $\frac{1}{4}\%$.

Nos. 235, 236.—Discounted at 6%.

No. 237.—Discounted at 6%. Collection and exchange, $\frac{1}{4}\%$.

No. 238.—Transfer the entries from the discount register to the discount tickler.

The following demand loans have been made:

No. 239.—No collateral.

No. 240.—Accompanied by personal notes for collateral.

No. 241.—Accompanied by New York Central R. R. stock for collateral.

No. 242.—Paper entered in the discount tickler has been disposed of as follows:

Note No. 583 charged to W. B. Lyons.

Note No. 586 certified for clearings.

Note No. 579 certified for clearings.

Note No. 581 charged to City National Bank, New York.

(Make out charge tickets for out-of-town paper and put in note teller's work for June 30th.)

Note No. 575 charged to Continental Bank, Philadelphia.

Note No. 591 protested for non-payment. Protest fees, \$2.00. (Make no entry for protest fees until paid.)

Note No. 577 charged to Second National Bank, Boston.

Note No. 593 paid in cash.

Note No. 584 charged to Commercial National Bank, Chicago.

Note No. 592 charged to Fourth National Bank, New York.

Note No. 594 charged to Boatmen's Bank, St. Louis.

Note No. 582, due July 2d, has had a partial payment of \$1000.00 made on it. Enter the \$1000.00 under June 30th. Make notation of partial payment in "Remarks" column after the note, under July 2d.

COLLECTION CLERK.

JUNE 30.

No. 243.—Paper has been received for collection from the following persons:

H. R. Day; John A. Fullwood; Mrs. R. C. Sneed; G. A. Gordon; Arthur Hines; M. H. Sims; F. A. Sampson.

No. 244.—Paper has been received for collection from the following banks:

(a) Boatmen's Bank, St. Louis; (b) Commercial National Bank, Chicago.

No. 245.—Transfer the entries from the collection register to the collection tickler. Paper payable at sight should be entered under June 30th.

No. 246.—The following paper entered in the collection tickler has been collected:

No. 863 charged to Randolph & Clowes.

No. 874 charged to W. B. Culver.

No. 881 certified for clearings.

Nos. 879 and 886 have been sent away for collection.. No returns as yet.

No. 897 charged to H. R. Day.

No. 891 protested. Protest fees, \$4.25. Fees charged to Fourth National Bank, Cincinnati.

No. 899 certified for clearings.

No. 868 charged to G. W. Young.

No. 892 paid in cash.

No. 869 sent away for collection. No returns yet.

No. 830 charged to W. D. Myers.

No. 845 paid in cash.

No. 850 charged to Arthur Hines.

Check in favor of G. A. Gordon for \$500.00 has been sent to the Continental Bank, Philadelphia, for collection.

Sight draft on Hiram Graves & Co. of Rochester for \$2800.00 has been paid in cash.

NOTE TELLER.

JUNE 30.

No. 247.—Enter the amount of city cash items on hand from yesterday on your check sheet.

No. 248.—The following notes have been given you for collection by the discount clerk:

Nos. 583, 586, 579, 591, 593 and 582. Examine them to see if the numbers correspond.

No. 249.—You have disposed of paper given you by the discount clerk, as follows:

Note No. 583 charged to W. B. Lyons.

Note No. 586 certified for clearing.

Note No. 579 certified for clearings.

Note 591 protested for non-payment. Protest fees, \$2.00. (Make no entry for protest fees until paid.)

Note No. 593 paid in cash.

Note No. 582 partial payment made in cash.

No. 250.—The following notes have been sent away for collection and are charged to the banks to which they have been sent:

Nos. 581, 575, 577, 584, 592 and 594. Charge tickets for these notes should be made out by the discount clerk.

No. 251.—Six notes have been discounted to-day, and the proceeds should be credited to depositors. Make entries from credit tickets made out by the discount clerk.

No. 252.—Three demand loans have been made, credit tickets for which have been made out by the discount clerk.

No. 253.—Randolph & Clowes have instructed you to charge their demand note of \$70000.00, with interest added, to their account.

No. 254.—L. M. Thomson has instructed you to charge his demand note of \$1500.00, with interest added, to his account.

No. 255.—The collection clerk has given you the following paper:
Nos. 863, 874, 881, 897, 891, 899, 868, 892, 830, 845, 850, 946 (sight draft on Hiram Graves & Co.). Examine the paper to see if the numbers correspond.

No. 256.—Paper given you by the collection clerk has been disposed of as follows:

No. 863 charged to Randolph & Clowes and credited to Howe & King.

No. 874. Face of note charged to W. B. Culver. Collection and exchange deducted, \$2.00. Proceeds credited to H. A. Arthur.

No. 881 certified for clearings. Credited to Randolph & Clowes.

No. 897. Face of note charged to H. R. Day. Collection and exchange deducted, \$17.00. Proceeds credited to Bank of Commerce, Dallas.

No. 891 protested for non-payment. Protest fees, \$4.25, which are charged to the Fourth National Bank, Cincinnati.

No. 899 certified for clearings. Collection and exchange deducted, \$10.00. Proceeds credited to Commercial Bank, Chicago.

No. 868. Face of paper charged to G. W. Young. Collection and exchange deducted, \$6.25. Proceeds credited to Second National Bank, Omaha.

No. 892. Face of paper paid in cash. Collection and exchange, \$4.00. Proceeds credited to Second National Bank, Boston.

No. 830. Face of paper plus interest charged to W. D. Myers. Collection and exchange deducted, \$5.50. Proceeds credited to Missouri National Bank, Kansas City.

No. 845 paid in cash. Collection and exchange deducted, \$2.50. Proceeds credited to Second National Bank, Boston.

No. 850 charged to Arthur Hines. Collection and exchange, \$2.50. Proceeds credited to Second National Bank, Boston.

No. 946 paid in cash. Collection and exchange, \$3.00. Proceeds, \$2797.00, credited to Commercial National Bank, Chicago.

No. 257.—Carter H. Harrison, indorser on note of John Fowler & Son, which was protested yesterday, has paid the note and protest fees in cash. Face of note, \$9825.00; protest fees, \$3.50.

No. 258.—Your city cash items on hand from yesterday (\$5942.63) have been paid in cash.

No. 259.—Paying teller has turned over to you for collection city cash items to the amount of \$850.00. Receiving teller has given you city cash items to the amount of \$3176.71, and the mail clerk will turn over to you cash items to the amount of \$16436.20.

No. 260.—Foot your check sheet and make out note teller's proof.

MAIL CLERK.

JUNE 30.

No. 261.—You have received the daily remittances by mail from other banks.

No. 262.—Collection and exchange deducted, \$10.00.

No. 263.—Collection and exchange deducted, \$4.30.

Nos. 264, 265, 266, 267.—Collection and exchange deducted, \$1.60.

No. 268.

No. 269.—Add the columns of your check sheet and make out mail clerk's proof.

No. 270.—Take the letters from correspondents and enter the proceeds of the paper to the credit of the proper banks in your correspondents' ledger.

No. 271.—Take the checks, drafts, etc., which you have received from the various tellers and charge them to the proper banks, after which write letters and send the paper away for collection.

Paper drawn on Columbus, O., should be sent to Cincinnati for collection.

No. 272.—Write up your draft register. You must open a separate account for Parr's Bank, London.

No. 273.—Extend the balances in your correspondents' ledger. You cannot make out proof until after general bookkeeper's proof is compiled.

No. 274.—Make out list of checks for clearing house. This work belongs to the collection clerk, but as it cannot be performed until after the mail clerk's check sheet is written out, it is placed after the mail clerk's work.

INDIVIDUAL BOOKKEEPER.

JUNE 30.

No. 275.—Take all checks and deposit tickets and enter them in your ledger. Do not extend balances until after your work is proved by general bookkeeper's proof sheet. (Be sure to enter the total of checks certified during the day.)

GENERAL BOOKKEEPER.

JUNE 30.

No. 276.—Compile general proof sheet.

No. 277.—Ascertain if the total of the checks as shown by the individual ledger agrees with the column entitled "Individual Ledger Debits" on the general proof sheet. Ascertain if the footing of the column entitled "Deposits" on the individual ledger agrees with the footing of the column entitled "Proof of Individual Ledger Credits" on general proof.

No. 278.—Make out proof of correspondents' ledger. (*For instructions, see No. 158, page 177.*)

No. 279.—Ascertain if your clearing house checks agree with your proof.

No. 280.—Extend balances in individual ledger.

No. 281.—Write up your general balance ledger.

No. 282.—Make out daily statement.

No. 283.—Make out report to comptroller, according to form shown on page 144a.

No. 284.—Submit your general proof sheet, your daily statement and your report to the comptroller, to your teacher for examination and approval.

BANKING CUSTOMS.

CLEARING HOUSE.

A **Clearing House** is an association of banks, organized to facilitate daily settlements of exchanges between banks.

Exchanges, in banking parlance, has reference to checks, certified notes, etc., held by one bank and payable at another in the same city, both banks being members of the clearing house.

The aggregate amount of exchanges represents the clearing for the day. At the present time all large cities have clearing houses, and nearly all the banks in these cities are members. Each clearing house elects its own officers and appoints its own committees. The officers are usually a president, a vice-president, a secretary, a treasurer, and a manager. The committees comprise a committee of management, a committee on conferences, a nomination committee, a committee on admission, and an arbitration committee. The manager has full charge of the settling clerks and messengers from the different banks while they are at the clearing house. He directs the clerical force of the clearing house and dictates the manner of conducting the daily business transactions.

Preparation of Exchanges.—Banks usually have a case containing compartments, or pigeon holes, for each bank which is a member of the clearing house. This case is technically known as the “rack.” All paper for the clearing is first indorsed with rubber stamp, and then placed in the pigeon hole for the bank on which it is drawn. After being assorted, the paper is taken out of the pigeon holes and listed on the clearing house register, after which it is put in envelopes for the various banks. The checks, etc., are either listed on the backs of the envelopes, as per form shown, or carbon sheets are used when listing checks in the clearing house register, and a copy of the list is attached to each envelope. On the following morning, all items received in the morning’s mail for the clearing house are assorted, entered in the clearing house register, and placed in the proper envelopes. These items are known as the “morning’s additions.”

FORM OF CLEARING HOUSE ENVELOPE.

No. 23.			
National Bank of Commerce.			
From No. 63.			
SECOND NATIONAL BANK.			
<i>June 20, 1901</i>			
214240			
36120			
450			
100			
49725			
300			
250			
362821			
2000			
90			
75			
<i>944856</i>			

Before being taken to the clearing house, the total of the checks, etc., is ascertained and compared with the amount shown by the general proof sheet. (See page 190.)

Each check, note, etc., is listed separately. The opposite illustration shows eleven pieces of paper, aggregating \$9448.56, which is the amount of the exchanges carried by No. 63, the Second National Bank, to the clearing house against No. 23, the National Bank of Commerce.

The Delivery Clerk's Statement shows the amount of exchanges we have for the different banks. It is prepared as soon as the clearings are listed on the envelopes, the items

FORM OF DELIVERY CLERK'S STATEMENT.

No. 12. **NEW YORK CLEARING HOUSE.**

from

CHEMICAL NATIONAL BANK.

Delivery Clerk's Statement,

June 20 1901.

No.	BANKS.	DR. AMOUNTS.	SIGNATURE.
1	Bank of N.Y. Nat'l Bkg. Ass'n.	17954271	
2	Bank of the Manhattan Co.,	8654122	
3	Merchants' National Bank,	56423112	
4	Mechanics' National Bank,	62580	
6	Bank of America,	323451	
7	Phoenix National Bank,	16182534	
8	National City Bank,	62513720	
10	Tradesmen's National Bank,	9736439	
12	Chemical National Bank,		
13	Merchants' Exch. Nat. Bank,	636685	
14	Gallatin National Bank,	5930	
15	Nat'l Butchers' & Drovers' Bank,	6242648	
16	Mechanics' & Traders' Bank,	12056029	
17	Greenwich Bank,	1490	
18	Leather Manuf'rs National Bank,	32762	
19	Seventh National Bank,	15620	
20	Bank of State of N. Y.,	23512680	
21	American Exch. National Bank,	6238014	
23	National Bank of Commerce,	5139218	
		228012265	

being copied directly from the envelopes on to this statement. Tickets are also made out which show the amounts of the items for the different banks. These tickets are taken by the delivery clerk to the clearing house, and left at the desks of the settling clerks, so that in case of disagreement the items may be readily checked off.

As the delivery clerk delivers his packages to the various settling clerks, he takes their receipts therefor on his statement. This is accomplished by having the settling clerks write their names in the column entitled "Signatures."

The Settling Clerk's Statement shows the amount of exchanges taken to the clearing, the amount received from the clearing, and the balance due us or due by us to the clearing house, as the case may be. The items in the debit column (the amount taken to the clearing) are entered therein before going to the clearing house, but the credits (the amount received from the clearing) cannot be entered until the delivery clerks give us such exchanges as they have for our bank. As these packages are delivered, the settling clerk receipts for them, and enters the footing of each to the credit of the bank sending it to the clearing. After the packages are all delivered, the settling clerk foots the credit column of his statement. If the footing of this column is in excess of that of the debit column, it is evident we have received more from the clearing than we took to the clearing, and the difference indicates the balance we owe the clearing house. But if the footing of the debit column is greater than that of the credit, we took more to the clearing than we have received therefrom, and the balance is in our favor. (See form of settling clerk's statement, page 187.)

Credit Ticket.—Before going to the clearing house, the settling clerk makes out a credit ticket, showing the total of exchanges for the clearing. When he enters the clearing house this ticket is placed on the manager's desk, and a clerk immediately enters the amount to the credit of the bank bringing the ticket.

FORM OF CLEARING HOUSE TICKET.

<p>No. 6.</p> <p>BANK OF AMERICA.</p> <p>From No. 12.</p> <p>CHEMICAL NATIONAL BANK.</p> <p style="font-size: 1.2em; margin-top: 10px;">\$ 3234.51</p>
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FORM OF CREDIT TICKET.

NEW YORK CLEARING HOUSE.	No. 12.	New York Clearing House, <i>June 20, 1901.</i>											
	<u>CREDIT</u>												
	CHEMICAL NATIONAL BANK.		\$	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 10%;">2</td> <td style="width: 10%;">2</td> <td style="width: 10%;">8</td> <td style="width: 10%;">0</td> <td style="width: 10%;">1</td> <td style="width: 10%;">2</td> <td style="width: 10%;">2</td> <td style="width: 10%;">6</td> <td style="width: 10%;">5</td> </tr> </table>	2	2	8	0	1	2	2	6	5
	2	2	8	0	1	2	2	6	5				
	Amount of Checks to Clearing House this day per Messenger.												
<i>R. C. Conway.</i> Settling Clerk.													

NEW YORK CLEARING HOUSE.

No. 12.

CHEMICAL NATIONAL BANK.Settling Clerk's Statement, *June 20, 1901.*

No.	BANKS.	DEBIT.	CREDIT.	No.
1	Bank of N.Y. Nat'l Bkg. Ass'n.	17954271	19542612	1
2	Bank of the Manhattan Co.,	8654122	13427184	2
3	Merchants' National Bank,	56423112	40039250	3
4	Mechanics' National Bank,	62580	2894261	4
6	Bank of America,	323451	9282735	6
7	Phenix National Bank,	16182534	24268920	7
8	National City Bank,	62513720	26813427	8
10	Tradesmen's National Bank,	9736439	12526140	10
12	Chemical National Bank,			12
13	Merchants' Exch. Nat. Bank,	636685	52690	13
14	Gallatin National Bank,	5930	1268426	14
15	Nat'l Butchers' & Drovers' Bank,	6242648	13026543	15
16	Mechanics' & Traders' Bank,	12056029	23114217	16
17	Greenwich Bank,	1490	2685	17
18	Leather Manuf'rs National Bank,	32762	1276240	18
19	Seventh National Bank,	15620	892768	19
20	Bank of State of N. Y.,	23512680	26234234	20
21	American Exch. National Bank,	6238014	3612815	21
23	National Bank of Commerce,	5139218	2734265	23
	Footings,	228012265	226491537	
	Balance,		1520728	
			228012265	

Balance Ticket.—As soon as the clearing is completed, and the settling clerk foots his statement, he makes out a balance ticket which shows the amount brought to the clearing, the amount received from the clearing, and the balance due the clearing house, or due the bank, as the case may be. This ticket is delivered to the manager of the clearing house, and a clerk immediately enters it on the clearing house proof.

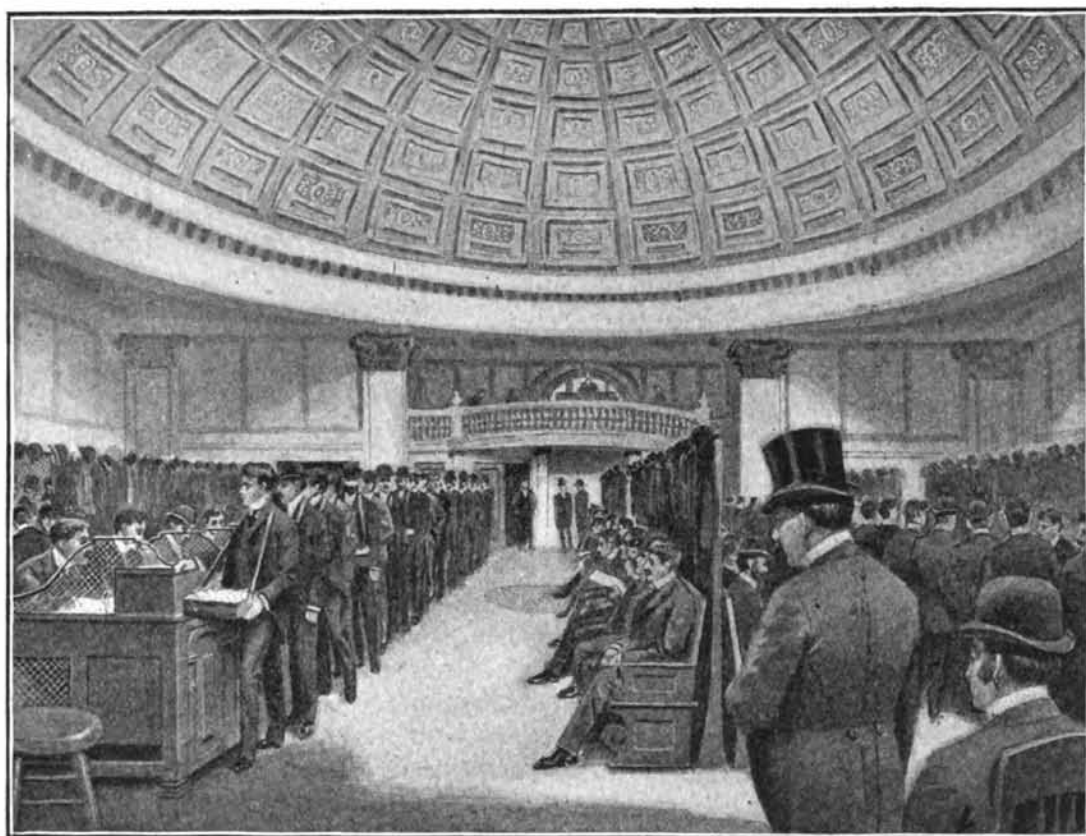
FORM OF BALANCE TICKET.

BALANCE TICKET.	No. 12.	New York Clearing House, <u>June 20, 1901.</u>													
		<table border="1"> <tr> <td>Amount Received, \$</td> <td>2</td> <td>264</td> <td>915</td> <td>37</td> </tr> <tr> <td>Amount Brought, \$</td> <td>2</td> <td>280</td> <td>122</td> <td>65</td> </tr> </table>				Amount Received, \$	2	264	915	37	Amount Brought, \$	2	280	122	65
	Amount Received, \$	2	264	915	37										
	Amount Brought, \$	2	280	122	65										
	Debit, \$					Balance Due Clearing House.									
Credit Balance Due CHEMICAL NATIONAL BANK, \$			15	207	28										
<u>R. C. Conway,</u> Settling Clerk.															

Routine of Business.—Each bank sends to the clearing house a delivery clerk and a settling clerk. As the settling clerk enters the clearing house, he leaves at the desk of the manager a ticket (*see form, page 186*), showing the aggregate of the exchanges brought to the clearing house. This ticket is entered by the manager on the clearing house proof under the title "Banks Cr."

The desks at the clearing house are usually arranged in longitudinal rows, one desk for a bank. The settling clerk takes a seat at the desk, while the delivery clerk stands directly in front of it, with his packages for other banks. At the hour of the clearing, which is usually 10 o'clock, a gong is rung, and each delivery clerk advances one desk at a time and delivers to the settling clerk the items for his bank, taking his receipt therefor on the delivery clerk's statement. (*See form, page 185.*) The settling clerk enters the amount on his own statement. (*See form, page 187.*) After the circuit of the desks is completed, the delivery clerk gathers up the packages which have been left on the settling clerk's desk for his bank, and with these packages and his delivery clerk's statement he returns to his bank. He also takes with him a memorandum of the approximate balance in favor of or against his bank. The settling clerk foots his statement, ascertains the balance due to or by his bank, and makes out a balance ticket (*see form above*), which is sent to the manager's desk. The amounts received, as shown by the balance tickets, are entered on the clearing house proof (*see form, page 190*) in the "Banks Dr." column. The credit balances due banks are entered in the column entitled "Due Banks." The debit balances due clearing house are entered in the column entitled "Due Clearing House." The clearing house proof is now footed. The "Banks Dr." and "Banks Cr." columns should balance, and the columns entitled "Due Clearing House" and "Due Banks" should balance. Should there be an error in the proof, an announcement is made by the manager, and the settling clerks revise

their work. Forty-five minutes from the time of commencing (10 o'clock) is allowed for a proof. All banks not having a correct statement at 10:45 A. M. are subject to a fine. For all errors remaining undiscovered at 11:15 A. M., the fines are doubled, and for those undiscovered at 12 M. quadrupled. The object is to offer an incentive to banks to have at the clearing house clerks who are rapid and accurate in figures.



INTERIOR VIEW OF THE NEW YORK CLEARING HOUSE.

Payment of Balances.—If a bank has received more checks, etc., from the clearing house than it has brought to the clearing house, it is evident that there is a balance due the clearing house. When this balance is paid, a receipt is given, similar to the one on page 191.

In New York all balances must be paid by the debtor banks to the clearing house between 12:30 and 1:30 P. M. Payment must be made in actual coin, United States legal tender notes, or clearing house certificates. Should any bank not make payment as provided, the amount of its balance must be immediately furnished the clearing house by the several banks exchanging with the defaulting bank, in proportion to the amount of their respective balances against that bank. The defaulting bank is at once suspended from the clearing house. At 1:30 P. M., or as soon thereafter as the accounts can be proved, the creditor banks may receive from the clearing house the balances due them.

NEW YORK CLEARING HOUSE PROOF, June 20 190

No.	BANKS.	DUE CLEARING HOUSE.	BANKS.	Dr.	BANKS.	Cr.	DUE BANKS.
1	Bank of N.Y. Nat'l Bkg. Ass'n.	33629138	126412780		92783642		1
2	Bank of the Manhattan Co.	16479927	98536241		82056314		2
3	Merchants' National Bank.		68127		13242562	6429862	3
4	Mechanics' National Bank.	35888269	232714518		196826249		4
6	Bank of America.		982675		1473924	491249	6
7	Phoenix National Bank.	3835575	12568230		8732655		7
8	National City Bank.		229942778		254262940	24320162	8
10	Tradesmen's National Bank.	12071653	26054090		13982437		10
12	Chemical National Bank.		226491537		228012265	1520728	12
13	Merchants' Exch. Nat. Bank.		8362940		12958237	4595297	13
14	Callatin National Bank.	68564735	426834275		358269540		14
15	Nat'l Butchers' & Drovers' Bank.		82964235		162986413	80022178	15
16	Mechanics' & Traders' Bank.	189441110	359482720		250041610		16
17	Greenwich Bank.		79600		43726412	35766412	17
18	Leather Manuf'rs National Bank.	24296966	86521746		62224780		18
19	Seventh National Bank.	71661625	754376250		682714625		19
20	Bank of State of N. Y.	76587915	1016823925		940236010		20
21	American Exch. National Bank	30916672	162943212		132026540		21
23	National Bank of Commerce.		4836290		12643728	7807438	23
25	National Broadway Bank.	50747011	92785260		42038249		25
27	Mercantile National Bank.		262582735		310268470	47685735	27
28	Pacific Bank.		96852214		120652945	23800731	28
29	National Bank of the Republic.	53008520	251982736		198974216		29
30	Chatham National Bank.		46532741		300212130	253679389	30
31	People's Bank.		22614103		46826715	24212612	31
32	National Bank of North America.	140631623	462284529		321652906		32
33	Hanover National Bank.		97052954		162358217	65305233	33
34	Irving National Bank.		283145		37582409	9267909	34
36	National Citizens' Bank.	10508355	53027167		42518812		36
40	Nassau Bank.	32699432	131642210		98942778		40
42	Market & Fulton National Bank.	10761250	42011250		312500		42
44	National Shoe & Leather Bank.	142510074	264152119		121642045		44
45	Corn Exchange Bank.		375800		62942149	25362149	45
47	Continental National Bank.		59438265		76521203	17082938	47
49	Oriental Bank.		9654173		12780244	3126071	49
53	Importers & Traders National Bank.		4826219		21254022	16427803	53
54	National Park Bank.		162934275		212659827	49725552	54
59	East River National Bank.	31899538	94612518		62712980		59
61	Fourth National Bank		231726510		454509940	222783430	61
62	Central National Bank.		135342212		172068722	36726510	62
		956139388	6459569862		6459569862	956139388	

FORM OF DR. BALANCE RECEIPT.

NEW YORK CLEARING HOUSE.	No. 26.	New York Clearing House, <u>June 20, 1901</u>
	Received from the FIRST NATIONAL BANK, _____	
	<u>Twenty Thousand Four Hundred Sixteen</u> —	
	Dollars in full for balance due the Associated Banks.	
	\$ <u>20416.⁰⁰</u>	<u>G. H. Arnold,</u> Ass't. Manager.

If the bank brought more to the clearing house than it received from the clearing house, the balance would be due the bank, and payment would have to be made by the clearing house, in which case the receipt given would be similar to the following:

FORM OF CR. BALANCE RECEIPT.

CASHIER'S RECEIPT.		New York, <u>June 20, 1901</u>
		Received of the New York Clearing House, \$ <u>15207.²⁸</u>
		<u>Fifteen Thousand Two Hundred Seven</u> ²⁸ / ₁₀₀ — Dollars,
		In full for balance due from Associated Banks this day.
	No. 12.	<u>W. J. Quinlan,</u> CASHIER. CHEMICAL NATIONAL BANK.

In the smaller cities, balances are usually settled by issuing drafts on New York, Boston, Chicago, or other financial centers. In St. Louis, Cincinnati and several Western cities, the practice is to settle at once with the credit banks by drawing manager's checks on the debit banks.

Examination of Checks.—All checks, etc., received from the clearing house are first examined with regard to indorsements, after which the paying teller scrutinizes the signatures. They are next entered to the debit of the proper accounts in the individual ledger. All items missent, not good, or informal in any way, must be returned directly to the sending bank.

Weekly Statement.—Some clearing houses require its members to furnish a weekly statement showing the average amount of their loans and discounts, specie, legal tender notes, circulation and deposits.

Draft with Bill of Lading Attached, or Shipper's Order.—For the convenience of shippers, railway and steamship companies have provided means whereby goods may be sent by freight to persons at points however distant, with the assurance that the consignee cannot obtain actual possession of them without making payment therefor. This method of shipment is known as "Shipper's Order," and is analogous to C. O. D. shipments in the express business.

Whenever the consignor desires to ship goods subject to "Shipper's Order," he should fill out a freight receipt or bill of lading similar to the following and have it signed by the local freight agent :

FORM OF FREIGHT RECEIPT.

Form 24. Rochester, May 11, 1901.

Received from Thos. H. Carr

By NEW YORK CENTRAL AND HUDSON RIVER RAILROAD CO.

The property described below, in apparent good order, except as noted (contents and conditions of contents of packages unknown), marked consigned and destined as indicated below, which said Company agrees to carry to the said destination, if on its road, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed, in consideration of the freight charged for this service, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, shown or endorsed hereon, and which are hereby agreed to by the shipper and by him accepted for himself and his assigns as just and reasonable.

MARKS, CONSIGNEE AND DESTINATION	DESCRIPTION OF ARTICLES	WEIGHT SUBJECT TO CORRECTION
Order of		
First Natl. Bk.		
Rochester, N.Y.		
Notify	1 Case Books	4216
Walker & Co.		
Atlanta, Ga.		

For New York Central & Hudson River R. R. Co.

Read the conditions endorsed on back of this receipt. A. L. Curtis Freight Agent.

The consignor should attach this bill of lading to a properly drawn draft and give it to his bank for collection. Such a draft would be similar to the following:

FORM OF DRAFT TO ACCOMPANY BILL OF LADING.

\$1840.75

Thos. H. Carr
ROCHESTER, N.Y. *May 11, 1901*

— AT SIGHT —

Pay to the order of *Myself*

Eighteen Hundred Forty Dollars

Value received and charge to account of
To *Walker & Company,*
Atlanta, Ga.

Thos. H. Carr.

No. 321

The bank will indorse both the draft and bill of lading and send them to its correspondent in the city in which the consignee resides. By paying the draft, the consignee can obtain possession of the bill of lading, and when this bill of lading, properly indorsed, is presented to the agent of the transportation company, the goods will be delivered. If the transportation company delivers the goods without obtaining the bill of lading, it renders itself liable to the consignor for their full value, and if the amount is not paid by the consignee, it can be collected from the transportation company.

Reasons for Non-Acceptance.—When a bank presents a draft to the drawee for acceptance, and acceptance is refused, the messenger or person who presents it should obtain the reason of the drawee for his refusal. This may be written on the draft, though banks frequently have a printed list of the ordinary reasons for refusing acceptance, and the collection clerk or messenger indicates the reason on this printed slip.

FORM OF BANK ADVICE OF NON-ACCEPTANCE.

The First National Bank.
ROCHESTER, N. Y.

This paper has had our best attention and is returned for reasons checked below.

Respectfully,
W. L. MARSHALL, Cashier.

Cannot reach that point.
Acceptance refused, no reason given.
Payment refused, no reason given.
Amount not correct.
Will send check.
Never accepts drafts.
Has paid bill.
Has paid part of bill.
Party will write.
Party has written.
Does not owe this.
Cannot pay at present.
Will accept draft, payable.
Will not pay exchange.
Notice given but no response.
Goods not received.
Goods not satisfactory.
Wants extension of time.
Parties cannot be found.
Freight bill should be deducted.
Failed.
Not due.
Not in town.
Claims credit for goods returned.
No such party here.
Accepted.

Mr. Ball left some time ago. Do not know where he is.

Foreign Exchange.—Many of the larger banks make it a practice to sell bills of exchange, or drafts, on the principal financial centers of England, France, Germany, and other countries. These drafts are generally used for making remittances, though travelers sometimes purchase them instead of letters of credit. The method of handling them does not differ from that employed for domestic drafts. The bank which draws the draft must keep a deposit with the drawee bank, and as the drafts are paid they are charged the same as checks.

FORM OF FOREIGN BILL OF EXCHANGE.

<h1 style="margin: 0;">Farmers & Merchants Bank</h1>	
£ <u>100</u> Stg.	Rochester, N. Y., <u>June 20, 1901</u> U. S. A.
On demand, pay this SOLE BILL OF EXCHANGE , to the	
Order of <u>John Doe</u>	
<u>Inc.</u> Pounds Sterling.	
Value Received.	
No. 190 <u>Pariss Bank Ltd.</u> <u>London Eng.</u>	<u>J. H. Cameron</u> Cashier.

A record of a foreign bill of exchange is made on the stub, thus:

Letters of Advice.—It is customary for the bank which draws either foreign or domestic drafts to send a letter of advice to the drawee bank. This letter should state the date of the draft, its number, in whose favor the draft is drawn, and the amount.

Foreign bills of exchange may be divided into three classes:

- (a) Bankers' bills, which are drawn by bankers on bankers.
- (b) Commercial bills, which are drawn by merchants on their customers.
- (c) Documentary bills, which are drawn by merchants on shippers and are accompanied by bills of lading.

The form of a documentary bill is the same as that of an ordinary sight or time draft. (Commercial bill.) Its name is derived from the fact that it is attached to a bill of lading which the

STUB OF FOREIGN BILL OF EXCHANGE.

No. 190.
Rochester, N. Y., <u>6-20-1901</u>
Received from <u>John Doe</u>
the sum of \$ <u>5.00</u>
for a Draft of this date and number, in favor of
<u>self</u>
amounting to £, <u>100-00</u>
<u>on Pariss Bank Ltd, London</u> Eng. FARMERS AND MERCHANTS BANK.
<u>J. H. Cameron</u> Cashier.

consignee must present to the steamship company before the goods will be delivered to him. As possession of the bill of lading can be obtained only by honoring the draft, payment is thus made for the consignor's goods before they actually go out of his possession. It is practically the same as making C. O. D. shipments in the express business.

Posted or Nominal Rates.—In every large city, there are a number of firms and persons that make it their business to buy and sell foreign bills of exchange. The rates that they daily post upon their bulletins for the use of the general public are known as the posted, or nominal rates of exchange, as distinguished from the actual, or real rates—the inside terms made to brokers.

Buying and Selling Exchange.—If I owe a person in London £10000, I can ship him \$48665.00 (the par value of a pound sterling being \$4.8665) in United States gold, or I can purchase a foreign bill of exchange for £10000, and remit it to him. The cost of shipping the gold would be $\frac{1}{2}\%$ for freight, $\frac{1}{2}\%$ for insurance, and from nothing to $\frac{1}{2}\%$ for abrasion.

If I cannot buy a bill of exchange without paying more than \$4.89 for it, the cheaper way would be to ship the gold.

If a person in London owes me £10000, and I must bear the cost of collecting, I can draw a draft on him, or have the gold shipped to me to be sold here at its market value. If I cannot sell the draft for more than \$4.84, the cheaper way would be to have the gold shipped to me.

If our sales of wheat, cotton, provisions, etc., to England are greater than our purchases of silks, woolens, and fancy goods from English manufacturers, it is evident that England will owe us more than we owe her, and the balance of trade will be in our favor. In such a case there would be more persons in New York, Boston, and other financial centers offering drafts for sale (which they had drawn on persons to whom they had sold goods), than there would be persons desiring to buy drafts to settle accounts owing English firms, and exchange would be low, that is, below the par value (\$4.8665), and when it decreased in price to a certain point, the gold would flow into this country, as it would be expedient to pay the cost of shipping the gold from England to this country, in payment of a debt due, rather than sell a draft on an English concern for \$4.83 or \$4.84.

Drawing Drafts Through Foreign Exchange Bankers.—Certain bankers in New York, San Francisco, and other financial centers, make it their principal business to deal in foreign exchange. They often act as agents for banks having no foreign correspondents, permitting such banks to draw their drafts directly on a large list of banks variously located, so as to cover practically every quarter of the civilized world. At the time of drawing the drafts, the bank sends its cashier's check covering the face of the drafts and the commission, together with a letter of advice, to the foreign exchange banker (in this country), who immediately instructs his correspondents to honor the drafts as drawn. When the drafts are paid, the foreign banker charges them to the foreign exchange banker in this country, and not to the drawer. Thus the bank drawing the drafts is relieved of the trouble and expense incident to keeping deposits with foreign banks, while it possesses practically all the advantages such deposits would afford.

Letters of Credit.—These are usually issued to travelers, who are thus enabled to obtain the current money of whatever country they may visit, in such amounts as are best suited to their convenience.

By subscribing his name at the bottom, the holder of a letter of credit provides a simple, yet effective means of identification, and whenever he wishes money he has only to present

his letter to any of the banks (usually four or five hundred in number) named in the list furnished him at the time of purchase, and this bank will fill out a draft on the London banker to whom the letter is directed. The traveler signs the draft, and if the signature corresponds to that shown at the bottom of the letter, the amount desired is inscribed on the inside thereof, and payment is immediately made. The letter denotes at all times the amount still available, and is a guide to any banker to whom it may be presented. The bank cashing the draft which exhausts the credit is required to remit it to the London bank.

Letters of credit are usually drawn in pounds sterling, which, at the present time, is the most generally used and least fluctuating money in the world. The drafts, however, are paid in the current money of the country in which they are negotiated. The letters are drawn against cash deposits, or collateral affording sufficient guarantee of repayment, and at the time of issue a letter of advice containing a full description of the credit is forwarded to the drawee bank and to all correspondents to whom it is likely to be presented. Banks usually charge 1% commission for issuing a letter of credit, with a minimum rate of \$5.00. In case such a letter is lost, the holder should immediately notify the London banker on whom it is drawn, unless differently instructed.

FORM OF LETTER OF CREDIT.

FRONT

CIRCULAR LETTER OF CREDIT

No. ~~1000~~ 1000

1000

ADDRESSED TO THE CORRESPONDENTS

KNAUTH, NACHOD & KÜHNE.

NEW YORK, April 29 1897

Gentlemen

We beg to introduce and to commend to your kind attention
 Mr. F. A. Elwell —
 to whom you will please furnish such funds as he may require
 up to the aggregate amount of One thousand —
Pounds Sterling against his — Eight Drafts on
Parr's Bank, Limited, London, each draft to be plainly
 marked as "drawn under K.N. & K. L/Credit No. 14891"

We engage that such drafts shall meet with due honor on
 London, if negotiated not later than, April 29, 1898,
 and request you to buy them at the rate at which you purchase
 demand drafts on London, deducting your charges if any.

The amount of each draft must be inscribed on the back
 of this letter, and, to this, we wish to call your special attention;
 the letter itself should be attached to the draft which exhausts
 the credit.

Please see to it that the drafts be signed in your presence,
 and carefully compare the signature with the one below:

Yours faithfully,
 The Holder's Signature.

F. A. Elwell

Yours obedient servants

Knauth Nachod & Kühne

FORM OF LETTER OF CREDIT.

(When used, showing payments made.)

Telegraph.—Telegraphic dispatches are sometimes employed by banks for:

- For purposes of remitting money, a cipher code is usually employed. This code is com-

posed of certain arbitrary words which stand for certain other words or figures. A copy of the code must be in the hands of both the receiver and the sender. The following illustrates the principle of a cipher code:

regard.....notify can.....and so.....pay learn.....200
car.....4 handle.....street guess.....100 write.....dollars

If I wish to pay Brown Bros. of 204 Main St., Columbus, O., \$100.00, the following telegram would be sent:

FORM OF TELEGRAM ILLUSTRATING USE OF CIPHER CODE.

Form No. 102.		
THE WESTERN UNION TELEGRAPH COMPANY.		
INCORPORATED.		
21,000 OFFICES IN AMERICA. CABLE SERVICE TO ALL THE WORLD.		
THOS. T. ECKERT, President and General Manager.		
Receiver's No.	Time Filed.	Check.
<p>SEND the following message, } <i>June 20, 1901.</i> subject to the terms on the back hereof, which are hereby agreed to.</p>		
<p>To <i>D. W. Thomson, Cashier,</i> <i>Merchants Bank, Columbus, O.</i></p>		
<p><i>Regard can so Brown Bros</i> <i>learn car main handle</i> <i>guess write</i></p>		
<p><i>C. T. Williams, Cashier</i></p>		
<p>READ THE NOTICE AND AGREEMENT ON THE BACK.</p>		

Translation of the above would be, "Notify and pay Brown Bros., 204 Main St., \$100.00."

C. T. WILLIAMS, Cashier.

Method of Writing up the Bank Book.—The custom in regard to writing up this book varies. At the present time the method most generally employed consists in entering the deposits on the left-hand pages and the checks on the right, without giving the dates of the checks.

Many banks enter the checks in detail, giving the date of each in the order in which they are drawn, while others enter only the total, the detailed list being given (without the dates) on a separate slip of paper,

or on the envelope in which the checks are returned. The method of writing a detailed list of checks on separate sheets of paper has many advantages for the bank. These slips may be filled out by the use of the registering or adding machine, which saves much time, and insures accuracy. They may also be written up at such times as may be convenient for the bank clerks, so that when a depositor presents his book to be balanced, the checks are practically all written up, and the book may be returned on very short notice. The depositor, however, is liable to lose these detached slips, and from his standpoint such practice is objectionable. Many banks have avoided the undesirable feature of this method by having bank books made with alternate short leaves. Checks are itemized on the loose slips, and these slips are pasted on the short leaves of the bank book. This method is perhaps the best that has yet been devised, although it has not so far come into general use.

The following represents a bank book so written up:

Dr. THE FIRST NATIONAL BANK,			In Account with <i>J. H. Mills, Cr.</i>		
1901.					
<i>June 1</i>	<i>C.B.T.</i>	<i>1000</i>	<i>2020</i>	<i>25</i>	<i>50</i>
<i>17</i>	<i>M.W.</i>	<i>200</i>	<i>48</i>	<i>70</i>	<i>100</i>
<i>18</i>	<i>M.W.</i>	<i>4025</i>	<i>10</i>	<i>3420</i>	<i>100</i>
<i>20</i>	<i>C.B.T.</i>	<i>350</i>	<i>640</i>	<i>50</i>	<i>40</i>
<i>24</i>	<i>C.B.T.</i>	<i>48</i>	<i>25</i>	<i>75</i>	<i>75</i>
<i>29</i>	<i>C.B.T.</i>	<i>100</i>	<i>7820</i>	<i>3640</i>	<i>75</i>
		<i>173825</i>	<i>30</i>	<i>10</i>	<i>60</i>
<i>July 1</i>	<i>Balance</i>	<i>49185</i>	<i>12</i>	<i>825</i>	<i>24640</i>
			<i>16</i>	<i>12</i>	
			<i>20</i>	<i>15</i>	<i>49185</i>
			<i>20</i>	<i>15</i>	
			<i>1475</i>	<i>20</i>	
			<i>50</i>	<i>25</i>	
			<i>35055</i>	<i>74640</i>	<i>173825</i>

Banks should endeavor to get all depositors having active accounts (depositors making frequent deposits and drawing many checks) to have their bank books written up once every month.

When possible, it is well to obtain from customers some kind of acknowledgment as to the correctness of their accounts.

A good plan is to have a printed slip similar in form to the one shown opposite, which should be returned with each bank book, with the request that the customer examine his book and fill out and return the slip at the earliest convenient date

FORM OF ACKNOWLEDGMENT OF CORRECTNESS OF BANK BOOK.

FIRST NATIONAL BANK.

A. W. SMITH, CASHIER.

I am in receipt of your statement of account with checks to June 20th, closing with balance to June 22d.

Credit of \$491.85.

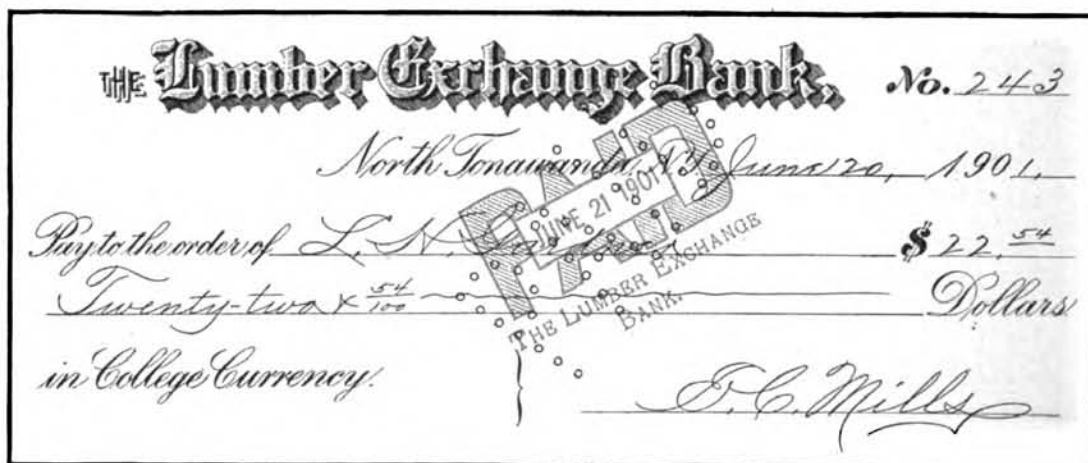
I have examined the account and find it correct. T. C. THOMPSON.

Date June 25th.

Cancelling Checks.—When checks are paid, they should be cancelled immediately in some manner by the paying teller before they are passed to the bookkeeper. The cancellation may be accomplished by placing them on spindles, or by the use of punches which cut in the checks the initial of the person who cancels them, or by the use of a rubber stamp which marks the word "Paid" and the date of payment thereon.

When a bank has sufficient time, one of the safest plans is for the paying teller to mark the check with a rubber stamp before passing it to the bookkeeper. After it is entered by the individual bookkeeper he should also mark it by cutting the word "Paid" through the check with a machine provided for this purpose. The following represents a check so treated:

FORM OF CANCELLED CHECK.



Whatever method is employed, it should be such as will not materially disfigure the check, as it is frequently a voucher, and as such is valuable evidence in a law suit.

Forged and Raised Checks.—If a bank pays a forged check, the loss invariably falls on the bank, as it is supposed to be familiar with the signatures of its depositors. If a raised check is cashed, the loss falls upon the person or the bank that innocently cashes it, provided ordinary prudence has been exercised by the drawer in filling it out.

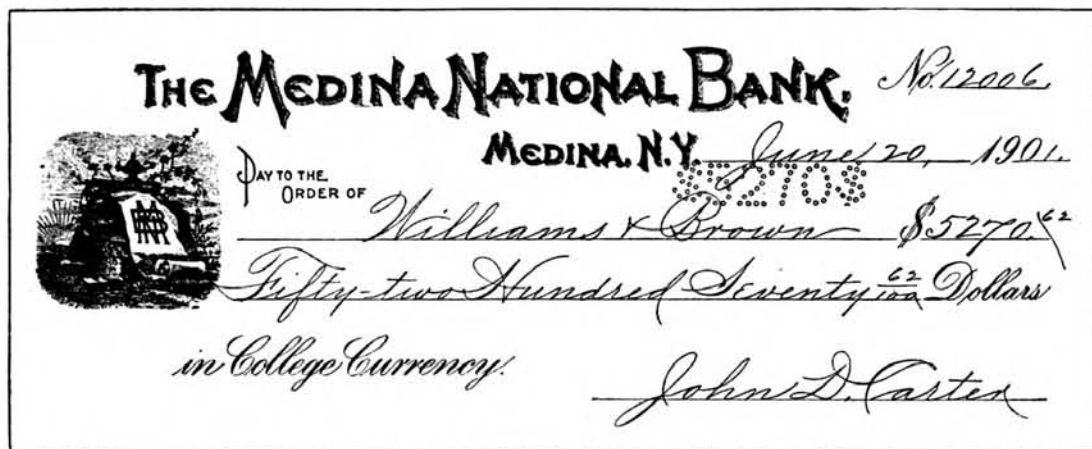
It is generally held that if the drawer of a check leaves a blank which has been so skillfully filled up as to give no evidence of alteration, he may be found guilty of such negligence as will make him liable to a bona fide holder for the apparent amount of the indebtedness. (*See Thomas on Law of Negligence, page 105.*)

If a raised check were cashed by a bank under these circumstances, the loss would, in most states, fall on the drawer. There are some conflicting decisions, however. To relieve himself from any charge of negligence, the drawer of a check is simply required to commence writing at the extreme left-hand end of the blank, and fill up the space at the right (if any) of the written amount with a line made by his pen. The law does not require him to use any of the devices offered for preventing checks from being raised, although prudence would, in many cases, dictate such a course.

Prevention of Check Raising.—Many plans have been devised to prevent the raising of checks and bank drafts, but so far nothing that has been tried is entirely effective. There is no question, however, but that the use of some of the many devices offered will materially decrease the losses arising from this source, and make the raising of a check or

a draft very difficult. The method in most general use consists in cutting the amount of the dollars in the check with a machine designed for this purpose, thus:

FORM OF PUNCHED CHECK.



THE MEDINA NATIONAL BANK. No. 12006
 MEDINA, N.Y. June 20, 1901
 DAY TO THE ORDER OF *Williams & Brown* \$5270.⁶²
Fifty-two Hundred Seventy and 62/100 Dollars
in College Currency. *John D. Carter*

Another common practice is the use of the perforating machine. After writing the amount of dollars, the check is passed through the machine which perforates it as illustrated below.

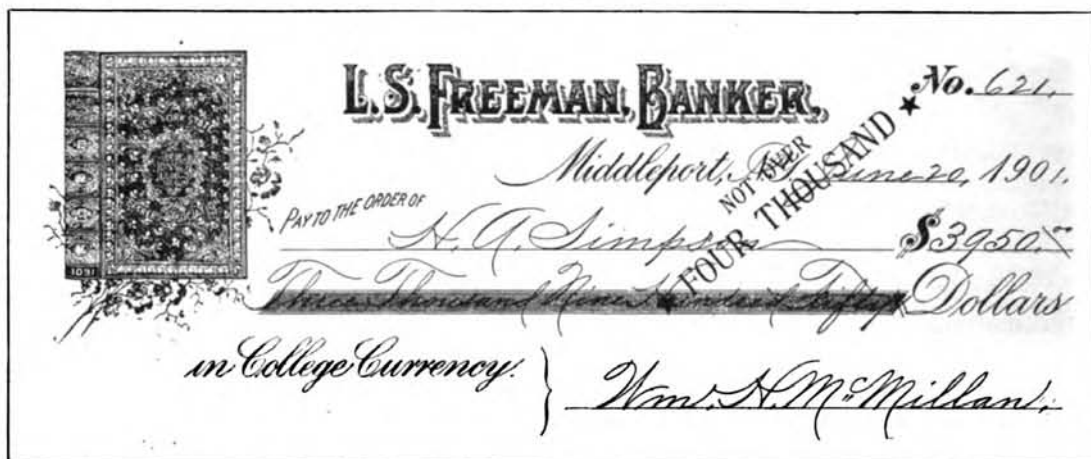
FORM OF PERFORATED CHECK.



BANK OF FORT SCOTT FT. SCOTT, KAN.
 June 20, 1901
 Pay to the order of *J. Edmonds* \$200.⁰⁰
Two Hundred Dollars.
 No. 698 *Wilder & Duncan*

A method of recent invention, which is very highly endorsed by bankers, consists in passing the check through a machine which prints in the fibre of the paper with indelible ink a certain amount, over which the check will not be honored. By this process, the words are embossed on the paper in such a manner that their alteration would be practically impossible without destroying and making over a material portion of the body of the instrument. The following represents a check treated as above described:

FORM OF EMBOSSED CHECK.



L.S. FREEMAN, BANKER.
 Middleport, N.Y. No. 621
 June 20, 1901.
 Pay to the order of H.A. Simpson \$3950.00
 Three Thousand Nine Hundred and Fifty Dollars
 in College Currency. } Wm. H. McMillan

When the amount is small, a very good method is to write the name on a line with it, thus:

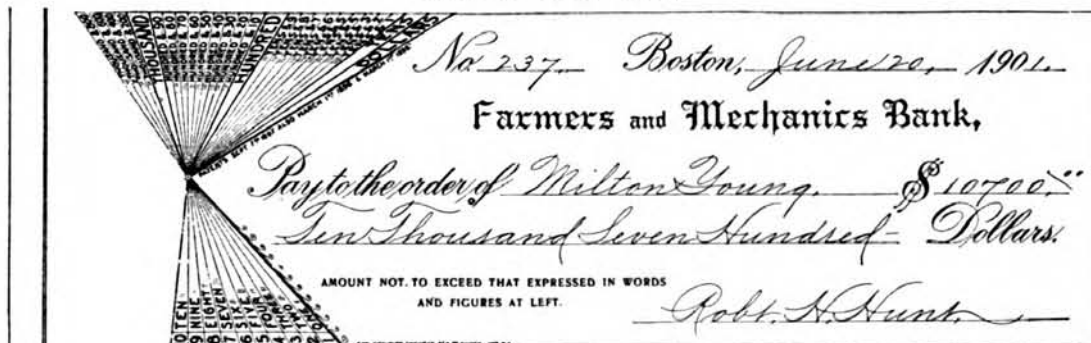
ANOTHER FORM OF SAFETY CHECK.



W.A. Casign & Son, Bankers.
 North East, Penna. June 20, 1901. No. 482
 Pay to the order of W.B. Smith \$8.40
 Eight and 40/100 Mason Hamlin & Co. Dollars
 in College Currency.

The use of stubs, or coupons, on the end of the check, has met with much favor by express companies and others. The following form represents such a check:

FORM OF STUB CHECK.



No. 237 Boston, June 20, 1901.
Farmers and Mechanics Bank,
 Pay to the order of Milton Young \$10700.00
 Ten Thousand Seven Hundred Dollars.
 AMOUNT NOT TO EXCEED THAT EXPRESSED IN WORDS
 AND FIGURES AT LEFT. Robt. A. Hunt

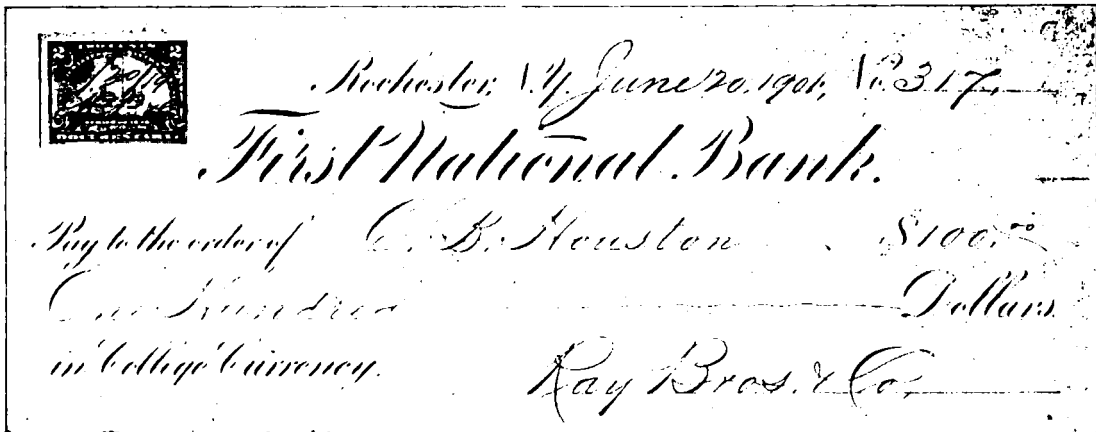
If, in addition to some of the foregoing methods, banks would adopt the use of water-marked paper, placing a limit on the draft, the check raiser would be confronted with practically insurmountable difficulties. At the time of manufacture the paper should be water-marked "Limit \$500," or "Limit \$100," as the case might be, and still further design should be worked all through the paper so as to render successful cutting and patching impossible.

From 85 to 90 per cent of the drafts which the majority of banks sell are for amounts under \$500. A bank might have its drafts marked in five sets: \$100, \$200, \$300, \$500, \$1000. The chief protection from forgery of the notes of the Bank of England lies in the paper used, and we believe that an absolutely effectual method of preventing the raising of bank drafts must be sought for beneath the surface of the paper.

Revenue Stamps.—A law was passed in 1898 requiring a two-cent revenue stamp to be affixed to all checks by the drawer, and the stamp to be cancelled by the drawer's placing his initials and the date of the cancellation thereon.

The following represents a check with a revenue stamp properly affixed and cancelled:

FORM OF CHECK WITH REVENUE STAMP AFFIXED.



The revenue stamp may be affixed to any blank portion of the face of a check.

Under an opinion by the United States Attorney General, the Commissioner of Internal Revenue has made a ruling that a receipt given by a depositor to a bank for the purpose of withdrawing funds is not a check, and does not require a revenue stamp.

The ruling was made on the following form of receipt:

NEW YORK, Aug. 20, 1898.

\$100.00.

Received of the National City Bank of New York, One Hundred Dollars on account.

J. P. WILLIAMS.

Stopping Payment.—A check is simply a written order on the bank, by a depositor, for a certain sum of money, which may be revoked at any time before the bank has made payment or certification. An order to stop payment on a check should be in writing, and should relate all the particulars of the check. Some banks have a form for the use of depositors to be filled out whenever they wish to stop payment on a check. As soon as payment is stopped, the notice received is handed to the paying teller who puts his initials on it and turns it over to the bookkeeper who makes a record of the fact. When checks come in from the clearing house, the entire list is carefully examined to see that no stopped checks are among them. If for any reason a depositor who stops payment on a check wishes to draw a duplicate,


the bank should be so notified, and the word "duplicate" should be written across the face of the check. The following is a very good form of notice to use when it is desired to stop payment on a check for which a duplicate has been issued:

FORM OF NOTICE TO STOP PAYMENT.

<p>Traders National Bank.</p> <p>Gentlemen:—Please take notice that we have this day issued duplicate of our check No. 214, dated June 14, 1900, payable to the order of Wilson, Jones & Co., for \$314.00.</p> <p>You are instructed to refuse payment on the original of the above described check.</p> <p>Very respectfully,</p> <p>H. D. HAMILL.</p>	<p>Rochester, N. Y., June 20, 1900.</p>
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Duplicate checks should bear the same date as the notice which is sent to the bank. This prevents dishonest persons from writing the word "duplicate" across the face of a check on which payment has been stopped, and getting it cashed. The following is a form of a duplicate check:

FORM OF DUPLICATE CHECK.

		<p>CITIZENS NATIONAL BANK</p>	<p>No. <u>625</u></p>
<p><i>Pay to the order of</i></p>		<p>ALBION, N.Y.</p>	<p><u>June 20</u> 190<u>1</u></p>
<p><i>Smith Mfg. Company</i></p>		<p><i>[Signature]</i></p>	<p><u>\$314.00</u></p>
<p><i>in College Currency</i></p>		<p><i>[Signature]</i></p>	

Crossed Checks, while very common in England and Canada, are unknown in the United States. When a check has two parallel lines drawn across the face of it, (see form, page 207), either with or without "& Co" written between them, the check is known as a crossed check, and will be paid by the bank on which it is drawn only when presented by some bank or banker. If such a check is cashed over the counter, the bank cashing it renders itself liable to the owner for any loss he may sustain by such action; hence banks will, as a rule, accept crossed checks for deposit only. When a check is crossed as per model, without the name of any bank being written between the parallel lines, the crossing is known as a general crossing, and the check may be presented by any bank or banker; but if the name of some bank is written between the parallel lines the crossing becomes special, and the check will be honored only when presented by the bank designated between the lines. The bank to which a check is specially crossed may again cross it specially to another bank or banker as its agents for collection.

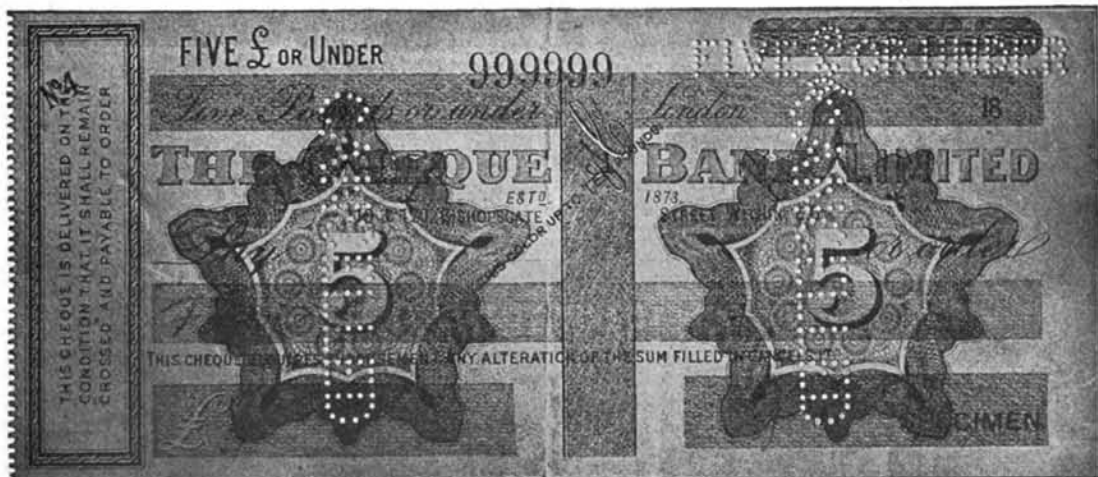
FORM OF CROSSED CHECKS.

PAYABLE IN COLLEGE CURRENCY.	No. <u>396.</u>	London, <u>Aug. 17.</u> 1900.
	THE LONDON BANK, 240 Bishopsgate St., E. C.	
	Pay <u>N. G. Burns</u>	or Order,
	<u>Four Hundred</u>	Pounds.
£ <u>400.</u> ^{**}	<u>Geo. W. Whitehouse.</u>	

The Cheque Bank.—The cheque bank is situated in London, England, but it has agents all over the world for the purpose of cashing and selling its cheques. The cheques are drafts upon the cheque bank the payment of which the bank guarantees in advance of their presentation.

The purchaser may draw these cheques as he would a private cheque, for any amount up to their face value, and they will be cashed without question, which would not be the case with a private cheque. If the full face value of the cheque is not drawn, the amount remaining will be returned to the purchaser after the cheque is cashed.

FORM OF CHEQUE BANK CHEQUE.



When a book of cheques is bought the purchaser pays the full face value for them at the time of the purchase. The cheques are issued in amounts ranging from one pound to fifty pounds each, as best suits the convenience of the customer. They are drawn in the standard money of the world—English pound sterling—and are always issued payable to order and crossed.

COLLECTION

Mason

WHEN LEFT.	No.	PAYER.	ENDORSER.	WHERE PAYABLE.
<i>190-</i> <i>June</i>	<i>20300</i>	<i>C. C. Grinter</i>		<i>Chase Natl. City</i>
	<i>20301</i>	<i>N. G. Thomas</i>	<i>Ray Bros. & Co.</i>	<i>Gov. Natl. City</i>
	<i>20302</i>	<i>L. K. Winans & Bro.</i>		<i>City Natl. N.Y.</i>
	<i>21389</i>	<i>D. W. Thomson</i>	<i>C. T. Hunter & Co.</i>	<i>Boatman's, St. L.</i>
	<i>21390</i>	<i>R. G. Simpson</i>		<i>Our Bank</i>
	<i>29426</i>	<i>Geo. Wisdom & Co.</i>		<i>Third Natl. St. L.</i>

FOREIGN

CITY NATIONAL

WHEN SENT.	No.	PAYER	WHERE PAYABLE.
<i>190-</i> <i>June</i>	<i>21302</i>	<i>L. K. Winans & Bro.</i>	<i>City Natl.</i>
	<i>21309</i>	<i>F. J. Thomas</i>	<i>Fourth Natl., N.Y.</i>
	<i>22317</i>	<i>Rollins Machine Co.</i>	<i>First Natl., Brooklyn</i>
<i>July</i>	<i>10421</i>	<i>C. J. Burton</i>	<i>Chem Natl., N.Y.</i>
	<i>437</i>	<i>Brown Bros. & Co.</i>	<i>Astor Natl., N.Y.</i>

Another Method of Handling Collections.—(Not used in student's work.) In a large banking business, the method presented above of keeping the accounts with collections, possesses many advantages over the ordinary collection register and tickler shown on pages 74 and 75. Owing to the fact that these improved forms are not in general use, we have not

REGISTER.

x Hamlin

DATE OF DRAFT OR NOTE.	TIME.	WHEN DUE.	AMOUNT TO BE COLLECTED.	WHEN PAID.	REMARKS.
May 11	4m	Sept. 11	21340	Sept. 10	
June 10	30d	July 10	10000	July 10	
	15 30d	15	4000	15	
Mar. 1	6m	Sept. 1	9500		Protested & Returned $\frac{1}{3}$; Protest Paid $\frac{2}{3}$
Apr. 10	6m	Oct. 10	7000		
June 29	30d	July 29	1000	July 31	

REGISTER.

BANK, NEW YORK.

FOR WHOSE CREDIT.	WHEN DUE.	AMOUNT TO BE COLLECTED.	WHEN PAID.	REMARKS.
Mason & Hamlin	July 15	4000	July 15	
H. R. Day	22	7500		
C. D. Thomas & Co.	24	6000	25	
Howe & King	Aug. 9	850		
W. B. Lyons	14	1000		

deemed it advisable to encumber the student's actual work with them, although they should be studied until he is perfectly familiar with them, as they are employed in many large banks, and in view of their manifold advantages, the number of banks using them will probably increase. (See forms of collection register and collection tickler on pages 206, 207 and 208.)

COLLECTION TICKLER.

July 29, 190-

NO.	PAYER.	WHERE PAYABLE.	FOR WHOM COLLECTED.	AMOUNT COLLECTED.	REMARKS.
496	Geo. Wisdom & Co.	Third Natl. Bk.	Mason & Hamlin	1000	Chgd. to Boatman's Bk. 7/29
520	N. R. Day	Our Bank	N. R. Smith	7524	Chgd. to N. R. Day 7/29
635	W. R. Smythe	"	Arthur Hines	800	Paid in cash 7/29

Collection Register.—Open a separate account with each bank or individual that has, or is likely to have, a considerable number of collections, writing the names of the accounts at the top of the pages. In the back part of the book an account may be opened with Sundry Collections, under which should be entered all collections received from persons and banks that have not a sufficient volume of business to warrant the opening of separate accounts. When paper is collected, it should be so marked in the column entitled "When Paid." The register may be indexed just as a ledger is, so that reference may be made immediately to any account therein. Each account will at all times show the amount of paper that has been left for collection, the amount which has been collected, and the balance to be collected for that particular account.

Collection Tickler.—The collection tickler shown herewith is handled practically the same as that shown on pages 74 and 75. The items in the collection register are entered in this book under the dates on which they fall due. After being entered in the tickler, those which are to be sent away for collection are entered in the Foreign Register. It is unnecessary to have a "To whom sent" column in the tickler.

Foreign Register.—A separate account is opened in this book for each bank to which paper is sent for collection, and all paper sent away should be entered therein at the time it is sent. When the paper is collected, it should be so marked in the column entitled "When Paid." By reference to the account of any bank it can be ascertained immediately how much paper has been sent to that bank, the amount it has collected, and the balance to be collected.

The specific information afforded in regard to the accounts of different banks to which you send paper for collection, and the accounts of banks and persons for whom you make collections, constitutes the chief value of this method over that first presented.

Statement for Purpose of Securing Credit.—Most banks require all customers who wish to borrow money on their personal credit to make out a statement of their assets and liabilities. The following form was adopted for this purpose by the New York State Bankers' Association.

FORM OF STATEMENT FOR PURPOSE OF SECURING CREDIT.

STANDARD FORM,

New York State Bankers' Association.

To the _____, N. Y.

For the purpose of procuring and establishing credit from time to time with the above Bank for claims and demands against the undersigned, the undersigned furnished the following as being a true and correct statement of his or their financial condition on the _____ day of _____ 190____, and agrees that in case any change occurs that materially reduces his or their ability to pay all claims and demands against him or them, the undersigned will notify the said Bank without delay.

In consideration of granting any credit by said Bank, the undersigned agree that in case of failure or insolvency on the part of the undersigned, or in the event of it appearing at any time that any of the following representations are untrue, or in case of the occurrence of such change as aforesaid or of failure to notify such change as above agreed, all or any of the claims or demands against the undersigned held by said Bank, shall, at the option thereof, immediately become due and payable.

Further, that the exercise of or omission to exercise such option in any instance shall not waive or affect any other or subsequent right to exercise the same.

ASSETS.		LIABILITIES.	
Cash on hand		Bills Payable for Merchandise	
Cash in _____ Bank		Bills Payable to own Banks	
Bills Receivable, good, due from Customers		Bills Payable for Paper sold	
Bills Receivable, due from Partners		Open Accounts	
Accounts Receivable, good, due from Customers		Deposits of moneys with us	
Accounts Receivable, due from Partners		Mortgages or Liens on Real Estate	
Merchandise (At actual present cash value)		Other Indebtedness and of what composed.	
Real Estate belonging to Firm			
Machinery and Fixtures			
Other Assets and of what composed. {		Total Liabilities	
		Net Worth	
Total		Total	

Contingent Liability { Accommodation Endorsements

{ Endorsed Bills Receivable Outstanding

Names in full of all General Partners {

Names in full of Special Partners, with {
amounts contributed by each, and
until when. {

Date of organization and expiration of Partnership

State last date of taking trial balance and if same proved

Memorandum: How many Bank accounts do you keep, and with whom?

Please sign here

By

Dated Signed

190__

Traveler's Cheque.—The express companies and several foreign exchange banks and bankers issue traveler's cheques which are payable to one's own order by a large number of correspondents throughout the world. These cheques are practically the certified cheques of the express companies and banks, as the payment of the cheques for the amount named on the face is absolutely guaranteed. At the time of purchase, the buyer signs his name in the upper left-hand corner. When he wishes funds, he simply presents his cheque to the correspondent of the express company or bank and signs his name in the lower left-hand corner in the presence of the agent (correspondent). If the two signatures agree, the money is immediately given him without question. The cheque affords absolute protection to the purchaser. Should an unpaid cheque be lost, the purchaser's name forged, and the cheque cashed by the express company or the bank, the company or bank cashing the cheque would sustain the loss.

Traveler's cheques are issued in denominations of \$10.00, \$20.00, \$50.00, \$100.00 and \$200.00. The charges are very reasonable, being $\frac{1}{2}\%$ for foreign cheques and $\frac{1}{4}\%$ for cheques payable in this country.

FORM OF TRAVELER'S CHEQUE.

The image shows a sample of a Traveler's Cheque from The American Express Company. The cheque is dated June 20, 1900, and is for the sum of \$20.00. It is payable to the order of Credit Lyonnais. The cheque is signed by the traveler in the upper left and by the agent (Cheo. J. Clark, Treasurer) in the lower left. The American Express Company logo is prominently displayed in the center. The form includes various fields for the traveler's name, address, and the agent's name and address. It also features a table of exchange rates for various currencies, including Gold, Silver, and Paper, for different locations like London, Paris, and India.

Teller's Differences.—Theoretically there should be no such thing as teller's differences, or over and short in cash, but in practice such differences do exist, and some means should be provided by which an accurate record may be kept of them, showing at just what desk the difference occurred, the amount, and when corrected. For this purpose we have deemed it advisable to open an account in the individual ledger with Overs and Shorts, to which every excess and every shortage should be credited or charged. At the end of the year a statement may be made out for the different tellers, showing the amount each teller has been over during the year, the amount he has been short, and the totals of his "overs" and "shorts." This statement may also show the total number of mistakes made by each teller.

The following is the form of keeping an account with overs and shorts on the individual ledger:

NAME.	BALANCE.	CHECKS IN DETAIL.	MONDAY, JUNE 20, 1900	DEPOSITS.	BALANCE.
			TOTAL CHECKS.		
Overs and Shorts					
Paying Teller				10	550
Receiving Teller	10		10		
Note Teller	120		150		

In some banks the tellers hold aside all "overs," and take from this amount the "shorts." If at any time the total amount the cash is short exceeds what is over, the teller carries a ticket in his cash until the difference changes. While this practice is very convenient, it cannot be encouraged from the accountant's standpoint. Any teller will be much more careful when he knows that the exact number of his errors and the amounts will be submitted to the cashier and the board of directors than he will if he simply keeps a record of them himself, by holding aside the "overs," and subtracting therefrom the "shorts."

The amount the cash is over is a credit, and should be placed in the column for deposits. The amount the cash is short is a debit, and should be placed in the column for checks. If the shortage exceeds the over, the amount of such excess is extended into the balance column in red ink. If the over exceeds the short, the balance is extended in black ink. If at any time the over is corrected, that is, that amount is found, the word "Corrected" should be written in red ink in the column entitled "Checks in Detail" and the amount placed in the column for "Total Checks." If the short were corrected, the amount would be placed in the column entitled "Deposits." An account with Over and Short should be treated the same as if it were with a depositor. At the close of the day if the teller's cash is over, the amount of the over would be added to the amount credited to Depositors, and a credit ticket made out for the individual bookkeeper. If at any time the account with the "overs" and "shorts" should for any reason become very large, it may be closed into Loss and Gain, but this should only be done by the advice and consent of the cashier and board of directors.

Lawful Money Reserve of National Banks.—By the provisions of the national bank act all national banks are required to maintain a lawful money reserve equal to a certain percentage of their deposits. If at any time the reserve falls below the requirements, the bank is prohibited from declaring any dividends or making any loans, other than discounting or purchasing bills of exchange payable at sight, until the reserve reaches the required standard. In regard to the amount and character of the reserve kept, the law divides national banks into three classes:

(a) Central reserve city banks (New York, Chicago, and St. Louis), which are required to keep on hand in the vaults of the bank, lawful money equal to twenty-five per cent. of the bank's deposits.

(b) Reserve city banks, which are required to maintain a reserve equal to twenty-five per cent. of their deposits, but one-half of the reserve may consist of balances due from banks, approved by the comptroller, in any of the central reserve cities; the remainder must consist of lawful money.

(c) Banks not in reserve cities, which must keep a reserve equal to fifteen per cent. of their deposits, but three-fifths of the reserve may consist of balances due from national banks, approved by the comptroller, in reserve cities; the remainder must consist of lawful money in the bank.

Approved Reserve Agents.—National banks outside of reserve cities select the banks in reserve cities with which they wish to keep a portion of their legal reserve, and send the names of such banks to the comptroller. When he approves them they are known as approved reserve agents. National banks in reserve cities select banks in central reserve cities in a similar manner.

Deposits.—By deposits is meant individual deposits subject to check, demand certificates of deposit, time certificates of deposit, certified checks, cashier checks, dividends unpaid, United States deposits, deposits of United States disbursing Officers, and net balances due other banks. In ascertaining the net balances due other banks, find the sum of the balances due by you to all state and national banks (not approved reserve agents), and from this sum subtract the sum of all balances due from banks (state

and national) not approved reserve agents. As net balances due from reserve agents are allowed to constitute a portion of the legal reserve, they must not be added to the amount due from banks, unless you are making the computation for a bank in some central reserve city, in which case the entire reserve is kept in the vaults of the bank. In the event that the amount due from banks exceeds the amount due to banks, both items are omitted from the calculation.

Deductions.—From the above deposits the bank is allowed to deduct checks for the clearing house, checks on other banks in the same city, and national bank notes of other banks.

Lawful Money.—For purposes of maintaining the legal reserve, lawful money has been held to mean United States gold coin, United States gold certificates, silver dollars, silver treasury certificates, legal tender notes, United States certificates of deposit for legal tenders (*section 5193 United States Revised Statutes*), clearing house certificates for coin or legal tenders (*section 5192 Revised Statutes*).

Redemption Fund.—The five per cent redemption fund (*see page 146*) required to be kept with the United States treasurer may also be counted a part of the legal reserve, but no amount in excess of the five per cent can be so counted.

Computation of the Reserve.—The computation of the reserve for central reserve cities, reserve cities, and cities outside of reserve cities each embodies different conditions, and will be considered separately. It is highly important that this computation be made accurately and in accordance with the regulations prescribed in the national bank act. We believe the following instructions provide for all the various contingencies which may arise.

COMPUTATION OF THE RESERVE FOR CENTRAL RESERVE CITIES.

1. Due to National Banks	92400		
2. Due to State Banks	81250		173650
LESS.			
3. Due from National Banks	3000		
4. Due from State Banks	7865		10865
5. Net balance due to other banks			162785
6. Dividends unpaid	3000		
7. Individual deposits	231000		
8. United States deposits	46524		
9. Deposits of United States disbursing officers	4000		284524
10. Gross deposits			447309
DEDUCTIONS ALLOWED.			
11. Exchanges for clearing house	112400		
12. Checks on local banks	650		
13. Other National Bank notes	3520		116570
14. Net deposits			330739
15. 25% of net deposits			83684 75
16. Less redemption fund with U. S. treasurer, 5% circulation			8700
17. Net reserve to be held			73984 75
18. Cash in bank to count as reserve as listed below			86996 80
19. Excess in bank			13012 05

1. Amount due to national banks. This includes both national banks which are reserve agents and those which are not reserve agents.
 2. Amount due to state banks and bankers of all kinds other than national banks.
 3. Amount due from national banks which are approved reserve agents, and from national banks which are not approved reserve agents.
 4. Amount due from state banks and bankers of all kinds.
 5. Net balance due other banks. Should the amount due from banks exceed the amount due to banks, both items must be omitted from the calculations, as the excess owing you from other banks cannot be applied to increase your deposits.
 6. Dividends which have been declared, but which have not yet been paid to the stock holders.
 7. Deposits subject to check time and demand certificates of deposit, certified checks, and cashier's checks.
 8. Deposits by the United States treasurer. These deposits are usually secured by bonds deposited with the treasurer.
 9. Deposits of United States disbursing officers.
 10. Gross deposits. As banks in central reserve cities are required to keep the full amount of their reserve in lawful money in the bank, the amounts owing to and from reserve agents are treated as amounts owing to and from banks, and are included in the gross deposits. In banks in cities other than central reserve cities, amounts owing to and from approved reserve agents must not be included in the gross deposits.
 11. Checks on hand for the clearing house. If there is no clearing house in the city, checks on banks in your city would be included in No. 12.
 12. Checks on local banks not members of the clearing house.
 13. Notes of other national banks in your possession. The notes of your bank must not be included.
 14. Net deposits represents the amount for which the legal reserve must be kept. It is the gross deposits less the deductions allowed on page 212.
 15. Banks in central reserve cities are required to keep a lawful money reserve equal to 25% of their net deposits.
 16. The 5% redemption fund deposited with the United States treasurer may be counted as part of the legal reserve. (*For explanation of this fund, see page 146.*)
 17. The amount of lawful money required to be in the vaults of the bank.
 18. The amount of lawful money in the bank allowed to count as reserve. (*For explanation of what constitutes lawful money, see page 212.*) The cash in bank to count as reserve should be listed separately, showing the amount of the various kinds. (*See form of report to comptroller, page 144a.*)
 19. Amount of lawful money in bank in excess of amount required for reserve. Should there be a deficiency, it should be stated after this number and marked as deficiency.
- RULE.—(a) *Ascertain the total of the deposits.* (Page 212.)
- (b) *From the gross deposits, subtract the deductions allowed.* (Page 212.)
- (c) *Take 25% of the remainder, and from this subtract the redemption fund.* (Page 212.)
- The remainder will be the required reserve which must be kept in lawful money in the bank.*

COMPUTATION OF THE RESERVE FOR RESERVE CITIES.

1. Due to national banks	96498		
2. Due to state banks	54120		
3. Net balance due to reserve agents			150618
<i>Less.</i>			
4. Due from national banks	60625		
5. Due from state banks	30250		90875
6. Net balance due to other banks			59743
7. Dividends unpaid	2000		
8. Individual deposits	260427	30	
9. United States deposits	45623	10	
10. Deposits of United States disbursing officers	3260		311310 40
11. Gross deposits			371053 40
<i>Deductions allowed.</i>			
12. Exchanges for the clearing house	96524	25	
13. Checks on local banks	750		
14. Other national bank notes	3720		100994 25
15. Net deposits			270059 15
16. 25% reserve required			67514 79
17. Less 5% redemption fund			14000
18. Net reserve to be held			53414 79
19. Less amount with reserve agents allowed to count as reserve			26707 40
20. Amount required in bank			26707 39
21. Cash in bank to count as reserve			24603 15
22. Apparent deficiency			2104 24
23. Less $\frac{1}{3}$ of net balance due banks			7467 88
24. Changing deficit to excess in bank			5363 64
<i>Calculation of excess with reserve agents.</i>			
25. Net balance with approved reserve agents			98450 40
26. Less amount counted as reserve			26707 40
27. Apparent excess			71743
28. Add $\frac{1}{3}$ of net balance due other banks (No. 6)			7467 88
29. Excess with reserve agents			79210 88

1. Amount due national banks other than approved reserve agents in central reserve cities. Amounts due approved reserve agents in central reserve cities must not be included in this calculation, but amounts due national banks in reserve cities should be included, as banks in reserve cities are allowed to keep a portion of their reserve in banks in central reserve cities only.

2. Amount due state banks and bankers.

3. If the sum of the amounts due approved reserve agents in central reserve cities should be in excess of amount due from approved reserve agents in central reserve cities, the excess

would be placed after this number. In the event that you owe more to reserve agents than such agents owe to you, it is evident that you have no reserve with reserve agents, and a lawful money reserve must be kept on the excess the same as on any other deposit.

4. Amounts owing you from national banks other than approved reserve agents in central reserve cities.

When we use the term "reserve agents," we refer to your reserve agents; that is, banks with which you may keep a part of your legal reserve, if you so desire.

5. Amount due from state banks and bankers.

6. Net balance due from other banks does not include the net balance due from or to approved reserve agents in central reserve cities, but only the net balance due to banks other than these.

If the amount due from banks is in excess of the amount due to banks, both items must be omitted from the calculation.

7-8-9-10-11-12-13-14-15-16-17. (*For explanation of these numbers, see similar numbers under explanation for central reserve cities.*)

18. Net reserve required to be held. One-half of this reserve may consist of balances due you by approved reserve agents in central reserve cities; the remainder must consist of lawful money in the bank. It may all consist of lawful money if the bank so desires.

19. Ascertain the net balance due from approved reserve agents; that is, find the total owing you, and from this subtract the total you owe to such agents. The difference will be the net balance due you. If this net balance is one-half, or less than one-half, of the net reserve to be held, subtract the amount of the balance from the net reserve. The remainder will be the amount required to be in the bank in lawful money.

If the amount due from reserve agents should be in excess of one-half of the net reserve to be held (No. 18), then only such part of the net balance may be counted as reserve as is equal to one-half of the reserve to be held. The remainder cannot be counted. In the above instance, the net balance with approved reserve agents (No. 25) is \$98450.40; the net reserve (No. 18) is \$53414.79. One-half of the net reserve is \$26707.40, the amount of the net balance with approved reserve agents which is available as reserve.

20. By subtracting the amount with reserve agents allowed to count as reserve from the net reserve to be held, we have the amount required in bank, \$26707.39.

21. The cash in bank to count as reserve is \$24603.15. This should be listed separately.

22. By subtracting the cash in bank to count as reserve from the amount of reserve required in bank, we have the apparent deficiency, \$2104.24. This would be the exact deficiency were it not that the amount of the net balance with approved reserve agents in excess of one-half of the reserve to be held may be applied by the provisions of the national bank act to decrease the net balance due to other banks; and in decreasing this balance, we decrease the deposits, and consequently decrease the amount of reserve required to be held.

23. The net balance with approved reserve agents is \$98450.40 (*See No. 25*); the amount counted as reserve is \$26707.40 (No. 26); the difference between these two sums gives the apparent excess with reserve agents, \$71743.00 (No. 27). This excess may be applied to decrease the net balance due other banks, but cannot be applied as a part of the reserve. The excess (\$71743.00) is greater than the net balance due other banks, and the net balance due other banks would be entirely cancelled by it. This would remove the item of \$59743.00 (No. 6) from the calculation, which would decrease the deposits this amount, and consequently decrease the reserve required to be held one-fourth, or 25%, of \$59743.30. One-eighth of the reserve must be in cash, and one-eighth may be balances due from reserve

agents. One-eighth of the net balance (\$59743.00) due banks is \$7467.88. It is evident that the amount required in bank will be decreased by this amount if we remove item No. 6 from the calculation; so instead of an apparent deficiency of \$2104.24, there is an excess of \$5363.64. It is also evident that the excess with reserve agents will be increased by one-eighth of the net balance due other banks. (*See No. 28.*)

If the excess due reserve banks had been less than the net balance due other banks, the latter part of the calculation would appear as follows:

22. Apparent deficiency	2104	24
23a. Less $\frac{1}{8}$ of apparent excess with reserve agents (28a)	3049	
24a. Changing deficit to excess in bank	944	76
<i>Calculation of excess with reserve agents.</i>		
25a. Net balance with approved reserve agents	48050	40
26a. Less amount counted as reserve	26707	40
27a. Apparent excess	21343	
28a. Add $\frac{1}{8}$ for exact excess	3049	
29a. Excess with reserve agents	24392	

22. Apparent deficiency in bank, as taken from No. 22 in preceding computation.

25a. Net balance with approved reserve agents.

26a. Amount counted as reserve, which is one-half of the net reserve required to be held.
(*See No. 18 of preceding calculation.*)

27a. Apparent excess in reserve with reserve agents. This excess is less than the net balance due other banks, and should be handled as follows:

Take one-seventh of the apparent excess and add to the apparent excess for the exact excess. One-seventh of the apparent excess should be subtracted from the apparent deficiency in the bank (No. 23a) which changes the deficit to an excess. The addition and subtraction of one-seventh of the apparent excess (No. 24a) is a short rule for arriving at the correct result. The apparent excess (No. 27a) may be used to decrease the balance due banks. It is evident that if this balance be decreased, the net deposits will be decreased, and this would decrease the reserve required in bank, and also the reserve with central reserve agents, so that you would have a new excess with central reserve agents, which could again be applied to decrease the net balance due other banks, which would, in turn, decrease the reserve in bank and with central reserve agents, and this would give a new excess with central reserve agents, which could be applied as before, and so on. The reserve with reserve agents is one-eighth of the net deposits. The deposits are eight-eighths; the difference is seven-eighths, which must be equal to the apparent excess, \$21343.00. If seven-eighths is \$21343.00, one-eighth must be one-seventh of \$21343.00, or \$3049.00; and eight-eighths would be eight times \$3049.00, or \$24392.00; or, we would add one-seventh of the apparent excess to itself to find the exact excess with reserve agents. The amount in bank would be affected as the amount with reserve agents would be affected, as $12\frac{1}{8}\%$ is required to be in the bank, and $12\frac{1}{8}\%$ with reserve agents. Hence, the cash required to be in bank would be decreased \$3049.00; or we would subtract \$3049.00 from the apparent deficiency, which would give an excess in bank of \$944.76.

RULE.—(a) *Ascertain the total of the deposits.* (For what constitutes deposits, see page 211.)

(b) *From the gross deposits, subtract the deductions allowed.* (See page 212.)

(c) *Take 25% of the remainder, and from this subtract the redemption fund (page 212); the remainder will be the required reserve. One-half of this may consist of balances due from approved reserve agents (page 211). The balance must consist of lawful money in the bank.*

If the balance due from reserve agents is one-half, or less than one-half, of the net reserve to be held, proceed as follows:

From the net reserve to be held, subtract the net balance with reserve agents; the remainder will be the amount required in lawful money in the bank.

If the net balance due from reserve agents is in excess of one-half of the required reserve and this excess is equal to or greater than the net balance due other banks, proceed as follows:

From the net reserve, subtract one-half of the net reserve; the remainder will be the apparent amount required in bank. Take one-eighth of the net balance due other banks and subtract it from the apparent amount required in bank for the actual amount required in bank.

If the net balance due from reserve agents is in excess of one-half of the required reserve, and this excess is less than the net balance due from other banks, proceed as follows:

Subtract one-half of the net reserve from itself for the apparent amount required in bank. From the net balance with approved reserve agents, take one-half of the net reserve required to be held, which will give the apparent excess with reserve agents. Take one-seventh of the apparent excess and deduct the one-seventh so taken from the apparent amount required in bank, which will give the actual amount of lawful money required to be in bank.

COMPUTATION OF RESERVE FOR BANKS NOT IN RESERVE CITIES.

1. Due to national banks	61420		
2. Due to state banks	30500		
3. Net balance due to reserve agents		91920	
<i>Less.</i>			
4. Due from national banks	43650		
5. Due from state banks	21200	64850	
6. Net balance due to other banks		27070	
7. Dividends unpaid	500		
8. Individual deposits	126548	67	
9. United States deposits	65000		
10. Deposits of United States disbursing officers		192048	67
11. Gross deposits		219118	67
<i>Deductions allowed.</i>			
12. Exchanges for the clearing house	43620		
13. Checks on local banks	400		
14. Other national bank notes	5300	49320	

15. Net deposits	169798 67
16. 15% reserve required	25469 80
17. Less 5% redemption fund	2500
18. Net reserve to be held	22969 80
19. Less amount with reserve agents allowed to count as reserve	7656 60
20. Amount required in bank	15313 20
21. Cash in bank to count as reserve	14313 20
22. Deficiency	1000

1. Amount due national banks not approved reserve agents.

2-3-4-5-6-7-8-9-10-11-12-13-14-15. (*See explanation for similar numbers under reserve cities.*)

16. Banks outside of the reserve cities are required to keep 15% of their deposits as a reserve. Three-fifths of this may consist of balances due from approved reserve agents; the remainder must be in lawful money in the bank.

19. If the amount with reserve agents is three-fifths, or less than three-fifths, of the net reserve to be held, subtract this amount from the net reserve, and the remainder will be the amount required to be in the bank.

If the net balance due from reserve agents is in excess of three-fifths of the net reserve, and this excess is equal to or greater than the net balance due other banks, the calculation will be as follows:

18. Net reserve to be held	22969 80
19a. Less amount with reserve agents allowed to count as reserve	13781 88
20a. Amount required in bank	9187 92
21a. Cash in bank to count as reserve	8034 92
22a. Apparent deficiency	1153 00
23a. Less 6% of net balance due banks (No. 6)	1624 20
24a. Changing deficit to excess in bank	471 20
<i>Calculation of excess with reserve agents.</i>	
25a. Net balance with approved reserve agents	41781 88
26a. Less amount counted as reserve	13781 88
27a. Apparent excess	28000 00
28a. Add 9% of net balance due banks (No. 6)	2436 30
29a. Excess with reserve agents	30436 30

18. The net reserve to be held as shown by No. 18 in preceding transaction.

19a. Amount of net balance with approved reserve agents, which is allowed to count as reserve, or three-fifths of the net reserve to be held.

23a. The net balance with approved reserve agents is \$41781.88 (25a). The amount permitted to be counted as reserve is \$13781.88 (26a); hence, the apparent excess is \$28000.00 (27a). This amount is larger than the net balance due other banks, \$27070.00 (6). As this excess may be applied to decrease the net balance due to other banks, it is evident that when so applied there would be no net balance due other banks, and the item of \$27070.00 would be omitted from the calculation. By omitting this item we would reduce the net deposits this amount, which would reduce the cash reserve to be held 6%, or two-fifths, of

\$27070.00, and the reserve with reserve agents 9%, or three-fifths, of \$27070.00. 6% of the net balance (\$27070.00) due banks would be \$1624.20; this subtracted from the apparent deficiency (23a) would change the deficit to an excess in the bank (24a).

If the net balance due from approved reserve agents is in excess of three-fifths of the reserve required to be held, and this excess is less than the net balance due to banks, the calculation will appear as follows:

18. Net reserve to be held	22969	80
19b. Less amount with reserve agents allowed to count as reserve	13781	88
20b. Amount required in bank	9187	92
21b. Cash in bank to count as reserve	6524	92
22b. Apparent deficiency	2663	
23b. Less 6/91 of apparent excess with reserve agents	600	
24b. Exact deficiency in bank	2063	
<i>Calculation of excess with reserve agents.</i>		
25b. Net balance with approved reserve agents	22881	88
26b. Less amount counted as reserve	13781	88
27b. Apparent excess	9100	
28b. Add 9/91 for exact excess	900	
29b. Excess with reserve agents	10000	

18. Net reserve to be held as taken from the first calculation.

19b. Three-fifths of the net reserve.

20b. Two-fifths of the net reserve, or the amount required to be in the bank.

21b. Cash in bank to count as reserve, showing an apparent deficiency of \$2663.00 (22b).

25b. Net balance with approved reserve agents, less amount counted as reserve (26b), showing an apparent excess of \$9100.00 (27b). The reserve with approved reserve agents is three-fifths of the required 15%, or 9% of the deposits. The deposits are one-hundred one-hundredths. If the reserve with approved reserve agents is nine one-hundredths, the difference is ninety-one one-hundredths, or \$9100.00 (apparent excess, 27b); hence, \$9100.00 must be ninety-one one-hundredths of the actual excess. If \$9100.00 is ninety-one one-hundredths, one hundred one-hundredths would be \$10000.00; or, if we add nine ninety-firsts of \$9100.00 to itself, we have the actual excess, \$10000.00. Nine ninety-firsts of \$9100.00 is \$900.00. This is the amount to be added to the balance with approved reserve agents, but the cash in the bank is only two-fifths of the reserve, while the balances with reserve agents are three-fifths; hence, the cash in bank is one-third less than the balances with reserve agents. One-third of \$900.00 equals \$300.00, which subtracted from \$900.00 leaves \$600.00; hence, we deduct \$600.00, or six ninety-firsts of \$9100.00, from \$2663.00 (22b) for exact deficiency in bank (24b).

RULE.—(a) *Ascertain the total of deposits.* (See page 212.)

(b) *From the gross deposits, subtract the deduction allowed.* (See page 212.)

(c) *Take 15% of the remainder, and from this subtract the redemption fund (page 212), and the remainder will be the required reserve. Three-fifths of the reserve may consist of balances due from approved reserve agents; two-fifths must consist of lawful money (page 211) in the bank.*

If the net balance due from reserve agents is three-fifths, or less than three-fifths, of the required reserve, subtract the net balance from the required reserve, and the remainder will be the amount required in the bank.

If the net balance with approved reserve agents is in excess of the three-fifths allowed to count as reserve, and this excess is greater than the net balance due to other banks, proceed as follows:

From the net reserve, subtract three-fifths of the net reserve; the remainder will be the apparent amount required in the bank. Take 6% of the net balance due to other banks and subtract it from the apparent amount required in the bank, and the remainder will be the actual amount required in the bank.

If the net balance with approved reserve agents is in excess of the three-fifths allowed to count as reserve, and this excess is less than the net balance due to other banks, proceed as follows:

From the net reserve, subtract three-fifths of the net reserve required to be held; the remainder will be the apparent amount required to be in the bank. From the net balance with approved reserve agents, subtract three-fifths of the net reserve required to be held; the remainder will be the apparent excess with approved reserve agents. Take six ninety-firsts of the apparent excess, and subtract it from the apparent amount required to be in the bank; the remainder will be the amount of actual cash required to be in the bank.

NOTE.—On pages 221 and 222 will be found a model computation for 15 per cent. banks in the form required by the comptroller.

FIRST COMPUTATION.

ITEMS ON WHICH RESERVE IS TO BE COMPUTED.

Dividends unpaid	12	121	50
Individual Deposits	685	342	20
United States Deposits	127	400	
Deposits of U. S. Disbursing Officers	105	64	
TOTAL	835	437	70
Due to National Banks	109	089	90
Due to State Banks and Bankers	753	40	
* Net balance due to Reserve Agents		184	429
Less—			
Due from other National Banks	98	051	20
Due from State Banks and Bankers	66	132	45
Should the aggregate "Due from" exceed the aggregate "Due to" Banks, the difference, which is unavailable, should be carried to RECAPITULATION and omitted from further calculation.	162	183	65
GROSS AMOUNT	857	683	95
Reductions Allowed: { Checks on Banks in same place not members C. H.	244	126	
{ Exchanges for Clearing House	136	521	10
{ National Bank Notes	64	527	80
NET DEPOSITS	654	193	79
Reserve required is 15 per cent of above, which is	98	129	07
Deduct 5 per cent Redemption Fund with Treasurer U. S.	96	50	
NET RESERVE TO BE HELD	88	479	07

ITEMS COMPOSING THE NET RESERVE AND DISTRIBUTION OF THE SAME.

‡ Amount which MAY be held with Agents is Three-Fifths of Net Reserve	53	087	44
Items making up the same may consist of* Net Balances with approved Res. Agents:			
Net total with Agents	77	087	44
(a) Rule 1.			
Available excess	222	462	5
Unavailable excess	1753	75	
Total excess, divided as above	24000		
(b) Rule 2.			
Apparent excess			
Add One "Twenty-Firsts" of above			
For "Available excess"			
Deficiency with Reserve Agents			
‡ Amount which MUST be held in Bank is Two-Fifths of Net Reserve	35	391	63
Items in Bank's possession to make up the same, viz:			
Gold Coins	10	000	
Gold Treasury Certificates	8	600	
C. H. Certificates for Coins or Legal Tenders	1500		
Silver Treasury Certificates	6500		
Fractional Silver	9163		
Legal Tender Notes	1920		
U. S. Certificates of Deposit for Legal Tenders	5000	33	611
Excess in items held by the Bank			
‡ Deficiency in items held by the Bank	1789		

How to apply the excess with Reserve Agents, which can be used to REDUCE or CANCEL net amount "due to banks," but not other deposits.

- (a) **RULE 1** applies when the excess equals or exceeds the net balance due to banks; an amount sufficient to cancel that balance being the "Available Excess," the remainder being the "Unavailable Excess." If a deficiency exists in bank with an "Available Excess," the exact "Unavailable Excess" will not be found until the second computation, otherwise on the first. This exact "Unavailable Excess," when found, should be carried to recapitulation and entirely eliminated from further calculation.
- (b) **RULE 2** applies when the "apparent excess" as shown on first computation does not cancel net balance due to banks. Should the "Available Excess," when found, cancel that balance, then Rule 1 becomes applicable.

* If reciprocal accounts are kept with reserve agents, only the net amount due from each agent is available for reserve.

‡ Banks in New York City and in cities becoming Central Reserve Cities under the act of March 3, 1907, must keep the whole net Reserve required, when ascertained, in their own possession.

‡ If there is a net balance due to banks, which can be reduced or canceled by the application of the excess with agents, this will be only an apparent amount, the exact amount being found by subsequent calculations.

SHORT METHODS FOR FINDING EXACT DEFICIENCY IN BANK, WHEN THERE IS AN "AVAILABLE EXCESS," WITHOUT RESORTING TO A SECOND COMPUTATION.

Apparent deficiency in bank as shown by first computation	1.780
1.	
If Available Excess cancels net balance due to banks and bankers, Deduct six per cent of <i>net balance due to banks and bankers</i> from Apparent deficiency	1.33478
For Exact deficiency in bank	4.4522
2.	
If Available Excess does not cancel as above, Deduct six "ninety-firsts" of <i>Apparent excess</i> from Apparent deficiency	
For Exact deficiency in bank	

SECOND COMPUTATION.

APPLYING "AVAILABLE EXCESS" TO REDUCTION OF BANK BALANCES.

(This computation serves to verify the figures obtained by the shorter methods above.)

Total of dividends and deposits as shown by first computation	53,543,770
* Total due to banks as shown by first computation	18,442,990
Less—	
Total due from banks as shown by first computation	162,182,625
Available excess as shown by first computation	2,224,625
Total deductions allowed as shown by first computation	203,490,16
Net Deposits	63,194,754
Reserve required is 15 per cent of above, which is	9,479,213
Deduct 5 per cent Redemption Fund with Treasurer U. S.	9650
Net reserve to be held	8,511,421.3

ITEMS COMPOSING THE NET RESERVE, AND DISTRIBUTION OF THE SAME.

Amount which MAY be held with Agents is Three-Fifths of the Net Reserve	51,085,228
Items making up the same may consist of net Balances with approved Reserve Agents, viz:	
Net total with Agents	77,087,444
Mule 1.	
"Available excess" as shown by first computation	2,224,625
Convertible excess	1,753,75
Total excess, divided as above	24,000
Mule 2.	
"Available excess" as shown by first computation	
Deficiency with Reserve Agents	
Amount which MUST be held in bank is Two-Fifths of the Net Reserve	34,058,055
Items in Bank's possession to make up the same, viz:	
Gold Coins	10,000
Gold Treasury Certificates	8,600
C. M. Certificates for Coin or Legal Tenders	
Silver Dollars	1,500
Silver Treasury Certificates	6,500
Fractional Silver	9163
Legal-Tender Notes	1,920
U. S. Certificates of Deposit for Legal Tenders	5,000
Excess in items held by the Bank	33,611,63
Deficiency in items held by the Bank	44522

RECAPITULATION.

EXCESS.	DEFICIENCY.
Excess in items held by the Bank	Deficiency in items held by the Bank
Deficiency with Reserve Agents	Deficiency with Reserve Agents
Excess in the entire Reserve held	Deficiency in the entire Reserve held

Amount unavailable due from other Banks	\$.....
Unavailable Excess with Reserve Agents	\$1753.75
TOTAL AMOUNT UNAVAILABLE	\$1753.75

* Under Rule 1 this amount will be reported by the addition of the "Available Excess" to amount "Due from Banks."
Under Rule 2 it will only be reduced by that amount in the same manner.

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