

MERCANTILE TERMS, &c.

The numbers of the following paragraphs have NOT been altered, so as to correspond with those in the twenty-ninth complete edition.

502. ACCOUNTANT. A person skilled in keeping and balancing books, and who is usually employed by merchants, public companies, &c., to prepare a/cs. and balance sheets, or to audit their books and a/cs. An audit is a thorough examination by an auditor of all books, a/cs., vouchers, securities, &c., with the three fold object of detecting (1) fraud, (2) technical errors, (3) errors of principle. Audits generally take place periodically, and are usually, though by no means universally, conducted by professional auditors.

503. An ACCOUNT CURRENT (A/C.) sometimes called a running a/c., is a detailed Dr. and Cr. statement, copied from the Ledger, containing an a/c. of the transactions which have taken place between you and any person during a certain time. An a/c. is usually rendered either quarterly, half-yearly, or yearly, and is generally made out with the interest charged or allowed upon each item. Sometimes red ink interest has to be stated in an A/c. Interest in red is that upon current B/E., reckoned from the time the interest is made out to the time the bills become due. In the example given on the preceding page you will notice that the acceptance of 4th June has 35 days to run from 30th June to 4th August. The amount £1 4 - must be entered in red ink on the Dr. side, but must *not* be included in the total of that column. The £1 4 - must be *credited* to Owen & Dew, as they are deprived of the use of the £250 for 35 days beyond the time of making up the A/c. An account stated is one showing a balance which has been *agreed upon* by the parties. It differs from an open a/c. in that the burden of *proof* is thrown upon the party who seeks to question it.

508. ADVICE. A written communication giving information that some special transaction has been or is to be effected; particularly used with reference to *advising* the drawing and honouring of bills, and the shipment of goods.

511. An AGENT (Agt.) is one who is empowered to represent a principal, or one who buys or sells, or is entrusted with the business of another. Contracts and arrangements made by an agent are binding upon his principal or employer, provided they are made in the usual course of business, and are understood to be on behalf of his principal. Every Manager, Clerk, Traveller, Workman, or other employee of a trader is an agent within certain limits, for carrying on the business. A **Broker** is an intermediate agent employed by merchants to buy and sell any commodity for them. The fee charged by brokers for transacting business for their principals is called brokerage. Stockbrokers call it commission. A **Factor** is an agent dealing *in his own name*, entrusted with the possession, management and disposal of property belonging to another. The general duty of a factor is to procure the best intelligence of the state of trade at his

residence; of the course of exchange; of the quantity and quality of the goods at market; their present price, and the probability of a rise or fall; to pay exact obedience to the orders of his employers; to consult their advantages in matters referred to his discretion; to execute their business with all the dispatch that circumstances will admit; to be early in his intelligence, distinct in his a/cs., and punctual in his correspondence. The *differences* between a Factor and a Broker are as follows:—A Factor (1) deals in his own name, (2) is always personally liable on his contracts unless he contracts specially as agent, (3) has possession of goods as well as being entrusted with their disposal. A Broker (1) deals in the name of a principal, (2) is never personally liable unless he contracts as principal, (3) is entrusted with disposal of goods but not possession. *Del Credere* is a term used in trade in reference to an agreement between an agent and his principal, whereby the former, in consideration of an additional amount being paid to him, besides his usual commission, undertakes to guarantee the payment of goods sold through his agency, and becomes thereby liable to his principal for the amount, in case of the insolvency of the purchaser. Such extra commission to the agent is called "*del credere*." *Per procuracion* (per pro.) By procuracion: an agency. The power given either by Letter or Power of Attorney to an agent or clerk to sign cheques, bills of exchange and other documents, on behalf of a principal, or firm, thus:—*p. pro*, Middleton & Sons, Arthur Fieldhouse.

The effect of such a signature is that it operates as notice of a limited authority in the agent, and the principal is only bound if the agent was acting within his authority; hence, if an offer to accept, or draw, or endorse a B/E. be made by an agent, the holder may and should require the production of his authority, and if not produced, may treat the bill as dishonoured.

517. ARRANGEMENT, Deed of. An instrument embodying an agreement between a debtor and the general body of his creditors for the purpose of modifying the Debtor's obligations without resorting to bankruptcy proceedings. An arrangement of this nature is only binding on those creditors who expressly assent to it. Such a Deed is void unless registered and stamped.

519. ASSETS are the whole of the funds, money, goods, and other property of every description belonging to a person or company, which may be made liable for debts. Assets include the debts owing to you by others. Assets are the debit balances of the real and personal a/cs. in the Ledger. *Wasting Assets* are those which decrease in value, either by wear or tear, by the progress of invention, or by the effluxion of time.

520. ASSIGNMENT. An absolute transfer by deed of some right, interest, property or goods to another, called the assignee. A trader (the assignor) will sometimes execute an assignment for the benefit of his creditors, so as to enable them to realise his estate, and out of the proceeds to declare a dividend upon the

amount of their respective debts. The assignor should be careful to provide what shall be done with a surplus should the estate be so fortunately managed as to result in a surplus after paying 20/- in the £. Unless he provides that the surplus shall be handed to him or his family, a recent decision in the House of Lords (*Smith v. Cooke*) shows that it will belong to the creditors although it might lead to their actually receiving 40/- in the £.

523. BANKER'S DRAFTS are Bills of Exchange drawn by one banker upon another, requesting the payment of a sum of money to the order of the person named, generally on demand. The second banker is generally the London Agent of the country banker. For persons having no banking a/c., who may have to make either an inland or a foreign remittance of more than £20, a Banker's Draft is the most convenient mode and may be had free of charge if drawn payable at 7 or 10 days. The amount must be paid over the counter, together with the banker's commission if the draft is on demand. If you had a banking a/c. and ordered a draft, the banker would debit your a/c. with the amount and commission. Such drafts do not need to be accepted like term bills, because the drawee pays you immediately the bill is presented. If you were going abroad and wished to avoid carrying a large amount of cash, you could lodge your money in the bank and take a Draft on your banker's foreign Agent, who would give you cash for the Draft on arrival at your destination, no charge being made for such a foreign draft.

Some business men remit their creditors drafts in preference to cheques. A slip is filled up giving all the particulars of the Drafts required, and then handed to the banker. He draws and signs the Drafts, which you remit in due course. The chief advantage of these Drafts is that the London agent of the country banker is informed of the amounts of the Drafts, thus rendering any attempt at fraud or forgery impossible.

527. BILLS OF EXCHANGE. Drawer's Liability. The drawer of a Bill, by drawing it, engages that on due presentment it shall be accepted and paid, that if it be dishonoured he will compensate the holder or any endorser who is compelled to pay it, provided that the requisite proceedings on dishonour be duly taken. By drawing a bill, the drawer gives an implied undertaking that upon presentment to the Drawee it shall be accepted.

To endorse a Bill is to write one's name across the back of a bill, thereby engaging to compensate the holder or a subsequent endorser should it be dishonoured by the acceptor. By endorsing a bill, an endorser takes upon himself the responsibility of a new drawer. Endorsements are divided into two classes, "blank" or "general" and "special." A blank endorsement is one where the endorser (in order to transfer his interest in the bill) simply writes his name on the back of the bill without specifying the endorsee. An endorsement is special when the endorser transfers his interest in the bill to some special endorsee, say John Smith, as follows :—

"Pay John Smith, or order."

"Pupil Bros."

The effect of this special endorsement is that the instrument is only payable to the order of John Smith, who must further endorse it on negotiation. An Agent, or any other person who endorses and does not want to become *personally* liable, should add to his name the words *sans recours*, or *without recourse to me*, by which means he will avoid the contingent liability to which he would otherwise be subject, if the acceptor failed to honour the bill. In addition to the endorsements consequent upon the ordinary negotiation of a bill, it sometimes happens that the acceptance by a certain person of a bill is not considered sufficient. That person may not be regarded as reliable for payment of the amount, and the drawer insists on someone endorsing or *backing* the bill which leads to a friend of the acceptor endorsing it, and thereby making himself liable for the amount in case of dishonour. Endorsers of a bill must therefore be always informed of dishonour, as all of them are, collectively and individually, liable for the amount. When the back of the bill is filled with endorsements, further signatures may be written on an *allonge*, which is a slip of paper of similar size and shape to a bill, pasted on the end thereof. The allonge must be attached to the bill before it is endorsed, otherwise it might become affixed to the wrong bill. The first endorser on the allonge should so write his name that it appears partly on the bill and partly on the allonge, in order that the allonge may not be detached and attached to another bill of higher amount.

In negotiating a bill, although endorsement is generally required for the security of the transferee, it is not always absolutely necessary. For instance, a bill or note payable to bearer is negotiated by delivery, as well as a bill or note payable to a person named, *after* he has endorsed it in blank, which endorsement makes it payable to bearer, and therefore also negotiable by mere delivery or transfer of possession. The person delivering the bill is called the *transferor*, and the person receiving it the *transferee*. Unlike an endorser a mere transferor does not, of course, incur any liability on the bill. A bill drawn in favour of "*Tom Sykes only*," would prohibit its transfer, and would therefore be not negotiable, that is, its value could not be transferred to another by delivery. The same remarks apply to a bill with a restrictive endorsement as "*Pay John Smith only, Pupil Bros.*"

Case of Need. The drawer of a bill being unable to know for certain whether the drawee will accept or, having accepted, will pay, may insert the name of a person to whom the holder may, if he pleases, resort in case of non-acceptance or non-payment. This person is called a "*referee in case of need*." In other words "a case of need" is a statement occasionally put upon a bill of exchange by the drawer or one of the endorsers, naming a person who will guarantee its payment, and to whom the holder may have recourse in case of dishonour. The following is the usual form:—

"In case of need apply to JOHN SMITH,
622 Moorgate Street, E.C.,
Pupil Bros."

The purport of this is, that if the bill is not paid at maturity John Smith (who knows your firm to have a reputation for integrity and financial honour) will pay it for your honour. Pupil Bros. would, of course, communicate with John Smith and ask him (if necessary) to protect their signature by accepting the draft, so that they might be saved the discredit of it being said that a draft of theirs had been dishonoured.

Liability and Security. The acceptor of a bill is the person who is to be liable to the drawer, so long as it remains in the drawer's hands, and he (the acceptor), is *always* the person *primarily* liable to the holder; and when the drawer delivers the bill to the payee, or bearer, or by endorsement transfers the bill to another, the drawer in his turn becomes liable as well as the acceptor, to the holder of the bill, and so does every subsequent endorser, the security thus increasing with each endorsement.

Accommodation Bills (sometimes called "kites" or "wind-mills") are bills drawn, accepted, or endorsed, though no consideration or value has been given for them. Such bills are usually made by two or more persons with a view to their being discounted for the temporary convenience of and accommodating one or more of the parties concerned, each of them agreeing to provide the acceptor, at, or previous to its due date, with funds to meet the bill.

A long bill is one having a long term to run, as 6 or 9 months after date or after sight; while a short bill is one payable on demand, at sight, or having less than 10 days to run; also those bills received by bankers for collection and which have nearly matured. Short exchange is the rate for cheques or drafts at sight, or payable within a day or two. There being no question of interest involved, the variations of the short exchanges above or below the mint Par is the measure of the monetary balance of trade, including therein the movement of floating capital.

Sole or sola means only one bill as opposed to a "set"; First denotes the first of a set; a Copy is a facsimile or duplicate; and Via means any one of a "set of bills."

The holder is the person in actual or constructive possession of the bill, and entitled at law to recover its contents from the parties to it. If the holder takes a composition from the acceptor or maker, the other parties are discharged. Part payment, of course, has no such effect.

532. BOND. A bond is a document under seal by which a person binds himself to pay a sum of money at a given time, or under special conditions. The person giving the bond is called the *obligor*, and he to whom it is given the *obligee*. Bonds are often given by Governments and Corporations as securities for loans. According to their character they are named respectively: Bonds to Bearer: Currency Bonds; Exchequer Bonds; Gold or Sterling Bonds; Lottery Bonds; Registered Bonds.

533. BONDED GOODS. Merchandise liable to duty, deposited in Government or Bonded Warehouses (known in France as *Entrepôts*) until the duty upon them is paid. While the duty

remains unpaid the goods are said to be "In Bond," a bond having been signed on behalf of the owners, that the duty will be paid when the goods are removed for consumption.

535. BOOK DEBTS are the unpaid a/cs. or debts receivable standing in a merchant's books, that is, the amount owing to you by your customers, or debtors; the Dr. Balances of personal a/cs.

557. COPYRIGHT is the sole legal right to print or publish anything which belongs to the author or his assigns. Copyright commences from the date of first publication, and the author is deemed to be the first owner of the copyright therein. The duration of copyright is the life of the author and 50 years after his death. A copy of every book should be sent to the British Museum within one month of publication. The only safe way to regard money expended upon the purchase of a copyright is to treat it as the purchase money of a terminal annuity of very short duration.

562. A CREDIT NOTE (C/N.) which is a statement (in red ink), sent to a person showing the particulars of an amount in respect of which you are crediting him, is generally used when goods are returned, an abatement is being made, or an overcharge rectified.

CREDIT NOTE. 625 Cheapside,

LONDON, 22nd June, 1919.

Messrs. Owen & Dew, Leeds.

Cr. in A/c. with Charles Mee & Co., Ltd.

By return of Goods invoiced 19th June	£	9	10
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564. A DEBIT NOTE (D/N.) which is a statement, in the form of an invoice, sent to a debtor, showing the particulars of an amount in respect of which you are debiting him, is used when you discover that he has been undercharged for certain goods, or in the event of an invoice being undercast.

DEBIT NOTE. 625 Cheapside,

LONDON, 30th June, 1919.

Messrs. Owen & Dew, Leeds.

Dr. to Charles Mee & Co., Ltd.

To Undercasting of Invoice dated 25th June	£	1	-
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565. DEBTOR and CREDITOR. A Debt is that which is due from one person to another, whether money, goods, or services and whether payable at present or at a future time; that which one person is bound to pay or perform for another. When a debt becomes due, it is the duty of the debtor to pay it without waiting for any demand. It is in general the duty of the debtor to seek out his creditor for the purpose of paying him. A creditor is not bound to give change to his debtor, whose duty it is to tender the exact amount of his debt in legal currency (see Legal Tender). The ordinary mode of enforcing a debt, not exceeding £50, is by commencing an action in the County Court; for a larger sum proceedings must be commenced in the High Court, but either party may have the action remitted to the County Court if the amount does not exceed £100. **Crown Debts** are those due to the Government or Crown in respect of Taxes, &c. The Crown claims priority for its debts over all other creditors, and to recover them by summary process. A **Judgment Debtor** is one to whom directions have been given by a Judgment of the Court to pay a sum of money to another person, known as the *Judgment Creditor*. The **Debtors' Act, 1869**, abolishes imprisonment for debt except in case of default of payment of penalties, default by trustees or solicitors, and certain other cases; and provides for committal of debtors in default of payment of judgment debts which the debtor *can but will not pay*, and in certain other cases. It also provides for the punishment of fraudulent debtors.

567. DEMURRAGE. A charge of so much per day made by the owners of vessels for their detention beyond a specified time. Legal holidays and Sundays are not charged for. The term is also used for a charge made by railway companies for detaining their horse boxes, waggons, trucks, &c., beyond a given time. **Keelage** refers to the dues or fees paid by a vessel on her entering and resting in certain ports and harbours in the Kingdom.

570. DIVIDEND (Div.) (1) A share of the profits of a Public Company; the interest payable on any portion of the national debt or other stock. "*Ex-Dividend*" is a stock exchange phrase to signify that the price at which a given security is quoted is *exclusive* of dividend. Unless so specified the security in question is "*cum-dividend*," meaning that the interest accrued since the previous distribution is covered by the purchase money. A **dividend warrant** is an order for payment, in the form of a cheque payable on demand, and therefore transferable by endorsement. An **interest warrant** is an order for the payment of a periodical dividend, and is generally sent by post to the holders of registered and other public stocks, as the interest becomes due. **Coupons** are certificates of interest or dividends bearing different dates attached to the foot to transferable bonds and debentures. The word "*coupon*" means a cutting, and as the dividends fall due the certificates are cut off and paid into the bank for collection just like a cheque. (2) The share paid to the creditors out of the funds realised from the

sale of an insolvent's estate. These dividends are sometimes paid by instalments. For instance, suppose that the whole of the assets of an insolvent cannot be immediately realised, the Trustee or Official Receiver would probably declare a "first dividend of 5/- in the £," and subsequently declare a "second and final dividend of 5/- in the £."

573. ENDORSED. The person who acquires the right conveyed by any negotiable instrument B/L, D/W, D/O, in consequence of its being made over to him by *endorsement*. An endorser is one who endorses a bill or other negotiable instrument, and thereby transfers his interest or claim therein by writing his name at the back of such instrument.

574. ERRORS EXCEPTED, or Errors and Omissions Excepted (E.E. and E. & O.E.) generally written at the foot of invoices, statements, and a/cs., in order to reserve the right of making rectifications at any future date.

577. A FIRM OFFER or REFUSAL is one where goods are offered to a merchant at a certain price within a given period, and until he has either refused them or the period has expired, they are not offered to anyone else.

578. A FOLIO (Fol.) is an opening in a book or two pages facing each other, both pages having the same number. This word, however, is often employed when speaking of a separate page, particularly when containing a debit and credit side.

579. FORGERY is the fraudulent making or alteration of a writing or seal to the prejudice of another man's right or of a stamp to the prejudice of the revenue.

581. FREIGHT. The amount paid for the hire of a ship or a charge for carrying or transporting goods or cattle by water. The cargo of a ship *Dead Freight* is the compensation paid by the freighter of a whole ship for space remaining unoccupied when the cargo is not a full one.

593. I.O.U. a written acknowledgment of a debt, so called because it commences with those letters which custom has substituted for the words "I owe you" because they have the same sound. It ordinarily runs thus

*To Mr Henry Leider 10/- Five Pounds,
John Borrower 1st January, 1922*

If in the above form, it requires no stamp, being neither receipt, agreement, nor promissory note. If it contains a promise to pay the money it must be stamped as a promissory note, or as an agreement if the subject of which is of the value of £5. It is evidence of an *account stated* (see par. 504) with the creditor, if named, if he is not named it is *prima facie* evidence of an account stated with the person producing it. It is not negotiable.

594. INSOLVENT denotes the state of being unable to satisfy the whole of your creditors in full. Inability to pay twenty shillings in the £. **Solvent** means the opposite. A **Composition** is a payment of so much in the £ by an insolvent debtor in settlement of his debts, in lieu of the whole amount owing.

596. An **INVOICE** (Inv.) is a statement setting forth full particulars as to the quantity, quality, and price of goods sold or consigned to a purchaser or factor; the contents and marks of each parcel, and the charges (if any) upon them. Whether you purchase or sell goods, it is customary and advantageous for an Invoice to pass between the parties, simultaneously with the transmission of the goods. The advantages of an invoice are that on arrival of goods you can compare them with the particulars contained in the invoice; and should any discrepancy be discovered it can be speedily rectified by communicating the facts to the seller of the goods. A **Pro Forma** invoice is an imaginary one made out *for form's sake*, in order to ascertain what the charges are likely to be; and also for the use of the Customs authorities when goods are being consigned to some places abroad. Some merchants, when receiving orders to buy certain goods somewhat outside their general line of business, ask for a *pro forma invoice* of the items they are about to purchase, in order to ascertain the current market price of the goods, the manner and cost of packing, the discount, terms of payment, and the approximate cost the order would amount to.

Telegrams: "Cloth, Huddersfield."
Telephone No. 160.

907 New Street,
Huddersfield.

23rd November, 1918.

Thomas Sykes, Esq., Park Lane, Leeds.

Bought of **SILVERWOOD & Co.,**

Woollen and Worsted Manufacturers.

Terms: One clear month's credit. Dis. 2½%.

Stock No.	Yards.			£	s.	d.
2834	51 as 50	Black Serge	@ 1/11	4	15	10
2936	44 „ 43	„ Vicuna	2/2	1	13	2
3004	46 „ 45	Blue Beaver	2/6	5	12	6
4616	59 „ 58	Light Fancy Tweed	2/8	7	14	8
1718	63½ „ 62½	Coarse Cheviot	3/-	9	7	6
5108	49 „ 48	Black Worsted.....	3/1	7	8	-
7346	52 „ 51	Woollen Cord	3/4	8	10	-
5110	29 „ 28½	Grey Overcoating	3/6	4	19	9
5111	37 „ 36	Oxford	3/7	6	9	-
				£	59	10 5
Discount.....				2½%	1	9 9
Received by cheque £58 - 8, 1st Jan., 1919, Silverwood & Co.				£	58	- 8

601. LEASE. A document setting forth the conditions of a contract for letting lands or buildings for a life, a term of years, or at will, usually in consideration of an annual rent. The party who grants the lease is called the "lessor," and the party to whom the premises are leased, the "lessee." In a/c.s. of leasehold property such an amount should be written off each year, in respect of the diminishing value, that the entire value will be exhausted at the expiration of the lease. An easy method of calculating the price that should be paid in order to receive a return of capital by the time of the expiration of the lease, and a fixed rate of interest upon such capital is as follows:—Divide the proposed purchase money (say £720) by the number of the years to run before the lease expires (say 60), this may be taken to represent annual repayment of capital (say £12). Deducting this amount from the net annual rental (say £55) leaves a balance of £43, which is equal to nearly 6% on the purchase money.

603. A LETTER OF CREDIT (L.C.) is a communication addressed by bankers or merchants to their correspondent or agent, either at home or abroad, requesting him, upon the credit of the writers, to advance the bearer a specific or an unlimited sum of money, and debit the amount paid to their a/c. The chief differences between a L/C. and a B/E. are that the former is not an *order*, but a *request* of payment; that a L/C. needs no acceptance; is not negotiable; and cannot be protested for non-payment.

604. LIABILITIES denote the whole amount of the debts owing by a person or company, and also any contingencies that might probably arise from financial obligations. Liabilities are the credit balances of the real and personal a/c.s. in the Ledger.

Contingent liabilities are those dependent on an uncertain issue, of doubtful occurrence, which may or may not happen. For instance a bill receivable which you have negotiated creates a contingent liability, inasmuch as you may be called upon by the owner to pay the contents in the event of the bill being dishonoured by the acceptor. Again, should you become a surety or bond on behalf of a principal, by guaranteeing the repayment of a sum of money, or indemnifying an employer in respect of any losses occasioned by an employee, you would in the event of the principal failing to fulfil his obligation, become liable for the amount specified. Bankruptcy is sometimes caused by such liabilities becoming immediate.

613. MONEY. Value may be defined as the general purchasing power of a commodity, while *Price* is such value expressed in relation to money. The value of a thing is the amount of other commodities for which that thing can be exchanged; or the worth of that thing measured in the terms of some other thing. Price is the consideration which is given under a contract in exchange for the supply of commodities or services. Thus, a Sale is defined to be the transfer of the property in a thing for a price. Therefore when goods are exchanged for goods there is no price, and the contract is one of barter and *not*

of Sale. **Money** is a measure of value and a medium of exchange; or that substance, of whatever nature it may be, which is, by common consent, and for the convenience of the community, employed to represent goods in effecting their sale. In civilized countries, gold, silver, and bronze coins of a certain weight and fineness are used as money, on account of the scarcity of these metals, their portability, durability, uniformity and easy divisibility. **Currency** is a term applied to the legal medium of exchange of a nation, such as the current coins and notes authorised as legal tender. The **circulating medium** or currency may be of two kinds: (1) **Metallic or Specie**. (2) **Paper**. Metallic currency consists of coins, which are pieces of metal of certain weights and fineness bearing a legal stamp. **Bullion** is gold and silver of varying fineness or purity in the form of bars, dust, groups, and coins. Coined money is of two sorts, which are called respectively **standard money** and **token money**, the latter consisting of coins which are not intrinsically worth the amount named upon them; *e.g.*, the silver and bronze coins. **Standard money** is that in which the fine metal used is the standard metal of the country and is generally known as the **standard of value**, which has been defined as that coin or basis upon which the currency of any country is measured and regulated. England is a "gold standard" country; Mexico and China are "silver standard" countries; while France has nominally a double or bi-metallic standard, but practically she has a gold standard, only gold being coined. **Sterling** is the name given to standard English money or coin. **Paper-currency** or circulation consists of Bank Notes and similar documents which not only represent money, but which are made legal tender by the Government as being worth in coin the amount named upon them. The efficiency of paper money as a substitute for coins depends on whether the owner can obtain the equivalent in coin whenever he wishes it. When paper money can be exchanged for coin to its face value on demand at the Government Bank it is called *Convertible*; for instance our Bank of England notes are convertible, as they are exchangeable at the Bank into sovereigns on demand to the full amount of their face value. "*Inconvertible*" paper currency is that which cannot be exchanged for coins on demand, but must be accepted as representing its face value. Such a currency is only legal tender for any amount in transactions between the inhabitants of the particular country adopting it. In questions of exchange with a foreign country inconvertible paper money is always at a discount, that is, it circulates at a varying rate below the value of the coin which it professes to represent. Such a discount is known as **agio** or **premium** which may be defined as the difference of value existing between real and nominal money as shown by the Continental rates of exchange; or the difference of value between specie and paper money in those countries, where notes are not exchangeable for gold. Thus it is said, for instance, that *gold is at a premium of 5% on paper*, or that *there is an agio of 5% on gold*, which means that 105 units in paper money are given for 100 units in

gold. **Legal Tender** means the current coin or medium of payment that may be lawfully offered in payment of a debt. They are:—Gold of the full weight to any amount, Silver up to 40/., Bronze up to 1/., and Bank of England Notes up to any amount in England and Wales, but no one can be compelled to give change for such notes except the Bank itself. A tender must be absolute and unconditional, and the money must be actually produced at the time of the tender. The word **Bi-metallism** is used to describe the employment of two metals, to form at the same time, in combination with each other, the standard of value. A bi-metallic system of currency to be completely effective must, in the view of those who advocate it, include two essentials: (a) An open mint ready to coin any quantity of either gold or silver, which may be brought to it. (b) The right on the part of a debtor to discharge his liabilities, at his option, in either of the two metals, at a ratio fixed by law. The term **Mono-metallism** is applied to designate a monetary system in which the standard of value consists of one metal, whether silver or gold. **Monies of Account** are the denominations or divisions of money in which accounts are kept. They may or may not correspond with coins in circulation, e.g., the monies of a/c. of England are £ s. d., while in the case of France they are francs and cents. The **Latin Union** is the monetary union organised between France, Belgium, Greece, Italy, and Switzerland, in all of which countries the amount in francs, &c., are converted as 25 = £1.

617. A NEGOTIABLE document or instrument of credit is one which, in its transfer from one person to another, conveys to and vests in the holder a legal right to the money or property which the document is issued for, or which it represents. Negotiability does not attach itself to every instrument, but only to those which have obtained it either by mercantile custom or statute: B/E., P/N., Cheques, Exchequer Bills, East India Bonds, Circular Notes, Dividend Warrants, and certain Scrip and Bonds are negotiable. The term "Not negotiable" has no statutory signification whatever on any document except as part of the crossing of a cheque.

618. PAR. Equal value. Stocks and shares are said to be **at par** when their respective market and nominal or face values are the same. When the price of stocks or shares is *higher* than the face value they are said to be **above par** (or at a premium), and when the price quoted is *lower* than the face value they are said to be **below par** (or at a discount). A nominal share of £1 fully paid, if quoted at $\frac{1}{2}$ premium would be 25s. per share; or a nominal share of £1, with 10/- paid up quoted at a $\frac{1}{4}$ premium, would be 15s., £100 nominal stock, if quoted at 101, would be at a premium of 1.

620. PATENT is the name of a grant by the government of a country of a privilege enabling the patentee or his licensees to make, use, exercise and vend the invention, and to restrain any unauthorised person from using or imitating it. The duration of a patent when granted is 16 years, but every patent ceases on

failure of the patentee to make the prescribed payments or annual instalments, unless he can show that the default arose through an accident or mistake. Depreciation should be charged periodically, having due regard to the date of the expiration of the Patent.

625. PREMIUM. (1) An annual payment for Insurance against loss by fire, &c, or to assure a certain amount of money being paid on a person attaining a given age, or at death. (2) The excess in quotation over the nominal paid-up amount of any security. (3) A payment to any employer on a pupil becoming articulated or apprenticed.

626. A PRICE CURRENT (P.C.) is a list showing the market price of commodities. These lists are published in the daily newspapers and also in the various trade journals. Many merchants issue a Price Current to their customers either bi-weekly, weekly, fortnightly, or monthly, showing the articles dealt in, and the current market price of each. Some firms keep blank forms of prices current, the names of the staple articles of their place being printed, the columns for prices being left blank. A **Price List** merely shows the *definite price* of articles offered for sale. These lists are chiefly issued by retail drapers, grocers, &c., in the form of newspaper advertisements and handbills.

628. PRINCIPAL. A responsible person for whom an agent buys, sells, or transacts other business; also a partner or head of a business house. The word "principal" is also applied to money lent out at interest.

633. QUARTER DAYS. *England*: Lady Day, 25 March; Midsummer, 24 June; Michaelmas, 29 Sept.; Christmas, 25 Dec. *Scotland*: Candlemas, 2 Feb; "Whitsunday," 15 May; Lammas, 1 August; Martinmas, 11 November.

637. REBATE. Generally an abatement or allowance in price. Strictly, discount returned by a banker on a bill taken up before maturity, or by a banker or bill broker when discounted bills are taken back again, previous to their arriving at maturity, by the parties who placed them under discount. An **Abatement** is a deduction from a quoted price or value.

638. RECEIPT (Rect.). A written acknowledgment of something having been received. A receipt for money when the amount is for £2 and upwards, requires a twopenny stamp, which, if adhesive, must be cancelled by being written across, the cost of the stamp being borne by the receiver. A receipt should, at least, state the date, the name of the payer, the amount, what the payment is for, and the signature of the receiver, as below. A receipt written either on the front or the back of a stamped cheque requires a receipt stamp; either one twopenny or two penny stamps. A **Voucher** is any book, document, or writing in proof of the payment or receipt of money; or which in any way serves to attest the truth or correctness of accounts, or any other inopetary transactions. As far as possible Petty Cash payments

should be initialled in the P.C. Book by the person receiving the cash; and payments by the cashier to his principals should be initialled in the C.B.

5 Dock Street, Leeds, 28th December, 1922.

GRAY'S ESTATE.

Received from Mr. George Terry the sum of Twenty Eight Pounds Ten shillings, being one half-year's rent due to the Trustees of John Gray, deceased, at Christmas last.

Cash....£27 16 -

Tax - 14 -

£28 10 -

HENRY HORN

For Self and Co.-Trustees.

Receipt a Statement thus:—

Received payment by cheque, £95 8s. 10d.

5th JULY, 1922.

CHARLES MEE & Co., LTD.,

JOHN DAY, Secretary.

639. A RECONCILIATION STATEMENT is one that is sometimes made out for the purpose of adjusting or testing the accuracy of certain a/cs., such as a Rental, with the Rental of the previous year or the contents of the Cash Box with the balance of the Cash Book (see par. 87); or the Bank Column of a Cash Book with the Pass Book (see par. 93).

641. REMITTANCE. A sum of money sent, transmitted, or remitted from one person to another, whether it be by bullion, coin, note, cheque, B/E., M/O., P/O., or stamps.

645. SALVAGE. An allowance or compensation made to those by whose exertions ships or goods have been saved from the dangers of the sea, fire, pirates or enemies. The term is applied to the goods and other property saved. A *Derelict* is a ship that has been abandoned at sea.

663. STAMP DUTY. A tax imposed for revenue purposes, on bills of exchange, bank notes, cheques, licenses, deeds, and documents of every description (except wills and I.O.U.'s) receipts for money over £2, playing cards, &c. The term *ad valorem*, meaning according to the value and not to the number, weight or measure, is used in commerce principally with reference to the *ad valorem* custom and stamp duties, which are

levied by the Customs and Inland Revenue Departments of the Government on goods and documents at certain rates *per cent.* on their value.

650. STATEMENT. An a/c. rendered at certain times usually monthly or quarterly, giving dates and amounts only of each delivery of goods since last settlement, together with any charges; and after deductions for returns, payments on a/c., allowances, &c., showing amounts due at date of statement. It is really a demand for payment.

625 Cheapside,

LONDON, 30th June, 1922.

Messrs. Owen & Dew, Leeds.

Dr. to Charles Mee & Co., Ltd.

1917		£	s.	d.	£	s.	d.
April 1	To Balance brought forward.....	17	16	3	63	7	6
" 4	" Goods	86	4	9			
" 7	" do	43	8	4			
" 10	" do	5	19	6			
" 30	" do	19	7	2			
May 7	" do	7	4	5			
" 15	" do	26	19	11			
" 28	" do	13	4	2			
June 9	" do	2	9	10			
" 19	" do	16	18	9			
" 25	" do	46	9	2			
" 28	" do	17	16	9			
" 30	" do	1	-	-			
" 30	" Undercastings, 25th June				253	19	-
					223	6	6
May 2	By Cash	171	16	4			
June 2	" do	53	11	6			
" 22	" Returns	2	9	10			
					227	17	8
					£	95	8 10

654. STATUTES OF LIMITATIONS. The enactments fixing the periods within which rights must be established and debts recovered. The periods of limitations vary from 14 days to 60 years from the cause of action according to the subject of litigation. A common debt is *Statute barred* after a lapse of six years, unless a promise to pay or an unqualified acknowledgment in writing has been made by the debtor, in which case the debt is revived.

660. TARE is the weight of a case, bag, box, sack, cask, chest, can, glass, wrapper, or other article wherein goods are packed; hence the word is also used as meaning the allowance, deduction, or abatement made in respect thereof from the gross weight of the package. Tare is calculated in five different ways, viz. :—(1) by Real tare, which is found by actually ascertaining the weight of the boxes, sacks, vessels, &c., wherein

goods are packed, and deducting it from the gross weight of the parcel; (2) by **Average tare**, where the packages are numerous and of a similar size, when only a few are weighed so as to form an average for the whole; (3) by **Customary tare**, which is an established allowance for the weight of packages on the gross weight of certain goods, fixed by the custom of each particular trade; (4) by **Estimated tare**, which means that the weight of the packages are computed and an estimated allowance agreed upon at the time of sale; (5) by **Super tare**, by granting an additional allowance when packages exceed a certain weight. **Tret** is an old customary allowance of 4lb. on every 104 lbs. on certain articles of merchandise as a compensation to the buyer for wear, damage, or deterioration in transit, or for the dust or sand mixed with any commodity. **Draft or Waste** is an allowance or deduction often made on the gross weight of goods in consideration of their being damp, or mixed with dust, rubbish, or other extraneous substance.

661. TERMS as to **Price and Payment**. "**Loco**" merely means that the price quoted is the price of the goods sold at the place where they lie, without including any charges whatever for transit or removal. "**F.A.S.**"—free alongside ship—denotes the place of delivery, and that the seller pay all charges upon the goods up to their reaching the ship's side, when the buyer must attend to their being put on board, and pay the dues and charges for slinging, &c. "**F.O.B.**"—Free on board—indicates that the price quoted covers the cost of the goods, carriage to port, and shipping charges: i.e., the seller puts the goods on board free of all expense to the buyer, who pays the freight. "**C. & F.**" cost and freight—means that the price is to cover the cost of the goods, shipping charges and freight, in fact all charges to the destination of the vessel except insurance. "**C.I.F.**"—cost, insurance and freight—means the last paragraph, plus insurance. "**Franco**," "**Rendu**," or "**Free**," means c.i.f. *plus* foreign import duty and carriage to the door of the buyers, i.e., the price includes every possible charge. "**C.O.D.**"—cash on delivery—denotes that the buyer must pay for the goods at the time of delivery. "**Prompt Cash**"—payment within two or three days of delivery. "**Cash**" or "**Net Cash**"—payment within a week or ten days. "**2½% for Cash**" denotes that this discount will be allowed if payment be made within about a week of delivery. "**5% within a month**"—this allowance will be made subject to the payment within one month from date of delivery. "**Prompt Cash less 4 mos.**"—means payment within a day or two *less* 4 months interest at 5% per ann., e.g., on £100 the discount would be £1 13s. 4d. "**3 mos. net**" denotes 3 months credit and no discount. "**Cash against documents**" indicates payment on delivery of B/L. and Policy. "**Documents against acceptance**" denotes that the shipping documents must *not* be handed over to the buyer until he has *accepted* the B/E. "**Documents against payment**" the buyer must *pay* or *honour* the B/E. before receiving the shipping documents.

662. A TRADE MARK is a name, symbol, picture, form or device applied to a trader's goods for the purpose of distinguishing them from the similar goods of other traders in order that he may secure to himself the profits arising from their reputation for superiority. A trade mark differs both from a patent and from a copyright in its legal character. When Patent right and Copyright protect the substance of the articles, the protection in the case of a trade mark extends only to the device or symbol which is invented and adopted to designate the goods sold. A record of registered trade marks is kept at the Patent Office, 25 Southampton Buildings, London, W.C. 2.

664. TRUE DISCOUNT is the difference in value between a debt due on a given date and the present time. For instance a B/L. drawn on the 1st Jan., payable in 3 mos. for £5050 would on the 4th Jan. be worth £5000, if discounted at 4% per ann. True discount however, is rarely allowed in such transactions. In the above example the discounter would deduct from the principal the *Commercial* or *Banker's* discount of £50 10 -, which is practically interest at 4%.

666. TURNOVER. The total sales of a trader within a given period. In banking, the total of the debits or the total of the credits placed to an a/c. within a given period.

674. WATERING. The act of increasing the face value of stock or shares without making any equivalent increase in the value of the assets they represent.

677. WINDOW DRESSING is the arranging of a Balance Sheet by a company so as to make a good show.

678. WITHOUT PREJUDICE. A phrase used in negotiations of compromise or offers to settle disputes, in order to guard against any waiver of right should they be ineffectual and go off.

680. YIELD. A statement that a stock or share will yield so much per cent, means that the return to the investor is at that rate on every £100, or part of £100, of capital sunk. For instance, a 4½ per cent stock at 108 will yield £4 1 8 per cent.

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