

THE
BUSINESS ENCYCLOPÆDIA
AND
LEGAL ADVISER

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AND
LEGAL ADVISER

BY

W. S. M. KNIGHT

OF THE INNER TEMPLE, BARRISTER-AT-LAW

WITH A SERIES OF STATISTICAL ARTICLES
AND EXPLANATORY DIAGRAMS BY
JOHN HOLT SCHOOLING

NUMEROUS ILLUSTRATIONS, BUSINESS FORMS, CHARTS, &c.

IN SEVEN VOLUMES.—VOL. VI.
SUPPLEMENT BY VARIOUS CONTRIBUTORS

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PREFACE—VOL. VI.

THE great success this Encyclopædia has attained during its first edition has brought with it the necessity to deal with certain special topics which appeal particularly to the most progressive and would-be best informed men of business. When the work was first published the time was hardly ripe for a popular treatment of many of such topics. During the last few years, however, a new spirit has entered into business life. There has been a growing desire for knowledge of the means by which commerce may be best organised and most fully developed. In the awakening of this desire there can be no doubt that the "Business Encyclopædia" has played an important part.

It has therefore been felt desirable, while developing the Encyclopædia on these lines, to obtain the co-operation of well-known and acknowledged authorities, both practical and academic, on subjects connected with commercial principles, organisation, and development. The subject-matter of this work can no longer be the field of any one man. And so, with these supplementary volumes, the author retires as such and returns as editor. As a consequence of this change of policy and method, it is believed that the Encyclopædia will retain its present unique position of being the one authoritative work of reference on matters of business principles and practice.

One other matter. The Editor is bound here to express his appreciation and thanks to the contributors to these volumes for the courtesy and consideration with which they have endeavoured to mould their contributions into the one whole, and to the many distinguished business men who have placed their experience at the disposal of his readers.

W. S. M. KNIGHT.

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THE BUSINESS ENCYCLOPÆDIA

A

ABBREVIATIONS IN BUSINESS.—Business correspondence and business documents are full of terms which might puzzle many a man not familiar with a particular trade. Such terms are largely abbreviations of phrases in common use, which have passed into the language of the business man almost as a matter of tradition, so that even the rising generation in that particular business is often using terms quite correctly without being aware of their meaning. Believing that many of these abbreviations are used daily by people who do not know their meaning, the following list has been compiled, being a collection of terms in general use in many businesses, with their literal meanings set side by side :—

ABBREVIATIONS.	MEANINGS.	ABBREVIATIONS.	MEANINGS.
Al	First class (of ships).	Exch.	Exchange.
A/c or acc't.	Account.	Encl.	Enclosure.
A/s	Account sale.	Ex	From, out of.
@	At.	e.g.	For example.
Amt.	Amount.	Fcp.	Foolscap.
Bls.	Bales.	F.O.B.	Free on board.
B/L	Bill of lading.	Fo., fol.	Folio.
B.P.B.	Bank post bill.	F.A.S.	Free alongside ship.
B/E	Bill of Exchange.	F'wd.	Forward.
B/P	Bills payable.	F'rt.	Freight.
B/R	Bills receivable.	F.P.A.	Free of particular average.
Chq.	Cheque.	G/A	General average.
c.f.	Cost and freight.	H.M.C.	His Majesty's Customs.
c.i.f.	Cost, freight, and insurance.	Inst.	Instant—the present month.
C.O.D.	Collect on delivery.	Int.	Interest.
C/P	Charter party.	Insce.	Insurance.
Com.	Commission.	Inv.	Invoice.
Con., Contra	Against.	i.e. (id est)	That is.
Cr.	Credit, creditor.	In trans.	On the passage.
Cs.	Cases.	Kilos.	Kilogrammes.
Dft.	Draft.	L/C	Letter of credit.
Disct.	Discount.	Meast.	Measurement.
D/A	Documents attached (or documents for acceptance).	Mo.	Month.
d/d	Days after date.	m/d	Months after date.
D/D	Demand draft.	m/s	Months after sight.
d/s	Days after sight.	Memo.	Memorandum.
Do., ditto	The same.	MS.	Manuscript. Plural MSS.
Dr.	Debtor.	Nos.	Numbers.
D/y	Delivery.	Net	Without further reduction.
E.E.	Errors excepted.	%	Per cent.
E. & O. E.	Errors and omissions excepted.	%o	Per mile.
		Pcs.	Pieces (of cloth).
		P/Av.	Particular average.

ABBREVIATIONS.	MEANINGS.	ABBREVIATIONS.	MEANINGS.
Pd.	Paid.	P.T.O.	Please turn over.
Per pro. or p.p.	Per procuracion.	Qr.	Quarter.
P.N.	Promissory note.	Rect.	Receipt.
P/A	Power of Attorney.	Recd.	Received.
Prox.	Proximo—next month.	Retd.	Returned.
pp.	Pages.	Stg.	Sterling.
Pro tem.	For the time being.	Ship't	Shipment.
Payt.	Payment.	Ult.	Ultimo—last month.
Pkgs.	Packages.	Wt.	Weight.
Per or	By.	X.D.	Without the dividend.
Pro Forma	As a matter of form.	4to	Quarto.
P.S.	Postscript, written afterwards.	8vo	Octavo.

ACCOUNTANT: How to become an.—An accountant is one skilled in the art of keeping and examining accounts. If a going concern is to be turned into a Limited Liability Company, accountants are called to thoroughly examine the books of the vendors and certify the profits and the probable percentage of interest that may be expected from the capital invested in the proposed company. It is usual to appoint chartered accountants as auditors of a company, and as such it is their duty to examine the books and to certify the profit and the amount available for dividend. In these days, when every successful trader or manufacturer who has made his pile and desires to retire from the storm and stress of active commercial life, wants to sell his business to an investing public for a consideration, the accountant's profession is a fairly safe and lucrative one. Again, many business men and many companies show losses instead of profits, and are perforce wound up. Such disasters bring grist to the mill of the accountant. He is called in to search for the cause of failure, and to show how much may be saved from the wreck and paid over to the creditors and shareholders, and bankruptcy cases are often amongst his most lucrative ones.

Accountancy is a profession demanding professional training, and one not to be undertaken except by such as have a good head for figures and a great capacity for taking pains. But accountants must not only be able to understand figures; they must be able to understand men, and particularly business men, and must acquire such a knowledge of their practices as will enable them to read between the lines of accounts submitted to them. Should they certify as correct balance-sheets which are subsequently found to be false, they will have to prove in a Court of Law that their error was not due to a want of reasonable care and diligence. It goes without saying that an accountant must be a man of strict probity and great moral courage, both of which he may need should he happen to be employed by unscrupulous company promoters.

The best early training is one that will fit a boy before the age of sixteen for the Preliminary Examination of the Institute of Chartered Accountants, whose offices are in Moorgate Place, London, E.C., or for one of the numerous public examinations, success in which would admit him to the further examinations for membership of the Institute, without passing through the Preliminary. Among the examinations, success in which gives exemption from the Preliminary, are the following:—Responsions at Oxford, the Previous at Cambridge, Matriculation of any English University, First-

class Certificate of the College of Preceptors. If exemption cannot be claimed, the candidate will have to pass the Preliminary of the Institute (fee two guineas), which is held in June and December.

The boy who wishes to become a chartered accountant, if he is over sixteen and has passed or been exempted from the Preliminary, must now be articulated for five years to a member of the Institute who is in practice in England or Wales. If he is a graduate, however, the term of service under articles is only three years. He will have to pay a premium, the amount of which will vary with the standing of the firm, and may be anything from one hundred to three hundred guineas. During articles, the future accountant is engaged in learning the practical details of his profession, as well as Commercial Law. The first year will be probably spent in dealing with columns of figures, in casting and checking accounts. This may be regarded as mere drudgery, but it is an essential part of the training and should be faced accordingly. When half the term is expired, he will be able to take the Intermediate Examination (fee two guineas), the subjects of which are Book-keeping and Accounts, Auditing, and the Rights and Duties of Liquidators, Trustees, and Receivers; and he must get through this Intermediate before the expiry of his articles.

When he has completed his term of service, he can take the Final Examination (fee two guineas), the subjects of which include those of the Intermediate, with the addition of the Principles of the Laws relating to Bankruptcy, Joint-Stock Companies, Arbitrators and Awards, and Mercantile Law. For success at the severe Final Examination, close and continuous study is necessary for at least twelve months before the day of trial. It will be well for the pupil to take advantage of any class within his reach in which he can take a course in Mercantile Law under a competent teacher. There are a good many special books to be read, which will probably cost from £10 to £15. There is, however, a students' library connected with the Institute of Chartered Accountants, where most of the books can be had. Those who have passed the Final Examination, and have paid their fee of ten guineas and been formally admitted, become Associates of the Institute and may use after their names the letters A.C.A., and after five years' continuous practice they may become Fellows (F.C.A.).

The Society of Accountants and Auditors also holds examinations for those who wish to become accountants. It is less exclusive than the Institute of Chartered Accountants, and service under articles is not at present a condition precedent to admission to the Society or to any of its examinations. It is therefore of great value to clerks, and those who are qualified in every other respect. All necessary information may be obtained of the Secretary, 50 Gresham Street, Bank, London, E.C. Although most accountants of good standing belong to one or other of the above Societies, a good many do not. A young man who could not afford the training demanded by the Institute might take the examination in book-keeping held by the Society of Accountants and Auditors, the Society of Arts, or the London Chamber of Commerce, and then, after serving some time with an accountant, apply for membership of the Society of Accountants and Auditors.

The prospects of Accountancy are decidedly promising to a well-trained man with good common sense and the power of steady application, especially if he has good business connections. Having secured his A.C.A., the young

accountant will do well before setting up on his own account, to gain experience as clerk in one or more firms doing different classes of business. When the time has come for setting up his own brass plate, he will probably find it best to buy a partnership, if possible, in an established business. The sum required will amount to two or three years' purchase. The greatest caution will be required in negotiating a partnership, but if he has no capital at his back, he will find employment without much difficulty as clerk in some good firm. The young man who has passed the Final Examination of the Institute of Chartered Accountants would probably command £120 a year. Future income would depend very much on himself. If he proves himself keen and trustworthy, his prospects are bright, and he may expect to earn from £500 to £800 a year, accountants being often engaged as secretaries to banks, companies, and building societies.

ACCOUNTING AND ACCOUNTING SYSTEMS.—The origin of accounting is lost in obscurity, but there are evidences of its existence as far back as the history of civilisation takes us; certainly it is far older than paper or books, hence the term "bookkeeping" would seem to be a misnomer, more especially as the later developments of the science are all in favour of increasingly dispensing with bound books of account. From the earliest times it has been usual for these records to be kept by slaves (and later, servants) of the capitalist; accordingly, all systems of accounting are based upon a system that treats the receiver of the benefit of a transaction as a debtor, and the impartor of that benefit as a creditor, the capitalist being treated by the scribe upon exactly the same footing as third parties, save that the account between the scribe and the capitalist is naturally much more detailed than most other accounts, and is therefore, as a matter of convenience, generally subdivided, so that the aggregate effect of its various aspects may be the more readily perceived.

The first printed book on what may be called "bookkeeping," as we understand the word, is said to have been published in Venice in the year 1495, and from that time to our own day there has been a constant succession of manuals of various kinds, more or less comprehensive of the state of the science at the various dates of publication.

It may very briefly, yet truthfully, be said that there are only two systems of bookkeeping in existence, all other systems being merely variations with regard to the *recording* of the transactions, not as to the ultimate outcome thereof. The more important of these two systems is called "double entry bookkeeping." It derives its name from its recognition of the fact that all transactions have a twofold effect, and that the recording of this twofold effect necessitates two entries; thus if goods are purchased to the extent of (say) £10, what has really happened is that the stock of goods is increased by that amount, while there is a corresponding liability to the person from whom they were bought. If the entire range of business transactions be traversed, it will be found that the effect is inevitably of this nature—that is to say, of a twofold character. Since the very science of bookkeeping is correctly to record transactions involving monetary values, it follows that, as all such transactions involve a twofold effect, the double entry system, which is the only one that embraces such twofold effect, is the only really scientific method of keeping accounts. Out of this recognition,

arises the axiom that "every debit requires a corresponding credit," and it is upon this theory that the whole superstructure of double entry bookkeeping is built.

The other system is called "single entry bookkeeping," and is thus known, because of its peculiar habit of regarding every business transaction merely from its personal side, and ignoring that which is equally important, but which does not happen to be quite so personal. In the instance mentioned above, where a trader buys goods to the value of £10, under this single entry system the increase in his stock would be ignored, and merely the personal liability in connection with the purchase of the goods recorded. It is obvious, however, that it is only quite superficially that single entry can be said to deal completely with even the personal aspect of the matter. Upon the goods in question being received, they would be handed over to the warehouseman or storekeeper, consequently his personal account (*i.e.* the goods account) must be debited, if the whole transaction is to be properly recorded, even from a personal point of view. It is possible, of course, under this method to arrive at a result which might be identical with that arrived at by the other system, but the evolution does not proceed on scientific lines; there is merely a makeweight on the scales, and any reasonable explanation as to the origin, or cause, of the result is not obtainable. It may be said, too, that a *pure* system of single entry is not practicable, and is, therefore, unknown. For instance, it is inconceivable that any business man could, or would, so arrange his books as to ignore any record of his receipts or payments of money. If he received payment from a debtor it would not be sufficient, even in the most primitive bookkeeping, to merely credit the personal account of his customer and ignore the influx of cash; and where a record of receipts and payments is kept, it is clear that the confines of double entry bookkeeping have been crossed.

The aim and object of all accounting systems is necessarily the recording of business transactions so as to show correctly their results in such a manner as to be quickly accessible to, and easily understood by, the interested parties. Once the principles of scientific accounting are thoroughly grasped, their application to the needs and necessities of the thousand-and-one classes of industry that comprise the realm of commerce to-day is not a difficult task. In the majority of cases the principles are applied, and a system of accounting is evolved, which, while admirably suited to the particular uses of the case under review, could hardly be defined by any special name, it being rather the bending of general rules to meet individual demands than the evolution of a new "system." Of late years, however, there have arisen several variations of the old-fashioned method of recording commercial transactions which certainly deserve consideration; but it should be understood that these improvements do not in any way alter the general principles of accounting—they merely tend towards economy of time and labour as regards the *record*, rather than the *result* of business dealings.

The substitution of loose records of various accounts or transactions for bound volumes is becoming quite a common practice, and although these methods are popularly supposed to have originated in America, there seems some ground for believing their origin to be much more remote. The

Chaldean system of accounting appears to have been similar to that employed in public libraries at the present time: a number of receptacles, compartments, or divisions, representing a certain class of accounts, and other articles or receptacles representing other classes of accounts and transactions; the principle of working seems to have been to provide a wide-mouthed jar to represent the account of each person with whom business was done, and tablets (each having a peculiar significance) were placed in, and withdrawn from, such jars from time to time. The jar may be said to have represented the name of the account, and the tablets to denote the balance of the account. It will be noted that the librarian of to-day applies the same principle in a slightly different way, by using steel frames instead of jars, and numbered cards instead of tablets. He can thus at a glance see what books are absent from the library, and a reference to the cards will indicate the persons in whose possession they remain. It is probable that some method on these lines might advantageously be employed for the tracing of casks, empties, packages, &c., which may be of sufficient value to warrant some record being kept.

It should be borne in mind, in considering the many variations which may be made with regard to all bookkeeping systems, that the *result* of their use should be precisely the same as if the old-fashioned rules were adhered to, and that their object is solely to obtain such results with a minimum expenditure of time and labour. The principles of double entry bookkeeping are in no way involved, and, provided these principles are firmly and properly understood, the greatest variations which an expert might work upon them should in no way obscure the issue.

Slip System.—One of the difficulties and disadvantages of the bound book method is the continual re-copying, which seems to place a premium upon error. Modern improvements all tend to reduce this particular failing, by making the original writing serve as many purposes as it possibly can, through the use of carbon copies. It is thus quite possible that a facsimile of an invoice for goods sold may be made to serve as a charging medium to the ledger, and even to perform the functions of a ledger account. Similarly, the counterfoils of the cheque book, or carbon copies of receipts, may possibly obviate the necessity of cash book entries and postings of cash to the ledger. It is doubtful, however, whether the "slip" system can always be carried to this extent, and in the majority of cases it will be found that the matter resolves itself into a question of compromise between the reasonable use of labour-saving inventions and the risks attending their indiscriminate use. As the matter is likely to become more prominent as time goes on, it may not be out of place if some of the variations of the "slip" system are mentioned.

Perhaps the most common, and certainly the most useful, application of the system, is that under which the re-copying of every invoice for goods sold into the day-book is avoided. The disadvantages of the bound day-book are many, and lie in the direction of the time which its proper use involves, the labour in connection with proper dissection, and the risk of errors in the re-copying of invoices. The slip day-book avoids all these difficulties, for the reproduction of the original invoices is automatic, and needs no re-copying. There is no time occupied therefore in that direction, and

dissection becomes a matter of the greatest ease, because the copies themselves can be sorted out and filed in any manner which may seem desirable. It is usual to have the book ruled in such a manner as to give as many invoice forms as possible at a single opening, in order to avoid the necessity of much carrying forward of items. Where this is not possible, each invoice must, of course, be entered on a summary in order to arrive at the total sales. It is necessary to add that, in order to ensure that copies are preserved of *all* invoices, the headed forms should be consecutively numbered, and, when the copies are dealt with, great care should be taken to see that none are missing. The book typewriters, or even ordinary typewriters, which are on the market to-day, adapt themselves to either a duplicate invoice book or triplicate (or other manifold) invoice forms. The application of this system by banks has been common for many years, where customers' accounts are invariably posted up direct from the paying-in slips and cheques.

Where bound ledgers are to be dispensed with as well as bound day-books, and it is intended that the original invoice slip should serve both purposes, the duplicate slip requires to be ruled in such a manner as to cover the necessary accounting columns, which, of course, need not be shown on the original. Where these circumstances arise, the slips are not filed in consecutive order, but are filed in such a manner as to represent the personal account of each customer. Where the volume of business is great, one filing system will generally be found to contain records of accounts that have been settled, while the unsettled transactions are preserved in another filing frame. It will be obvious that the method is so direct as to reduce the possibility of errors to a minimum, and it is especially valuable where the number of accounts in the sold ledger is large, and they cannot be described as the accounts of regular customers. Even if this plan is not adopted for the entire number of sold ledger accounts, it may, with advantage, be used to record the smaller accounts, which are generally dealt with under the heading of "sundries"; and if the statements are filed on the self-indexing principle, the saving of time as regards references will be especially welcome. The principle of slip day-books may be applied to almost any business, and in some cases it may be developed even further than the general lines which have been indicated.

It is hardly possible to apply the system to purchase invoices, because owing to their varying sizes the actual invoices cannot be used; and as it is rare in these days to find such invoices copied out into the books in detail, the system, if employed, would be little or no saving of time. In addition to this, as the number of bought ledger accounts is seldom very large, the matter hardly seems to call for any extensive labour-saving appliances.

With regard to cash transactions, while the slip system is capable of being applied thereto, it is generally more convenient and desirable to keep the record of such transactions in a bound book, employing subsidiary cash books, if necessary, to deal effectively with the volume of entries. The cash received may, of course, be recorded by means of the slip system through the medium of a manifold receipt book, the facsimile being used as a record and as a means of posting the items to the proper account. It is rare to find this latter plan adopted in England, but it is not uncommon in the United States.

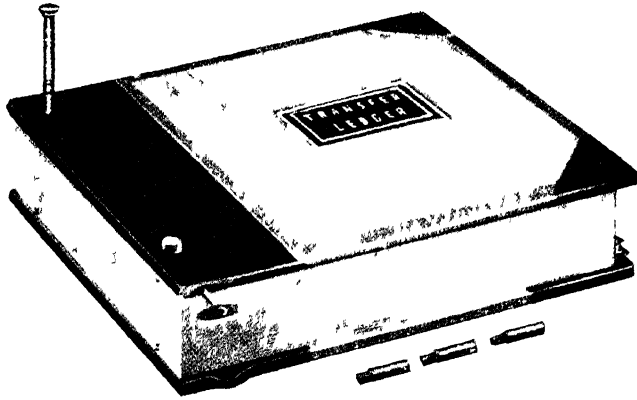
Card Ledgers.—The chief disadvantage in an ordinary bound ledger arises from the fact that it is impossible at the outset to say definitely what space each particular account will require, and therefore, by the time the volume becomes fairly full, the transfer of entries from one page to another, up and down the book, becomes a little laborious, and if an entire account requires to be considered at any time, it involves a multitude of references. In addition to this, the settled accounts, which soon become numerous, are practically in the way, and clog the space, while of themselves they are of very little service. The advantages of card ledgers may be briefly summed up as follows:—

Current accounts may be kept quite distinct from “dead” accounts, thus reducing the actual number of accounts to be handled from time to time to a minimum, and the labour of extracting balances is considerably lessened. A record of transactions with each individual customer may be kept together for an indefinitely extended period. The ledger is perpetual, as the cards may be renewed as and when required, the closed accounts being carried to the filing cabinet, or filing system, set apart for that purpose. The cards are of a convenient size, and there is no temptation to economise space by opening two or three accounts on one card.

On the other hand the objections raised against the card system are as follows: A card may be displaced, or lost. A fraudulent ledger keeper may substitute a falsified card for the real record. The small-sized card renders an elaborate special ruling impracticable. Some doubt exists as to whether objections might not be raised to a card ledger produced as evidence in a court of law.

The first objection only applies to alphabetical card ledgers; it may be avoided altogether if the numerical system be employed with a suitable pattern of indented card, combined with a careful system of registration of the actual cards in stock, and in use. The second objection falls to the ground if the fraudulent bookkeeper is unable to obtain access to the spare cards, although one must recognise that, where the circumstances warrant the trouble being taken, it might not be altogether impossible for a dishonest person to have a duplicate card made for the special purpose for which he intends to use it. The third disadvantage somewhat restricts the general utility of the use of card ledgers, but does not in any way interfere with their employment for sold ledger accounts. The fourth objection rests mainly upon a misapprehension, for the evidence of the card ledger itself may easily be supported by producing the books of first entry, so that the original records of the transactions are available.

The most modern forms of card ledgers are those where the actual cards themselves are numbered consecutively, and the reference to a customer's account is made by turning to a card index which works alphabetically, and which gives at a glance the number of the card representing the required account. Where this system is adopted it is not possible invariably to observe the distinction between open and closed accounts, but in practice the disadvantage is hardly noticeable. Tabs affixed to cards may be used to indicate special circumstances, or matters that call for special attention, and this system of earmarking is so elastic that it would be impossible to give more than this general outline of its use.



Charles Letts' Loose Leaf Ledger.



Charles Letts' Loose Leaf Ledger.

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The following are some of the uses to which the card system has been put:—

1. Keeping track of advertising expenses and results.
2. Signatures of bank customers.

There is thus no need to paste signatures cut from letters into a bound book, or to obtain signatures in consecutive order, making comparison or reference to each customer either undesirable or cumbersome. Each card may be removed for inspection without disturbing the others, and if the customer desires to refer to his signature there is no risk of his seeing those of other customers.

3. Filing of reports as to credit of each customer.
4. The system as applied to indexes affords endless saving of time and labour.

A card index is especially serviceable in the following matters:—

- (a) The record of customers by locality.
- (b) In connection with correspondence filing.
- (c) System of follow-ups.
- (d) Record of employées.
- (e) Stocks and stores records under headings of various classes.
- (f) Special orders and estimates.
- (g) Goods required at special times.

Guide cards ruled to show name of customer and class of goods.

- (h) Accounts due.
- (i) Travellers' reports.
- (j) Record of houses, &c., for sale and to let.
- (k) Accounts overdue.
- (l) In connection with costing—
 - (1) Job cards.
 - (2) Wages cards.
- (m) Time cards in connection with wages system.

5. Savings bank accounts.

6. Sundry small accounts.

7. Instalment accounts. Ledger accounts are often ruled to show the following particulars:—

- (a) Name of customer.
- (b) Address.
- (c) Nature of business.
- (d) Name of buyer.
- (e) Particulars as to railway carriage rates.
- (f) Credit status.
- (g) Terms.
- (h) Manner of payment.
- (i) Memoranda of correspondence.

Stock letters and special letters.

- (j) Complaints.
- (k) Travellers' reports.
- (l) Catalogues or circulars sent.

(m) Sources from whence business was derived, together with cost of obtaining such business.

These particulars are, of course, in addition to the ordinary account columns, and are applicable not only to instalment transactions, but to most classes of businesses. If desired, these particulars may be contained in the card index apart from the cards used for the purpose of account.

Loose Leaf Ledgers.—Loose leaf ledgers may be said to occupy a place half-way between card ledgers and book ledgers. They are similar in form to book ledgers, with the important exception that, instead of the leaves being bound together permanently, they are merely held in place by a system of locking. When required the ledger may be unlocked, new sheets inserted, and old ones transferred to binders, so that the ledger itself contains no dead matter whatever. Loose leaf ledgers may be said to have practically the same advantages as card ledgers, with the addition that they can be more readily handled by those who have had no experience of the card system, and that there is no limit to the size of the sheets and their ruling. Loose leaf ledgers are self-indexing, and the folio of each account remains constant throughout. The system may be conveniently used as a register of members in company matters, where the number of shareholders is large and transfers are numerous.

Tabular System.—Although this system of bookkeeping is generally applied to particular forms of ledgers, there are many cases in which books of first entry may be worked on similar lines, with as much advantage as the system obtains in connection with ledgers. It is somewhat difficult to give an exact or concise definition of the term “tabular system,” or “tabular bookkeeping,” but it may be said in a general sense that any form of account book, which is provided with columns calculated to facilitate the classification of entries therein, may properly be included in the term. To deal with subsidiary books at the outset, the simplest form of the “tabular system” is the ordinary cash book, which provides separate columns for cash transactions, bank transactions, and discounts. As the advantages of this form are so well known, detailed comment is unnecessary. It may be argued that this form of cash book, if it is to be taken as a sample of the “tabular system,” is extremely elementary, and gives no clue to the ramifications of the method. This may be granted, but it should be borne in mind that, simple as it is, it illustrates very clearly the principle on which the “tabular system” is based. Instances of more elaborate cash books might be given without end, among which would be found to be cash books tabulated so as to facilitate the separate balancing of several ledgers without introducing subsidiary cash books for each one; or the cash book of a non-trading concern, such as a charitable institution or a large building society.

These two latter examples differ somewhat from the first illustration, because they are mainly intended to be posted in total, instead of in detail, as would be the case with a cash book entirely relating to a personal ledger. In addition to this, books of this character may be dealt with in detail, so far as they relate to a personal ledger, and in total so far as the entries concern nominal accounts. The actual nature of the columns to be employed

must necessarily vary with the particular class of business under review, and it will perhaps suffice if detailed forms are left to the various experts connected with each particular industry or institution. The aim of this article is to supply information with regard to the general principles, to indicate in some cases their application, and it is not intended to be in the nature of an exhaustive essay on the subject.

Tabular journals are very commonly used in most businesses, and a familiar example would be found in the ordinary form of purchase day-book, which is supplied with a column for the purpose of posting to the credit of the accounts in the personal ledger, and analytical columns beyond that, relating to departments or to nominal accounts of an expense character.

Another example would be an ordinary form of bill book. Somewhat similar forms are used in connection with sales day-books, where departments are concerned, or where it is desired to note the constituent parts of the turnover for a particular period.

The most important developments of the "tabular system" seem to be devoted towards the improvement of ledgers, and the sharp distinction which exists between two classes of tabular ledgers should at once be observed. In some cases the number of personal accounts is very considerable, and it may be that only one transaction occurs with each person during a certain time, while in other cases the number of separate personal accounts required is so considerable that an ordinary ledger would constitute a difficulty with regard to ready balancing, whereas the tabular form, each page of which may be balanced separately, is much more convenient. Such financial statements as running accounts, rate accounts of local authorities, personal accounts for gas, water, electric light, &c., and subscription accounts to various institutions, are examples of the former class; while the latter class relates mainly to the personal accounts in ordinary mercantile businesses.

In the first case the application of the system is as follows: A folio, or a number of folios, is set apart to record all the transactions of a given nature during a certain period, and the transactions with each person are not covered by dividing the ledger into pages, or groups, but by allocating one line to each person, and a separate column on that line to each class of transaction which it is necessary to record. The process may be reversed, and a column may be assigned to each personal account, and a line to the record of each separate transaction.

It will be observed that under this system the total of each of the various columns may be agreed, either with subsidiary books or known facts, and after these totals have been so agreed the balancing of the ledger is extremely simple, if the additions and cross-additions have been carefully dealt with. The number of accounts by no means constitutes a difficulty, because each page of a tabular ledger of this nature may be balanced quite separately from its fellows.

Another advantage of the application of this system lies in the fact that a great number of personal accounts are exhibited on each folio, and the state of each account may therefore be more readily recognised, and the collection of outstanding debts facilitated.

The application of the "tabular system" to the second class of trans-

actions varies so greatly that it is almost impossible to give anything approaching a standard example. It may, however, be said that in this instance subsidiary books are employed, and the ledger is so ruled as to agree with these records; but it should be mentioned in this connection that where the number of personal accounts is very large it is more usual to apply the "tabular system" to the subsidiary books than to the personal ledger. The system may, however, be adopted with advantage in cases where a subsidiary ledger is used to collect the various items concerning each customer, the totals being afterwards carried to a tabular ledger when a periodical statement of account is rendered. As an instance of this, colliery accounts may be cited. In such undertakings daily invoices for quantities only are rendered, the monthly statement of account being the only priced invoice which is forwarded to the customer. A subsidiary ledger may be used to record various deliveries to the debit of the customer as regards quantities, and the tabular ledger would then be adopted to record the actual account debit, so far as money is concerned, when the monthly statement was rendered.

The "tabular system" as applied to nominal accounts presents certain advantages, especially where a number of separate trading accounts are required for the various departments, or in cases where, to facilitate balancing, entries have been classified under some omnibus term as "general expenses." It may be also remarked that a tabular record may be kept showing the proper analysis of such items, independently of the "tabular system" generally. Care should be exercised that the functions of various books are kept clear and distinct. Columns are treacherous, and their indiscriminate use, if the purposes of double-entry bookkeeping are not well borne in mind, tends to much confusion and error. Many professional men—and some systems of accounting which are said to have been designed for their use—overlook this point, with disadvantages which are generally obvious.

The "tabular system" is equally advantageous when applied to records of issues of capital by a limited company, and to many matters which arise in connection with the accounts of local authorities; but it is doubtful whether the latter, at any rate, would present many features of interest to the business man.

LAWRENCE R. DICKSEE, M.Com., F.C.A.

Late Professor of Accounting, University of Birmingham.

ACCOUNTS: How to get them out expeditiously.—In no other branch of a business is there more need for looking well ahead than in the Credit Department. In the article entitled "Credit and Inquiries," it is shown what is likely to happen if such foresight be not used when credit is applied for, and some hints are there given which, if acted upon, are bound to ensure success. Here it is proposed to supplement those hints with a few more, and these latter will prove the absolute necessity for peering well into the future—to take due note of the fact that in the collection of accounts, as in other matters, the rule of "First come, first served" is generally observed; to watch men and their ways—in a few words to study the psychology of business, and to act accordingly.

As is indicated by its title, this article develops a new and expeditious

method of getting statements out; but first let us consider the present system of preparing and rendering accounts.

The Prevailing Fashion.—The fashion which prevails in the majority of business houses, stated briefly, is as follows. On the first day of the month one clerk is appointed to each ledger, each being given his due proportion—that is to say, the work is arranged in accordance with the ability of the clerk; an important ledger containing numerous long accounts being given to an able clerk, a less important ledger to a less able clerk, and so on throughout the staff—each of such clerks being instructed to make out the statements on his particular ledger, to total both—the ledger and the statement, that is—as he goes along. As the statements are made out they are handed to a senior, who checks the castings, and passes such as are found to be incorrect back for correction, and the others to a junior to address, stamp, and post.

The result is that in some houses—where there are many hundreds of accounts outstanding—the statements, or rather the final ones, are not out until about the sixth or seventh day of the month. Obviously a clerk cannot work at a very great rate if he has to write up all the particulars and cast as he goes. Now let us consider what should be done.

The New Style.—It is essential, in the first place, for the books to be kept posted up to date. About the 25th of the month the statements should be made out in skeleton form—that is to say, headed up, and all the current debits and credits entered thereon—sufficient room being left to add on the additional items later on at the close of the month. These “skeletons” can be made out by the juniors at odd times when the ledgers are not being used by the seniors for other purposes, and the wrappers for the statements can also be written up between times, and kept in the same order of rotation ready for use. On the last day of the month the day-books, &c., must be posted close up, and the additional debits or credits added to the “skeletons.” Then on the first day of the month *two* clerks should be deputed to each ledger—or rather one should be instructed to take charge of the ledger, and the other told off to the statements belonging to it—the two to work together.

The Result.—It is perfectly plain that if the work be kept right up-to-date in this way, it does not take long to complete the statements at the close of the month. If two clerks work together in the manner indicated, and arrive at the same total simultaneously, there is, of course, no need for a third man to check the castings. On the contrary, they may safely be taken as correct, and the statements handed to a junior to fold up and post straight away. Consequently, as a result of having the “skeletons” prepared in this way and completed on the last day of the month, the wrappers written up and stamped in advance, the work allotted in accordance with the ability of the staff when the statements are being made out, preference given to the “Country” accounts, so that they may catch an early post, keeping the local ones till the last, and, in short, having everything fully prepared for the final touch, all the statements can be issued and in the hands of the customers, not on the third, fourth, or fifth day after they are due, as at present, but *on the first day of the month*. This means they are

the first accounts to be delivered, the first to receive consideration, and the first to be paid. In other words, by reason of his foresight and promptness in delivering his statements the creditor is enabled to get his money in very much earlier than his competitor and fellow-creditor.

GEO. B. LISSENDEN.

*Author of "Railway Matters and How to Deal with them,"
"The Railway Passenger's Handbook," &c.*

ACTUARY: How to become an.—An actuary is "an official in an insurance office whose duty it is to compile statistical tables of mortality, and issue therefrom the necessary rates of premium, &c.; or one whose profession it is to solve for insurance companies or the public all monetary questions that involve a consideration of the separate or combined effect of interest and probability in connection with the duration of human life" (Oxford English Dictionary). Actuaries, therefore, find their chief employment in Life Insurance Offices. They are also experts in statistical matters and monetary values based on statistical tables. A really clever actuary, who has had a good all-round education and possesses grit and firmness combined with suavity and tact, has enviable financial prospects. When such a man has earned the title of "Fellow of the Institute of Actuaries," which can only be done by passing a very difficult examination, he has only to work, watch, and wait; a good appointment is bound to offer itself.

Only boys who have a distinctly good mathematical ability have any chance of becoming actuaries. A good, all-round, secondary education is the first necessity, and special attention must be paid to mathematics. Familiarity with logarithms should be acquired as early as possible, as also an intimate acquaintance with graphical methods of calculation. The student should do his best to obtain some such certificate as the Oxford or Cambridge Local, with distinction if possible in mathematics. The Junior certificate might serve the purpose; the Senior certificate would be far better.

On leaving school at the age of sixteen or seventeen, the first thing to do is to obtain employment in a Life Insurance Office, if possible in the Actuarial Department. To do this it is generally necessary to obtain nomination from a director or from one of the chief officials. This secured, there will be some form of examination to be gone through and an interview with the manager, who will try to make sure that the applicant is well educated and is smart and of good address. Youths who are judged satisfactory are sometimes apprenticed for four or five years. There is no premium, and small wages are paid, probably £15 a year at first, rising to £30 in four years. A few actuaries, who are not attached to any particular office, take pupils and charge them premiums.

As soon as work in the office is well started, application should be made for permission to join the probationers of the Institute of Actuaries. The letter should be addressed to their secretary, Staple Inn Hall, Holborn, W.C. A form of application will be sent, which, when filled up, must be signed by two members of the Institute, who must be either Associates or Fellows. If the application is successful, an entrance fee of 10s. 6d. has to be paid, as

well as another 10s. 6d. as a first payment of the annual subscription. Probationers are not members of the Institute, but they have some of the privileges of members. The greatest privilege is the permission granted them to join the classes maintained by the Institute for the preparation of candidates for their difficult examinations. For this last privilege a fee of two guineas has to be paid, but it is well worth it. None would be admitted to these classes who had not a good knowledge of algebra, up to and including quadratic equations.

Members of the Institute are divided into three classes—Students, Associates, and Fellows. An entrance into each class is by examination. An outline of the various examinations is given with this article. Those who have graduated with mathematical honours in any University of the British Empire are privileged to present themselves for Part I. and II. of the examination in the same year. All examinations are held in April, or at such other time as the Council may prescribe, and public notice is given of the exact date. Candidates who are not already probationers must make application on the prescribed form for admission to that class, and must send with their application the examination fee of a guinea, and pay the entrance fee and subscription as probationer, amounting to 2s. 6d.

Candidates for admission are required to satisfy the Council that they have passed one of the following examinations:—(a) The Matriculation examination of the University of London, either as the ordinary Matriculation examination or as the School examination (Matriculation Standard or School-leaving certificate); (b) any examination of a similar nature at any University in the British Empire; (c) the Oxford or Cambridge Senior or Local examination; (d) any other examination that may be accepted by the Council on individual application.

Having passed Part I. the probationer becomes a Student, and is now a member of the Institute. Students can, for a fee of three guineas, join the classes maintained by the Institute for the preparation of candidates for the next examination, Part II., success in which will admit them to the class of Associates. To become a Fellow an Associate must pass the examinations called Parts III. and IV.

SYLLABUS OF EXAMINATION.

PART I.

- (1) Arithmetic and Algebra; the theory and use of Logarithms; the Elements of the Theory of Probabilities.
- (2) The Elements of the Calculus of Finite Differences, including Interpolation and Summation; Elementary Differential and Integral Calculus, excluding questions necessitating the use of Trigonometry.
- (3) Compound Interest and Annuities-Certain, including the construction and use of relative Tables.

PART II.

- (1) Life Contingencies, including Life Annuities and Assurances, and the construction and use of the Life-Table, and monetary and other tables based thereon; excluding questions on the compilation of Tables from Statistics, or on Graduation.
- (2) The Classification of Policies for Valuation, and the Preparation of Valuation Class-Books.
- (3) Book-keeping, with special application to Life Assurance Accounts.
- (4) The constitution and operations of the Bank of England; the National and Local Debts of the United Kingdom.
- (5) The principal classes of Stock Exchange Securities, and practical questions arising in connection with their purchase and sale.

PART III.

- (1) The Methods of Compiling Mortality, Sickness, Accident, and other similar Statistics, of deducing Tables therefrom, and of adjusting or graduating such Tables.
- (2) The History and Distinctive Features of existing Tables.
- (3) The Valuation of the Liabilities of Life Assurance and Employers' Liability Insurance Companies.
- (4) The Principles and Methods of the Distribution of Surplus.
- (5) The Determination of Office Rates of Premium for Assurances, Annuities, and other Risks, excluding Rates of Contribution for Sickness, Pension, and Widows' and Orphans' Funds.
- (6) Extra Premiums for Under-average Lives, Hazardous Occupations, and Residence in Unhealthy Climates; and the Materials available for their Determination.

PART IV.

- (1) The Elements of the Law of Contract, and of the Law of Real and Personal Property.
- (2) The Law relating to Life Assurance Contracts and to Life Assurance Companies, Employers' Liability Insurance Companies and Friendly Societies.
- (3) The Formation and Valuation of, and Calculation of Rates of Contribution for, Friendly Societies, Pension Funds, and Widows' and Orphans' Funds.
- (4) Life Assurance Accounts; Preparation of Schedules, Statements, and Reports; Drafting of Policies and Endorsements; and other practical matters arising in Life Office Administration.
- (5) The Elements of Banking, Finance, and the Foreign Exchanges; the London Money Market and the principal foreign Money Markets as influencing International Monetary Relations.
- (6) The Investments of Life Assurance Companies.
- (7) The Practical Valuation of Life Interests and Reversions, and of Policies for Surrender or Purchase.

As to prospects, it must be remembered that the man who has qualified himself for actuarial work has next to get an appointment as actuary. Until he has received an appointment as such, he is probably an assistant in the Actuarial Department of an Insurance Office. As such his salary may rise from about £70 to £250 or £500. When the wished-for post is secured, he may expect to get from £500 to £1000 a year, although there are possibilities of getting a considerably higher salary. The ultimate object of most actuaries is the managership of some Life Assurance Office, for the duties of which their attainments and course of training peculiarly qualify them. The salaries of most such managers exceed £1000 a year.

ADDING AND CALCULATING MACHINES.—The materialisation of the adding and calculating machine as a commercial proposition has been accomplished at a cost of time and labour almost incredible. Long before trial balances, or even debit and credit were thought of, men were seeking some escape from the drudgery of casting up figures in their heads. At different times the problem has occupied the minds of mechanical geniuses of every race, but the highly ingenious and complicated machinery they evolved lacked the “practical” hall-mark essential from the view of the business man.

The practical adding machine was made possible by the genius and stupendous perseverance of William Seward Burroughs, whose name has been given to the apparatus which to-day is the leading instrument of its kind. Burroughs was not a scientist; in his earlier days he was a bank clerk whose long days were spent in poring over columns of dancing figures. In the bank, young Burroughs learned that addition alone constitutes about nine-tenths of all the labour of modern book-keeping, and it was the realisation of this fact that induced him to devote his life and labours to the evolution of the perfect “mechanical brain.”

Even in these enlightened days, when ceaseless experiments have brought the adding machine to a wonderful pitch of efficiency, the average business man is apt to be sceptical concerning the advantages of such an apparatus applied to the conduct of his own business. This scepticism is not altogether to be wondered at, for the exact functions and capabilities of the modern adding machine are by no means common knowledge.

In the first place, the distinction between the adding and calculating machine (using the two terms for purposes of broad distinction) should be clearly understood. The supreme advantage of the adding machine is that it prints its totals, whereas the calculating machine indicates the total in the register, from whence it must be copied by the accountant or clerk or operator. The adding machine, therefore, does away with the possibility of errors arising from incorrect transcription, and since such errors are of frequent occurrence in accountancy the point is a vital one.

The basic operation of the modern adding machine is the essence of simplicity and extreme ingenuity. We show below a representation of the apparatus adapted for ordinary commercial purposes, having a listing and totalling capacity of £999,999, 19s. 11d.

Here we see the figures arranged in their natural order to form a comprehensive keyboard, the right-hand vertical row representing pence; the second and third row, shillings and then pounds sterling progressively from

right to left. When the keys representing a line of figures, say, £8, 3s. 6d., are tapped, this amount is set up in the machine, but it is not printed until the lever at the right has been pulled. This done, the typewriter cylinder at the back of the machine is either spaced upwards (regular columnar work) or adjusted for the writing of another item in the same row (automatic cross tabulating).

The total of a column is printed by depressing the "total" key and pulling the lever. Naturally, the operator has nothing to do but depress the figures: the adding machine does the rest.

The upper bank of keys—column release keys—enable the operator to restore every amount key that may require to be changed after being depressed. The proper key in that row can then be pressed down, and when the handle is pulled the correct figures will be listed and added. A "7" at first sight may seem to be a "9." If the "7" had been depressed, it could be restored and the proper figure put in.

The clearing key ("C") at the right-hand side of the keyboard will, when depressed, restore all amount keys that may have been pressed down. Thus the operator can throw out a whole item instantly and then put in the required figures. Sometimes an amount is passed over by the operator and the keys of the following item depressed before he discovers the skipped amount. The depression of the clearing key restores every figure key instantly, and the eliminating key enables the operator to print an item without adding it. This is useful in taking out debits and credits at the same time. By depressing the eliminating key in connection with the credit item, a memorandum is made of the item and a symbol printed beside it to indicate that the amount is a credit and has not been added in with the debits. This key is also useful in printing assistants' numbers at the top of columns, when obtaining the total of each assistant's sales, &c.

On this simple basic principle the machine is constructed, but mechanical ingenuity has evolved numerous variants appealing to different sections of business men. The machine can be used for multiplication, subtraction, and division. It can also be used as a Split machine, listing and adding one column of figures whilst merely listing another column of figures without adding them. This arrangement provides for printing dates, folio numbers, or any other figures which are not to be added, in connection with amounts. Another variety of machine enables the operator to add and list hours and minutes, automatically converting the minutes into hours, a separate section of the keyboard being used independently, if required, for adding and listing ordinary amounts. Another wonderful adaptation of the machine is that which can be used for listing whole numbers and fractions having three different denominators, automatically reducing the fractions to their lowest common denominator and adding them into the whole numbers. Another variant is used for adding and listing tons and hundredweights, quarters and pounds, &c., whilst another adds and lists feet and inches, automatically converting the inches into feet. In fact this machine, built in six styles and sizes, has been adapted to four hundred classes of businesses.

As a concrete example of the many fields of commercial life which the adding machine has invaded we may note the machine adapted to the use of the leather trade. This is used for listing the number of square feet in

each side. It prints the total, expressed in square feet, and keeps an automatic count of the number of pieces in sides or pieces in each bundle or case. The machine is also used for adding and listing cotton, woollen and silk piece goods, and weights of merchandise of different kinds when fractions of pounds are required.

One of the most popular and useful machines, and one which is worth the careful consideration of merchants, is that which prints statements from an endless roll of printed or lithographed headings. The name of the month and day is printed in the first column, and the amount in the second—all at one pull of the handle. The machine also prints such abbreviations as "Dr.," "Cr.," "Bal.," where desired. This machine will also perform any work that may be done in an ordinary machine.

Adding machines are made especially for the small retail establishment as well as for the large store; for the wholesale houses in different lines of business; for brokerage offices; grain merchants—pounds and bushels; timber concerns—feet and inches; leather houses—dimensions and numbers of hides; cotton concerns—weights and bale numbers; mail-order houses, clothing manufacturers, &c. The points of difference between the various styles consist chiefly in variations of the printing carriages and keyboard arrangements, with various methods of "splitting" which permit the listing and adding of two or more columns of dates, numbers, weights, amounts, &c., at the same time, in addition to printing all manner of trade symbols, abbreviations, initials, &c., in connection with amounts.

Finally, it must be confessed that the adding machine and its capabilities have not received in Great Britain the recognition they deserve, although every year brings the utility of the apparatus into clearer light. Every business man whose clerical work involves the upkeep of an accountancy staff should carefully study the claims of the modern "mechanical brain," the infallibility and speed of which are proved by the fact that the leading machine in this field is able to boast of no less than 90,000 users.

Of the many varieties of calculating machines there is much to be written. The best of these machines will do the most intricate sums in astonishingly short time. Mining companies, statisticians, &c., employ such machines largely with excellent results, but for the reason described in paragraph four of this article they do not cover the wide field of utility served by the adding machine which records its own totals.

H. WENTWORTH JAMES.
*Advertising Manager of the Remington
Typewriting Co.*

ADDRESSES: The Value of.—Largely as an outcome of the rise of the mail-order houses the retail interest in this country has been led to a consideration of the value of addresses. It is realised now that as a commercial asset a good list of addresses is valuable both in a small and a large way. The big houses need no convincing on this point. Practically the whole of the work of a large mail-order house is focused on the task of compiling a profitable mailing list. When one speaks of addresses in connection with business extension it is obvious what is meant. In a list of addresses, people who have written to a furnishing house and have bought one or more pieces of furniture are obviously likely to be sympathetic to

similar propositions. Similarly, a man who has bought sporting clothes from a great house would be a valuable unit on a list of addresses likely to yield orders to further proposals along the same lines. So much has the value of the address been realised of late that in some advertising organisations there is considerable traffic in these lists. Addresses are being bought and sold regularly as if they were merchandise, and the traffic seems to be on the increase. It is seldom, however, that one hears of a reputable house doing a legitimate business buying addresses in this manner, though of course it is not uncommon for one business to absorb another, with a view to securing the mailing list. The large store which is conducting a mail-order organisation, instead of buying its addresses, is content to build them up as an outcome of transactions in the shop, or arising out of their correspondence, and where the work is systematised through many years, such a list becomes a great potentiality for business.

It should not be forgotten that while such a list of addresses is valuable to a huge undertaking dealing in many lines on the mail-order basis, it could be made equally valuable in a smaller way for the retail trader. There is no earthly reason why the big store should have a monopoly of the mail-order trade, or should be able to prompt a huge demand by circularising possible buyers as indicated by a long list of addresses. It is open to any trader to do the same in almost every line of trading activity, and to-day no up-to-date trader fails to realise the possibilities. For instance, a tobacconist in a small town might collect addresses of cigar purchasers—the average local tobacconist would be content to supply orders given to him over his counter, or the few spontaneous orders which come in by mail. It would not occur to him that he might develop a special clientele for cigars amongst people with whom he might not actually come into contact. Still, the point is more than a possibility. There are at least three houses in London which sell cigars direct to the consumer through the post. They do not see the purchaser. They are never in contact with him other than by mail, and yet by placing before him tempting lines and lines which they calculate should interest particular grades of men, they can build up large businesses. If this is possible under such conditions, how much more possible it should be in a smaller area, where a man who is carrying out the work is in closer touch with his public. A tobacconist, in a town of fifty or eighty thousand people, could almost accurately list the men who would be interested in a cigar proposition in the bulk, and by his own observation in the shop he could very easily further list another public of men who only buy cigars on special occasions, for presents and Christmas festivities, &c. This might be said of almost every kind of merchandise a retailer deals in. It would apply, for instance, to the piano salesman, in a great measure to the draper, to the wine merchant, to the butcher, to the coal dealer, to the jeweller, in fact to almost every practical retail trade where the goods sold are in common demand. The main thing in such a campaign is a selection of addresses worth following up, though equally important is the class of matter with which such addresses are followed up.

How then could addresses be collected? In some propositions it would be easy. In these days of directories it is quite simple to make out a list of householders living in a certain area, which largely reflects their means. In

the smaller towns of from fifty to one hundred thousand people this presents no difficulties, but in choosing such a list of addresses there is always the obvious drawback that any attempt to push trade by letter or circular must involve a heavy leakage, and only the most tempting propositions can be sold on such a plan. For instance, it is doubtful whether one could sell a piano-player with any success by such broadcast circularising. The method of the local trader particularly, who cannot afford to take great risks, should be to specialise his address list, so that he shall have some good reason for including each name. This he might do by watching the business done directly with his establishment personally, and also by using his own knowledge of the personality of the town.

The best illustration of the building of an address list is to be obtained by considering what is possible to such a business as the tailor's, because here the proposition is simple and the class of goods does not obscure the essentials to successful pushing of trade through the post. It may be said of every tailor's shop that each day some new man comes in and orders goods, or inquires about them, who never comes to the shop again. Many tailors are content to let this new customer come in and go out and they make no further attempt to hold his attention. From the point of view of a postal campaign that address is the strongest which shows that the person it represents has taken some interest in the proposition, and when a man has ordered goods or inquired about them, it is always safe to say that he would be amenable to tactful suggestions in future. Taking the tailor as an illustration—the formation of an address list, which should include all people who have dealt with the establishment or inquired about goods, would be a substantial step in the right direction. In addition, the tailor might run an advertisement in the local press calculated to stimulate inquiry, and all inquiries which reached him from this source would also be useful additions to his list. Again, in the course of his social and business travels about the town, he should himself be able to discover hundreds of people in the course of a year who ought to be likely patrons of his business. The trader in such a position, going about from day to day, would see dozens of men whom he would hesitate to canvass, who would probably become permanent patrons of his business if it were brought before them in the right way, and the work of reaching such people through the post enables the trader to approach them without any loss of dignity.

Such an address list need not be a lengthy one; it is not by numbers alone that an address list is made valuable. To a trader doing an average business an address list of five hundred people, all of which he knew personally by some tangible reason as likely buyers of his goods, would be worth more than two or three thousand names without any familiarity with the personality behind them. The better the personality of the address list is known, the more tactfully it can be handled, and the more profit will accrue from its use. Every business could collect addresses on this basis. Many traders find pretexts for inducing customers to give their names. The easiest and the most obvious is the offer of delivery which must of course bring out the address. A gift book to be sent when it is published will bring out a proportion of names of customers who are not known. Local subscription lists are frequently a good indication of the interests of various

people, as are the lists of names published in connection with various local societies' funds. Again, clubs of various kinds are also a guide to the likely purchases of a certain section of the public, and many local organisations make no secret of their membership. Various private events also provide useful addresses—coming retirements indicate presentations, marriages an interest in all propositions relating to furniture, while even births have been turned to account by enterprising photographers, jewellers, dealers in baby clothing and agents for perambulators, who list such events and circularise when the necessary interval has elapsed. An intelligent trader who is bent on adding valuable names of this type to his list will, by studying the problem carefully, find there is no difficulty in constantly making useful additions; and if he is wisely selecting his new names, as the list increases it should be correspondingly valuable. Retail traders are not the only people who would find the development of lists along these lines extremely useful.

Speciality selling by local representation is a question of the collection of names, and the salesman is undoubtedly the most successful who makes the greatest use of possibilities in this direction. The reference to the photographic trade is an excellent case in point. The photographer in this case listed the births in his district, and after an interval of twelve months circularised suggesting that the age of the child made it a particularly interesting subject for a photograph. The value of this suggestion was at once apparent, because it was not only timely from a trade point of view, but it showed the kind of interest in one's personal affairs to which many people would be susceptible. Similarly wedding announcements ought to be of interest to the piano salesman. It is undoubtedly easier to sell pianos during the first twelve months of married life than it is at any other period, although it should be remembered that there is a constantly maturing class of people to whom this rule would not apply from this particular trader's point of view. Weddings also should interest the insurance man, as here again the insurance proposition is made during a period when it has really serious consideration. There is no reason why the insurance agent should not develop the idea intelligently to his needs, though the insurance people as a rule, particularly their central offices, never lose sight of the value of these means of pushing business. These are only given as rough-and-ready suggestions which might be indefinitely multiplied, the idea being that a line of action might be applied to suit each trader's needs from these hints.

ADJUSTMENT ACCOUNT.—The name given to the controlling account under the self-balancing system (*see* SECTIONAL BALANCING).

The term is sometimes used to denote an account which has been opened for the purpose of collecting entries in the nature of adjustments of previous entries, such as a summary of the various discrepancies, debit and credit, discovered in the books during an examination, or audit thereof. In another sense the term implies an account to which adjustments of items of a periodical character are carried. For instance, at the date of balancing, an amount may be due on rent account. This may be debited to the rent account in the nominal ledger, and carried to the credit of adjustment account, which would appear on the "liabilities" side of the balance sheet. On the other hand there may be insurance paid in advance, and the apportioned part unexpired would be credited to the insurance account in the nominal ledger and carried to the debit of the adjustment account, being

subsequently shown on the "assets" side of the balance sheet, unless all items of this character are carried to one adjustment account, and the balance only shown in the balance sheet, according to which side it falls upon. It may shortly be said that there can be no limit to the entries which may properly find their way into an adjustment account, but the general intention of such an account is, perhaps, sufficiently well indicated by the title itself. Its use cannot be altogether recommended, for it should always be possible to show any adjusting items which are necessary in such a form that their nature can be readily understood. The word "adjustment," without some qualifying particulars or explanations, is too broad and too comprehensive for general use.† The following is an example of an adjustment made in connection with the assessment of loss by fire:—

Stock on hand (date of last stocktaking)	£1000	
Purchases to date of fire	500	
	£1500	
Sales to date of fire	£800	
Deduct estimated gross profit, say 25 per cent., to reduce to cost price	200	
	600	
Estimated stock at date of fire		£900

ADVERTISING.—Whenever we see the muffin man go along the streets ringing his bell, we may be quite sure we have found the first and primitive expression of the advertising spirit. Here is an individual worker who believes he has good things to sell, and in order to call attention to the fact, he sallies forth, bell in hand, intent on doing his own advertising. This was the habit of the small manufacturer from time immemorial, varied occasionally by his staying at home to superintend operations whilst hired men did the bell ringing. The coming of the newspaper changed bell ringing into modern advertising. Here and there, centuries back, adventurous spirits forestalled some of the advertising methods of the period, but without drawing fine distinctions, it may be taken as true that advertisements in the proper sense began with the advent of the newspaper. The muffin man's margin of profit has seldom been large enough to allow for an appearance in the columns of a daily, but manufacturers of other articles were not slow to realise the possibilities of getting into touch with large populations; and even Dr. Johnson was persuaded that advertising in his own day had reached such a pitch of perfection that it could hardly hope to make any further advance! Once the merchant, the manufacturer, and the tradesman saw that the newspaper and the periodical could do the "bell ringing" for them, they did not hesitate for a moment. It was a course of action that seemed to have divine sanction. "Hide not your light under a bushel . . . a city set on a hill cannot be hid." That is the spirit of modern advertising.

The chief features of an advertisement are (1) a display that shall catch the eye and fix the attention; (2) a creating and intensifying of desire in addition to showing how it may be satisfied; (3) evidences of trustworthiness; and (4) information as to prices and how the goods may be obtained. Naturally much skill, knowledge, and experience are required in writing these advertisements; and ad-writing has become a distinct occupation,

although the man who offers to draw up advertisements for every kind of business is venturing too far. To be successful, he must know every business from the inside, and this is more than can be expected of any one man. But the most distinctive characteristic of the growth of advertising is the advertisement agent. He is a specialist in all kinds of publicity—or he ought to be, for there are some of the fraternity whose only function is to save business men the trouble of dealing with newspapers direct. The real agent is a master in all matters relating to rates and circulation, suitable media for every class of goods, and the kind of appeal adapted to individual journals. His services are not expensive, for the newspaper commission is large enough to allow him excellent remuneration. One benefit he has given that is not always credited to him, viz. the prominence which advertising as a commercial subject has attained by means of the men whom he has enlisted in his campaign. Evidence is overwhelming that advertising rightly pursued is a creative force. The merchant knows by experience that every customer he gets becomes an advertiser in his turn, for he makes a demand for goods at the store, and the storekeeper increases his order. Nevertheless, care is needed in applying this truth to particular businesses. A man may say, "Pears is a business made by advertising; I, too, will make a big business in the same way." Perhaps. Everything depends on what the goods you make will bear. You may reasonably advertise a special armchair and make it yield good returns, but you can never hope to equal a soap manufacturer. This elimination of fallacy from reasoning by analogies is the problem that calls for solution in dealing with an advertising appropriation. Because one firm in one line makes a fortune, it does not follow that another firm in another line will do ditto. There is a lot of money thrown away in unwise publicity, and all on account of the notion that it is impossible to spend in vain. In one sense it is true, but capital is needed to carry out continuous advertising without which permanent results cannot be hoped for. *See* ADDRESSES: Value of; ART AND COMMERCE; DELIVERY VEHICLES: Advertising Value of; DRAPERY SALES; HOUSE ORGANS; HOUSE-TO-HOUSE DISTRIBUTION; MAIL-ORDER ADVERTISING; MONEY BACK TRADING; NATIONAL ADVERTISING; NEWSPAPER REPRESENTATION; OUTDOOR ADVERTISING; PLEASURE RESORTS: How to Develop them; PRESS ADVERTISING; PRINTING: How to Prepare Matter for the Press; PROSPECTUS AND FINANCIAL ADVERTISING; PUBLICITY EXPERT; RETAIL ADVERTISING; SHOP DEMONSTRATIONS; SHOPPING WEEKS; WHOLESALE AND TRADE ADVERTISING; WINDOW DISPLAY (Wholesale); WINDOW DRESSING; WINDOW TICKETING.

ADVERTISING: Estimating Clerk's Career.—Some of the most important functions in the advertising field are the duties performed by the estimating clerk, either in the offices of the big advertisers or in the offices of the advertising agents. To a successful agent a capable estimating clerk is a treasure, as he is to the advertiser who maintains an executive staff for the purpose of running his own campaign. In all the practical affairs associated with advertising the estimating clerk is virtually the advertiser's right hand. A man of good character and integrity who qualifies for such a position can always be sure of profitable employment. There are very few professions that are not overcrowded nowadays, but it is certainly a fact that in the publicity world the demand for reliable

workers to fulfil the duties of estimating clerks is never thoroughly satisfied. Here, it may be said, with an unusual amount of force, there is always room for a good man.

It is worth while considering the duties of the estimating clerk as offering possibilities of a career. At first sight it would seem to be one of those employments in which there is only room for a limited number of experts, but this is far from the truth. Advertising has made great strides during the last twenty years, and it is making greater progress as time goes on. The number of advertising agents is always increasing, the work of such agents constantly multiplies, and side by side with their development the number of advertisers is constantly going up and the proportion of traders who undertake their own advertising detail is steadily rising. Busy agents need more than one effective estimating clerk, while there should be room for a capable man in every advertiser's office. As time goes on there will be an increasing, rather than a lessening, demand for this kind of service.

The title "estimating clerk" almost describes this worker's duties, but there is a multiplicity of work which is not indicated in the title. The estimating clerk practically takes on the whole of the detail surrounding the negotiations for advertising space. He plans the basis of the campaign, estimating its cost, and he also bargains with the newspaper representatives for the space the firm he represents intends to take. In a private firm the problems he would have to solve are best shown by illustration. He would be informed that the firm intended to spend so much money on publicity during certain months of the year, going into a certain class of papers. He would be expected to work out an estimate which would show how many papers would be used, what space could be employed, the cost of the complete transaction, and the number of people the advertising would reach, based on the total circulation. In many cases, he would be expected to make the selection of the media, choosing that which his long association with the newspaper market would lead him to believe would best suit the needs of the advertiser. In a private office he would largely be guided by the filed facts of previous experience in advertising. Very many advertisers nowadays key their advertisements and keep a record of the productive power of all the spaces they have used in the various newspapers. When such a complete machinery is in force, the task of the estimating clerk is considerably lightened. His duties are more onerous when a trading campaign is new to the advertising field and the right papers have to be selected out of his own experience. Again, even when data is very complete and has been strictly maintained for a good number of years, the problem is never simplified until it becomes a matter of routine. Nothing stands still in this world and certainly nothing ever stands still in connection with advertising conditions. Results may point to papers that have served well in the past, the pulling power of which has dwindled owing to falling circulation or changed habit of mind on the part of readers, while new media, more profitable, is constantly being added, with which the estimating clerk must be familiar.

In the private office of the advertiser, when the estimate is complete and passed by the principal, the clerk in charge is usually given the task of meeting the newspaper representatives, making the best bargain that he can for his employers; and here again his negotiating powers stand him in good stead, for he may be able by his tact and knowledge of the market

to save his employer perhaps hundreds of pounds in thousands expended. In the office of the agent the work of the estimating clerk is still more complex. He must have an absolutely accurate knowledge of newspaper conditions, because the problem presented to the estimator in a private undertaking is multiplied perhaps dozens of times in the course of a year. An advertising agent may act for ten, twenty, or thirty clients, and new clients are constantly coming into the office desiring help to market specialties which have not been tried before. Some clients wish to appeal for a mail-order trade, others wish to run schemes of general publicity, some wish to cover London only, some wish to cover the south of England, some the north, and some wish to appeal to the provinces only. Again, others desire to appeal to a wealthy class, others desire to appeal to the religious public, others want to make their appeal generally to the middle or working classes. Further than this, many clients in an advertising agent's office wish to advertise as wholesalers exclusively to the retail trade, while again there are others who seek to put their wares before the people of certain colonies. All these reservations about separate accounts increase the complexity of the estimating clerk's work and make his task a very responsible one. When a new account comes into an agent's office it would be handed over to the estimating clerk, with a memoranda of the amount to be spent and the policy desired by the firm spending it. He would then have to work out the details financially, choosing the papers that he considered indispensable to the success of the advertising scheme, always bearing in mind to get as large a circulation of the right sort as he possibly can for the amount expended. In the advertising agent's office the estimating clerk has to do this work possibly day after day and week after week, and on his success in choosing media and buying space depends the success of the agent himself.

The task of buying space is also increasingly difficult in the agent's office, because the estimating department must administer many accounts and practically deal with most of the newspapers published in the country. This means seeing a great number of callers and conducting many separate negotiations with a concentration which, directly it becomes weak, results in loss to the agent and the advertiser who employs his services. It will thus be seen that the first essential of an estimating clerk is an almost microscopic knowledge of the nature and value of media. This in itself is a lifetime's study. There is possibly nothing so elusive bought and sold in the business world as advertising space. In ordinary trading circles the prices of goods bought are largely determined by current markets, and any one familiar with those markets and the published prices is on a fairly safe ground. In the advertising world the prices of media are uncertain quantities, and in many cases they are not staple two months together. Every newspaper publishes a scale rate showing the price which it asks for its space, but not every newspaper adheres to it, and the variations in scale rates from the price on the scale to the lowest price taken are in many cases almost ludicrous. There are, of course, certain strong journals which rigidly adhere to their prices; there is a second class of media which never gets far away from its scale rates, the variation coming in in discounts offered from motives of expediency; there are also large numbers of newspapers which, although they publish a scale, would scarcely know what is their average price even in their own offices. Their price is very often a matter of what they think the advertiser will pay, and the task of finding

what is the actual bottom price is one of the vexations of the estimating clerk's life. It will thus be seen that to be an effective worker in this field a man needs a knowledge of the shifting conditions of newspaper values which must be almost encyclopædic.

The training for such a post must be a matter of experience. The best men have usually associated themselves with the advertising interest from youth. Starting as boys, they have gone through the departments which deal with all matters relating to the financial side of advertising, and they have studied the field progressively for years. This would be the only practical way to become an effective worker in the estimating department of an advertiser or an advertising agent. To put an untried man in control would be to pay for his education, and the years he spent gaining the necessary experience would mean a great amount of loss. In this respect, the field is a somewhat close corporation, but there is no reason why a man starting under the right auspices should not acquire the experience and knowledge necessary and find in the work profitable employment for his talents. Estimating clerks must serve a long apprenticeship, and in the beginning remuneration is not heavy. A man who is learning his business must be content with meagre pay, but when he has the experience handsome salaries are available. To start in an advertiser's office or an agency doing a big turnover would be the most favourable method of getting on to the line which would lead to a good appointment, and to start with a salary of from £40 to £60 at the age of from sixteen to eighteen would be considered a good opportunity. After four or five years' steady application the student of newspaper values would see his reward. He would find his value constantly increasing, and he would rapidly pass through stages where he would be worth £150, £250, and £350, till he could command what is usually the maximum rate of pay for first-class men, about £500 a year. This salary does not, however, represent the limit possible to a worker in this field. If in addition to the mere routine of estimating and negotiating he carried personal qualities which would make him an effective organiser, executant, and initiator, he would see his opportunities widening, his responsibilities increasing, and his earning power would not remain stationary. The utility of such a man increases with the amount of responsibility thrown upon him, and the bigger the advertising campaign the more necessary it is to have effective service in this direction.

ADVERTISEMENT WRITING AS A CAREER.—With the development of advertising of late years there has sprung up a demand for a man who can intelligently fill advertisement space, and the work of writing and designing advertisements has become something like a profession in itself. Many young men on the threshold of their careers turn to this subject of advertising with a view to seeing what prospects it offers of successful employment. As it is quite a new occupation, or at all events an occupation which is a growth of recent years, exaggerated views prevail both as to the amount of reward offered to successful workers in this field and the class of duties they have to perform. It is a simple matter to see an advertisement in the newspaper and to feel instinctively that one might do the same thing quite easily. It is altogether another proposition to commence to administer an advertising appropriation from the writer's point of view and carry that work to a successful issue. Men are tempted, possibly by injudicious advertising, to the belief that advertising

writers are highly paid, and one hears frequently of instances where men have relinquished lucrative appointments for the purpose of making experiments in this field. It is for this reason that it is thought necessary to state the qualifications, the duties, and the pay of the advertisement writer, so that a man who contemplates following this class of work may know the field in which he is to compete.

Qualifications for an advertisement writer are somewhat difficult to state. If he is to be a successful worker he should have the instinct for writing advertisements almost naturally at his disposal, and experience will quickly develop it towards practical accuracy. Advertising, from the writer's point of view, is a work that cannot be definitely taught, although many practical hints can be given to the right man. Much depends upon the personality of the worker and the temperamental qualifications he brings to his task. Many advertising writers gravitate to the work from journalism, and while the literary work of journalism is a different duty from the writing of advertisements, there is no doubt that a preliminary training in the first field very often leads to success in the second. The man who has been trained on different daily or weekly journals usually has been compelled by experience to grasp the essential features in any proposition which appears before him, and to state them in simple and direct language. The danger of journalism, so far as the successful advertising writer is concerned, is that it develops a tendency to redundancy, and the writer cannot couch his ideas with the force and directness which one expects from an advertising writer.

The men who really succeed as advertising experts on the literary side are salesmen who have some facility for expressing their thoughts in words. The weakness of a journalist is largely that he is not trained to see the telling points of a house from the selling point of view, whereas the salesman is almost entirely occupied with selling points, and if he has the capacity to state them in simple and direct terms, he has the makings of a good advertising writer about him. The field for the advertising writer is not limited to any one activity. Journalists have successfully entered it, and so have salesmen, but all sorts and conditions of men have also found profitable occupation in the same field. Given the right type of mind, a man with business experience which has developed sound judgment of selling values and is allied with a practical knowledge of correct expression in the King's English, will make a practical advertising writer. In the same way, a man may have the most favourable training and yet lack the necessary judgment which will make his advertising work a profitable part of the selling organisation of the firm which employs him.

The actual training of an advertising writer who is to be successful is largely a matter of business practice. His education at school should have given him a grasp of correct grammatical English, which should be developed so that it will allow of direct and flexible use of the language, and some power of making compelling phrases. Stilted and correct diction is not wanted so much in advertising writing as the power to visualise the idea in the mind of the man who reads the advertisement itself, and the greatest master of English might fail to make a good selling advertisement, while the salesman who has the right ideas and some capacity for expression might produce a telling advertisement, although it might have many grammatical discrepancies. The basis of an advertisement writer's education would certainly be a practical grip of the possibilities of the language, the groundwork of which should have been acquired at school. General reading

and observation count for much, for the simple reason that the first extends the man's capacity for expression, while the second will give him that ready judgment which will be one of his chief assets. Assuming that the writer's education is good enough, the simplest way to learn how to make successful advertising is to do it, and the shortest way to a competence in this field is to get employment, however subordinate it may be, in the office of a large advertising agent or a large advertiser, or in some department of newspaper production. He will then learn the practical work of making up the advertisement from the simplest and least responsible tasks, and so develop into the man who can initiate and control a complete advertising appropriation. In the process of his education as a practical worker the advertising writer should make himself familiar with the selling problems of all the businesses with which he is brought into contact. No advertising writing can be successfully designed unless it is based upon an appreciation of the necessities of the selling organisation behind the proposition. To do successful work it is necessary to know the people to whom the goods are to be sold, the reasons which appeal to them when they buy, and the reasons which are used to appeal to such purchasers by competitors. The writer must be able to judge the value of every step taken in the selling organisation, so that he can not only provide suitable matter to support it in the general publicity, but be able to criticise and develop the selling plan itself. In addition, the advertising writer should have some knowledge of the technical side of printing, although it is not necessary that he should go too deeply into this matter. What he should know is the relative sizes of the types in common use, the possibilities of contrasts achieved by the use of different types, and the names of some of the more popular type faces. In taking a space he ought to be able not only to write the matter which should fill the advertisement, but to give practical instruction to the printer as to how the advertisement should be set up. For this purpose he should study the varieties of types available, the possibilities of borders, the use of white space in throwing up display lines. For the same reason, he should also know something of the work of securing illustration—first, by roughing out the idea for the artist; secondly, by employing the artist to do the work; and thirdly, by getting a suitable reproduction of the idea for incorporation in his advertisement. It would be an advantage to him to develop knowledge of the more effective systems of organisation. No advertising writer is worth his salt who does not first of all produce results, and secondly, keep them in such a manner that he can readily make comparisons. In producing advertising results it is not the brilliant work that counts so much as the steady, persistent effort founded on experience, and experience of advertising results is only gained by systematically checking the returns. A knowledge of effective organisation for this purpose is not difficult to acquire. There are many systems of keying advertisements by which some idea of the results can be tabulated; and to-day, modern business experts provide many simple and ingenious methods of filing and tabulating. For the purpose of the advertising writer, for filing purposes there is nothing to beat the "one subject one file" system, and for the purpose of tabulating returns there is nothing better than the card index.

The advertising writer's duty rarely ends with the provision of suitable business-producing advertisements in the daily press. In many cases he is expected to supervise the whole selling plan arising out of the advertising campaign. He has to conduct the daily correspondence which arises out

of applications for particulars; he is expected to prepare form letters, catalogues, booklets, printed matter, and follow-up letters; so that, apart from the literary character of his work, his duties frequently include much of the routine work of the office.

Undoubtedly men who have these qualifications find profitable employment. Of first-class advertising experts there are probably not enough to go round, but it should not be forgotten that the field is crowded by men of average qualities. There is much misapprehension as to the kind of salaries paid. Certain injudicious advertising suggests that the average rate is about £250 per annum, but this is scarcely borne out by the facts. In small businesses, an intelligent clerk who has developed the advertising sense may be expected to control a small appropriation for a salary of £150 per year, inclusive, and in advertising circles the small appropriation is more common than the large one. It is usually by successful administration of small accounts that the advertising expert passes into the ranks of the men who draw good incomes. A junior, untried writer would be well paid who secured an appointment at £150 with a first-class advertising firm or advertising agent. In either office he would not be trusted with responsible work until he had proved his ability to carry that responsibility successfully. He would advance from this stage by showing his value step by step, and directly he proved his value he would have no difficulty in getting a satisfactory appointment. Broadly speaking, few men are paid more than £300 to £500 a year for merely writing advertisements. There are advertising writers who are paid as much as £2000 a year, but they are usually more than mere constructors of advertisements—they are shrewd initiators of policy, practical administrators, and good executive workers, who have a hand in the control of several departments. To succeed in the advertising field as an advertisement writer, much depends upon the start and the firm with which the ambitious man is associated. Given a satisfactory appointment, the right qualities and enthusiasm for the work itself, progress should be steady to the high appointments, and, if anything, a little more rapid than in ordinary commercial activities. The great difficulty is that the market is overcrowded with incompetent men, and very often the man with the right kind of credentials does not get his chance in the subordinate stages at once.

GEO. EDGAR.

Late Editor "Modern Business."

AGENTS. *See* ELECTION AGENT.

AGENTS' ACCOUNTS.—The most numerous class of agents whose duty it is to render accounts are insurance representatives, but most of the forms used are highly specialised, and have very little bearing upon general business conditions. They would therefore be more properly considered under a separate heading.


With regard to the accounts of an ordinary agent, it must, of course, be said that very much depends upon the nature of the agency, and upon the extent to which the agent is permitted to handle financial matters. In some cases it may be that the agent's duty is only to render a record of sales, in which case the principles of bookkeeping hardly arise, and the information is merely statistical so far as the agent is concerned. In other cases, where the agent is entitled to receive a percentage upon his turnover, as each record of sales comes to hand the head office will, by journal entry, credit the agent with his commission and debit the "commission" account in the nominal ledger.

The most important variety of agents' accounts is that which relates to goods consigned for sale. This matter may be considered first of all from the point of view of the consignor. It should, by way of preface, be remarked that goods consigned for sale must not be considered as sold. It would therefore be incorrect to pass them through the ordinary sales day-book, not only for this reason, but because sold goods are usually invoiced at selling price; and if cost price values, which are the usual basis of consignments, are mixed up with selling price values, any percentage statement which may be based upon the total of such sales will to a certain extent be vitiated. Where a transaction of this nature takes place a consignment account is opened, and is headed with the name of the consignee, together with the place to which the goods are being despatched. "Consignment sales" account will then be credited by means of the consignment sales day-book, and the consignment account debited. The cost of carriage, insurance, &c., will be posted direct from the cash book to the debit of the consignment account. The position now is that the consignment account shows the particulars of the cost of the goods sent to the agent for sale, together with the various charges incidental to the goods being delivered at the place of selling. The result is that if a stocktaking period supervenes between the despatch of the goods and their actual sale by the agent, they may be taken into stock at cost price, plus the charges incidental to their conveyance. This stocktaking test should always be applied, and it is a safe touchstone to the correctness of the entries, because no entries under any bookkeeping system would be correct which did not disclose a true and correct view of the state of affairs if the guillotine knife incidental to a balance sheet had been applied. When the goods are sold an account sales is sent by the agent showing the actual realisation of the consignment, and the necessary expenses in connection therewith, together with the agent's commission, the balance being, of course, the amount due to the consignor. The following form indicates the principles involved.

FORM A.

Account Sales.

Account Sales of 200 bales of cotton *ex ss. Ceylon*, sold for account of Messrs. Blank and Co., Bombay.

Marks.			£	s.	d.	£	s.	d.
 2/100	200	Bales Cotton, 110,000 lbs. net @	4	½		2062	10	0
		<i>Expenses.</i>						
		Freight	110	0	0			
		Insurance	11	10	0			
		Cartage	5	0	0			
		Storage	7	10	0			
		Commission	51	11	3			
						185	11	3
		<i>Net proceeds due</i>				£1876	18	9

E. & O E. Date _____

Name of Consignee _____

The net amount due as per the account sales should be credited to the consignment account and debited to the personal account of the agent, and when payment is received from the agent, his personal account, of course, is credited, cash being debited in the usual way. If the stocktaking test mentioned above be applied here between the date of the receipt of the account sales and the actual payment by the agent, it will be noticed that the consignment account, having been credited with the net proceeds of the consignment, shows a balance of profit or loss on the transaction, and the personal account of the agent shows that he is indebted to the consignor for the net proceeds as per his own account sales. The position therefore correctly mirrors the facts, for the balance of the agent's personal account will appear on the balance sheet as a book debt, and the profit or loss on the consignment will be transferred to the general profit and loss account.

Looking now at a similar transaction from the point of view of the consignee, it should be noted that when goods are received on consignment no entry is noted in the actual books of account, but the particulars of such goods, together with the prices, &c., and any instructions which have been received in connection therewith from the consignor, should be entered in a memorandum ledger or consignment ledger under the heading of the consignor, or under some such heading as will easily identify the actual owner of the goods. The object of this is that at stocktaking time, if the goods were included in the ordinary books of the consignee, they may, through carelessness or inadvertence, be scheduled as his own property. So soon as the agent makes any payment in connection with the consignment, or incurs any expense with regard to it, a proper consignment account, headed with the name of the consignor, should be opened in the books of account, and those charges debited thereto. When the goods are sold this consignment account is credited, and the personal account of the purchaser is debited. The amount of commission payable is then calculated, commission account being credited, and consignment account debited. The consignment account now shows a balance in favour of the consignor, and the details of the account form the subject-matter of an account sales, which is duly despatched. When the net amount due to the consignor, as per account sales, is paid, cash is credited and the consignment account debited. The balance therefore on the consignment account is now discharged, and the only item remaining to be cleared is the personal account of the purchaser, which, of course, is credited when a remittance is made, cash being debited. If the stocktaking test be applied so far as the consignee's books are concerned it will be noticed that the entries do not at first appear in his books of account, but that as soon as they are sold the proceeds appear to the credit of the consignment account, and if a balance sheet be prepared such items will appear under the heading of liabilities.

Travellers are another important class of trading agents, and although they usually confine their attention to the receipt of orders and the collection of accounts, which are paid into the bank or to the credit of head office without deduction, or are remitted in due course at the end of each journey, there are occasions when some statement of account may be required from them. For instance, if they sell goods from their stock of samples, or if they are allowed to collect accounts, using part of the proceeds for ordinary

business purposes, a proper record should be required so that it may be incorporated into the accounting system of the head office. The form on page 33 is designed so as to cover an ordinary simple case of this kind, and is capable of being enlarged upon to fit special circumstances. See CONSIGNMENT ACCOUNTS.

APPLIANCES IN SHOPS AND OFFICES.—Introductions of labour-saving appliances and great economies in shop and office organisation have been, and are being, made from day to day. The officer of any considerable concern who declines to investigate up-to-date appliances simply because they have been invented since he commenced in business is a formidable skid upon the wheel. In some cases a waste of time and money is going on which is almost criminal.

The great majority of labour-saving appliances are designed to do work which has hitherto been regarded, by those upon whom it devolved, as mere drudgery. Yet there is an almost unaccountable antipathy on the part of existing staffs against any innovation which removes drudgery and substitutes for it in the daily round of duties something which is worth doing for its own sake. The grocer's assistant is none the worse off because coffee is now ground electrically, with the result that he has an opportunity of studying window-dressing, maybe, in the time formerly expended in pushing a crank.

Machinery has been held to cheapen the product and make the man worth more, yet many an employer has found his staff too strong for him when he desired to get some up-to-date appliance into action. There will always be weak employers and strong assistants, but antipathy to innovation is almost chronic in many business houses to-day, and is much to be regretted.

The ability to type correspondence in a fraction of the time formerly required to write it with a pen; to speak in a few moments from city to city instead of employing a mounted messenger; to conceive an idea in the afternoon and have it impressed upon the minds of a hundred selling men in the field the next morning; to post a list to ten thousand subscribers at a few hours' notice—surely such things have made the product cheaper and the man worth more.

Yet every one who seeks to introduce something of proved utility but comparatively new, has to fight the same strenuous fight all over again, overcome the prejudice of assistants, scheme for weeks to get an interview. The highest grade men drawing large incomes have to be employed to sell an article of which the value is, or should be, obvious. The price is accordingly much increased, being commonly five times the cost of manufacture.

There is a great advantage to be gained by the minority of business men who, realising the need for change as the world progresses, undertake on their own account an investigation into all that is likely to be useful in their business, for such procedure will almost certainly give them an advantage over rivals who take pride in asserting that they have never investigated up-to-date appliances and have no intention of doing so. It costs nothing to investigate new methods, but the result is often worth a great deal.

APPRENTICESHIP: The Revival of.—Increasing favour is now being shown towards apprenticeship in industrial trades. Until three or four years ago an opposite tendency had for various reasons been evidenced. Many large employers refused to encourage the boy element because of unsatisfactory results. The apprentice was frequently found to be chafing

against the binding conditions of his indenture and to refuse opportunities of becoming an efficient workman. On the other hand, where he was industrious, he alleged that little or no attempt was made to teach him his business, and that owing to the organisation of big concerns into departments he obtained few, if any, chances of learning even a smattering of the trade as a whole.

One result of the decline in apprenticeship is the fact that large numbers of the sons of artisans become casual labourers. They start as errand or van boys or some casual employment—drifting on to the unskilled labouring class—in order to earn more wages during the first four or five years after leaving school, and also to obtain more liberty, than if they settled down steadily to learn a trade. As a consequence, the ranks of the unemployed are swollen by the casual. The spread of technical education by means of evening classes has not compensated for the lack of apprenticeship. The classes so provided in the evening continuation and technical schools often give lads a smattering of expert knowledge without due regard to their calling in life. Large employers and educationists are now recognising the necessity for associating the classes with some scheme of apprenticeship. For instance, in the Birmingham gun trade, a system obtains whereby suitable youths are placed under workmen who can be recommended as being skilful in their respective branches of trade. The boys serve a term of four years with a progressive salary. Arrangements are made for the boys to attend a class for theoretical instruction upon two evenings a week and to be examined once a year in order to test their progress. At the close of his apprenticeship the boy has to undergo a final examination, and if the result is satisfactory the man to whom he has been apprenticed receives £10 and the apprentice is awarded a certificate of merit. It will be seen that the Birmingham scheme provides, in place of the patriarchal conditions of a bygone time, a business-like arrangement of teaching the boys in the workshops during the day and supplementing this practical training with the study of theory at the evening classes.

The return to apprenticeship has been assisted by various conferences, some promoted by the Board of Trade and others by students in sociology. Several organisations have also co-operated in this direction, and notably the apprenticeship societies. As an example, the National Institution of Apprenticeship was organised in 1905 for the purpose of apprenticing children to trades which require skill and in which good wages can be earned, by lending money for premiums where necessary and by supervising apprenticeships so as to ensure as far as practicable that the apprentices are taught their trades and do their duty to their employers. The institution commenced in May 1905, and during the year ending April 1906, fifty-six boys and nine girls were apprenticed. In the following year the numbers were a hundred boys and twenty-seven girls. Since then the numbers have increased. In addition, the organisers have been able to secure the support of a large number of employers, ranking among the most important in their respective trades, who have taken, or agreed to take, apprentices from the institution. Lord Avebury, who has approved its objects, contends that the reintroduction of the apprenticeship system is one of the best means of diminishing the number of unskilled labourers and adding to the ranks of skilled labour. Real skill, he says, can be obtained only in the workshop,

and it is in order that boys and girls should start life with the advantage not only of a liberal education and training given in the schools, but also with a practical training which was to be had in the workshop, that the institution had been founded. Other societies exist for somewhat similar purposes. Nonconformists possess an organisation for apprenticing the children of their ministers, and since 1829 its Board has benefited nineteen hundred boys and girls at a cost of nearly £15,000.

APPROBATION SALES.—The term Sales on Approbation is loosely used by many business men to signify goods sent out on approval. Most shopkeepers have customers who take a fancy to an article, and desire to have it sent home to ascertain if it will match its surroundings. An enterprising firm of publishers recently offered to place an Encyclopædia in any house in order that the borrower might test its value, and at the expiration of seven days he might return it or keep it. In the latter event the transaction becomes one of sale, and an invoice is sent, the customer being debited in the books of the seller with the amount of the purchase-money. Sending out goods on approbation does not involve any change of ownership, such as takes place when goods are sold, where the seller parts with his goods and receives in exchange therefor either cash or the right to receive cash. The system has become daily customary on the part of most retail business firms. There is a great danger of such transactions being overlooked, hence it is necessary to have a proper system. Many business firms have adopted rules somewhat as follows. A special memorandum book, called an approbation book, is kept, and all goods sent out on approbation are entered in it. The ruling is as follows:—

Date sent out.	Customer's Name.	Address.	Page of Delivery Book.	Department.	No. in Duplicate Book.	Price.	If not returned, Folio of Day Book.	If returned, Initials of Manager.	Date of Cancelling.

It will be seen that this provides the date on which the goods are sent out, the customer's name and address, the folio of the delivery book where the goods are signed for by the customer, and a column giving either the date of the return or the folio of the day-book. A note is issued to the customer from a book having a duplicate leaf, containing full particulars of the goods, price, &c., with a footnote that the goods are sent out for approval for seven days only, and if not returned within that time they will be charged up against the customer in the ordinary way. Experience has taught business men to add that, if the goods are soiled or damaged in any way, they will not be received back. The approbation book should be examined daily, and all goods returned entered in the special column giving date of return, with the initials of the manager of the department, all goods

not returned being charged as a sale, in which case the folio of the day-book will be entered in the approbation book. It is safest to make one clerk responsible for the proper keeping of the approbation book, including the duty of seeing daily that the goods are either returned or charged to the customer. The approbation book is merely a memorandum book, and does not form part of the ordinary financial books. Some business men have adopted the card system of bookkeeping, and where this exists either the card may be completed as each transaction arises or a separate card may be used for each day. A good manager will inspect the approbation book at least once each week, and personally supervise the sending out of the goods. The same judgment must be used in sending out goods on approbation as in making a credit sale. But strictly cash businesses have to send goods out on approbation, and in such cases it is customary to ask for either references or a deposit. The responsibility for this should always rest with the department manager and not with the salesman. The latter may thoroughly understand his goods, but may not be sufficiently tactful in dealing with customers. Friction can easily be avoided by having printed forms, one of which the customer is asked to sign. The following form will be found useful:—

To Messrs. A. B.

I hereby request you to send to my address the goods as specified hereunder for my approval, which I undertake to return to you in good order and condition within seven days, failing which I hereby authorise you to charge the same up against me, and if not returned, I agree to pay for same at the expiration of seven days.

Signature
Address
Occupation or position
Amount of deposit
References

Date	Particulars of goods	Department	Price
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An alternative method is to have a separate column in the day-book, only for goods sent out on approbation with a corresponding column in a returns book, postings being made from both books to a special approbation ledger. But this method cannot be recommended. The system here described has the merit of simplicity, as no debit is made against the customer until the goods are sold, and there is therefore no necessity to pass a credit through to the customer on the goods being returned. At stocktaking goods sent out on approbation should be taken into stock at cost prices, not at selling prices, since no profit can arise until the sale actually takes place. In one sense the customer is merely a gratuitous bailee of the goods. He does not warrant their safe return, and if they should be destroyed by fire whilst in his possession he might not be responsible to the owner for them. The forms given here, however, provide that, if they are not returned, the customer agrees that they will be charged. In any case, it is his duty to preserve them in good order and condition. A landlord may distrain for rent upon goods held on approbation by his tenant, but the tenant having acquired no right in the goods cannot

properly part with them to another, nor create a lien upon them as against the true owner, except within the provisions of the Sale of Goods Act. Goods received by a trader and held by him in the ordinary course of his trade or business are, if he becomes bankrupt, subject to the order and disposition clause in the bankruptcy. See **RETAIL SHOP ACCOUNTS**.

DAVID P. DAVIES, F.S.A.A.

*Sometime Lecturer, School of Commerce,
University of Liverpool.*

ARCHITECT: How to become an.—An architect is an artist whose materials are wood, brick, stone, and iron. He must thoroughly understand the nature of these materials and how they may be used for stability, the provision of necessary accommodation in the work he does, and also the beauty of forms suitable thereto. To know how to construct a building which will merely stand, he must understand the principles of theoretical and applied mechanics, and he should be able to get stability with the least expenditure of material. To know how to link together the various parts of his structure in the most fitting way, the architect needs the trained imagination which can conceive in outline the whole of its parts before he commits his ideas even to paper. To be able to give a building the beauty of form best suited to it, his mind must be stored with vivid pictures of the most beautiful buildings of various types, and he must understand how their effect has been produced.

The boy who wishes to be an architect should receive a thoroughly good general education. While at school, he should be encouraged in every way to practise drawing, but never from flat copies. Perspective and all kinds of geometrical and scale drawing are also most valuable, while mathematics, pure and applied, are now more than ever necessary in dealing with iron construction. Opportunity should be taken to interest the student in old buildings, expeditions being taken to old churches, castles, and mansions in this country, while visits to foreign countries would all have some value in development.

If the intention is to enter the Royal Institute of British Architects (R.I.B.A.) it is necessary to have passed well at school one of the following examinations: (1) The London (or some other British University) Matriculation; (2) any University's Senior Local or Junior Honours; (3) College of Preceptors First Class. It is also a saving of time if the student has any of the following, provided they are of the First Class: The Board of Education Elementary Certificate for (1) Geometrical Drawing and Perspective; (2) Theoretical Mechanics of Solids and Fluids; and (3) the Advanced Certificate for Outline Drawing of Ornament from the Cast.

The usual way of getting the necessary technical training is to be articled to an architect for three, or, in exceptional cases, four years. The premium varies from £100 upwards, a usual figure being £200. In the architect's office the pupil will acquire a knowledge of business ways and the character and detail of architectural work. Beyond architectural drawing there is a good deal of general work to be done. The work and experience of the office are not sufficient. Outside study and work is absolutely essential, such as reading standard books on architecture, examining and drawing buildings, old and new, and preparing for the examinations of the R.I.B.A. There are many architects of good standing who do not belong to the

Institute, but it is far better for young men to enter it. The usual age for entering the office is eighteen or nineteen.

The Royal Institute of British Architects (Office, 9 Conduit Street, W.) demands three examinations, which have to be passed by those who wish to qualify for the associateship of the Institute: (1) The Preliminary, which qualifies for registration as Probationer; (2) the Intermediate, qualifying for registration as Student; (3) the Final, qualifying for registration as Associate. Particulars of the examinations to be passed may be obtained from the office of the Institute. Those who have passed one of the general examinations mentioned above are excused such parts of the Preliminary Examination as are covered by their certificates. It is possible in this way to get entire exemption from everything but payment of the two guineas for registration as a Probationer. During the two years following this registration the Probationer has to prepare certain drawings, and if these "testimonies of study" be approved, he is admitted to the Intermediate Examination, and on passing is registered as a Student of the Institute. The Final Examination is to test the student's further progress, and the preparation for this examination, and of the "testimonies of study" admitting to it, occupies not less than three years. On passing the Final the Student becomes qualified for candidature as Associate of the Institute, and receives a notification to that effect.

Success depends largely on the individual, and the use he makes of his opportunities, both inside and outside the office. A competent man, who has completed his training, can always get employment as an assistant, and his remuneration will vary with his ability and experience from £100 to £500. If a sufficient number of clients can be obtained, and the young architect feels that he can do justice to them, the sooner he gets into practice himself the better. The architect's payment is, generally speaking, 5 per cent. on the outlay of the building. Many architects make themselves known by entering into competitions for plans for various kinds of buildings, which introduce their work to the district, as they are largely of a public character.

ART AND COMMERCE.—Amongst the occasional workers who assist the business man in the preparation of his schemes, the illustrator takes a high place, though of late years there has been a tendency to over-estimate his value. The work of providing illustrations for business enterprise (drawings for the newspaper advertisement, the booklet, the folder, the letter heading, or the poster) is one of the most interesting and attractive fields of activity, and is the subject of constant reference in popular publications. Such publications delight in picturing the worker in this field making huge sums of money. As instances, one hears how happy ideas for advertisements and posters have brought the lucky originator hundreds, and sometimes thousands, of pounds, while the leading men, who do make huge incomes, are constantly cited as typical workers in this class. The result is the lay public have an exaggerated opinion of the earning power of the man who supplies artistic work for commercial purposes. There is, without doubt, a large and profitable field for such enterprise, but it does not by any means produce the income which workers in it are commonly supposed to secure. Certain workers with great personality achieve great successes individually, but the art worker who goes in for commercial art should not be led away by these alluring prospects, but keep his attention fixed steadily on the average. Of late

years, commercial work for the artist has added a great source of income to men engaged in black and white—in fact, it would be almost true to say that it represents fully 50 per cent. of the available income for that part of the artistic profession which depends for its support on drawing for reproduction. A few years ago no up-to-date advertiser would have dreamt of a campaign without illustration, though to-day there is a slight reaction and not such an active demand for the work of the illustrator. This, however, is only a temporary fluctuation, and the need for good drawings must always exist, and probably increase. Commercial art is quite a distinct demand, having different standards and traditions from those which usually prevail in what is considered the artist's legitimate sphere.

The training of the commercial artist would be the same as that followed by all art workers. He would go to the usual schools, study from the life, and, if he were wise, he would extend his experience by securing exhibitions tenable in London or on the Continent—in fact, following the conventional training of the artist to-day. It is treading on difficult ground to say so, but the ordinary artistic education imparts a certain outlook to the student in relation to art matters which does not apply to the worker in the commercial art field. The artist proper aims, first of all, at artistic expression and an interpretation of beauty in its many forms; the commercial worker must always be prepared to submit to the test of utility. There are ample opportunities for doing the most beautiful work possible in commercial art, but the artist's employer will never allow him to forget that primarily his work is designed to add selling force to the printed matter which it illustrates. For this reason, the successful commercial artist must also develop some of the instincts of the business man. Like the copy writer, he must know something of the selling value of the commodities which he is expected to illustrate, and at all costs he must accentuate their selling value. Given the business sense to appreciate these points, and also a high standard of technical achievement, there is no reason why he should not find a very profitable field for his talents by working for the trader. The commercial artist is employed to illustrate advertisements by ornamental types and borders or figure-drawing; he is in demand as the originator of effective and exclusive letterings; he is needed in the compilation of illustrated booklets and covers for printed matter, while his most profitable field, if he can establish a connection, is in poster work.

To succeed along these lines, having taken the usual art training, he would set out to study the needs of his market. The most direct way of getting into touch with advertisers is through the offices of agents, each of whom usually represents from half-a-dozen to twenty advertisers. The next point of attack would be to cultivate the advertiser himself, but in this case he will probably be expected to submit suggestions and to undertake a great deal of work which is experimental. In fact, this experimental work discourages many artists from taking up this field. The difficulty of drawing out a suggestion for a trading proposition is that if it is a good design it should feature that proposition only, and be, therefore, no use for anything else. This, of course, means that if it is rejected after it has been submitted, the value of that work is practically lost to the artist.

It is for the artist to consider whether it is worth his while to persistently submit his designs to individual firms along these lines with a view to establishing a valuable connection. The services of a man who has done practical, useful, and compelling work for the advertiser are unquestionably sought after. A man of proved merit can find employment regularly on the staffs of various agents, or on the staffs of individual advertisers, for many big firms employ one, two, and three artists permanently in interpreting their ideas.

A further remunerative field to the artist in commerce is the printer, who frequently secures his orders in competition—that is to say, he may know a certain printing order is in the market, and he will frequently attempt to secure it against other printers by producing the class of work that should be used for the specific purposes of the order. For this reason he will go to the trouble of producing a complete booklet with illustrations for cover and text, and frequently he depends upon the excellence of the work he submits influencing the advertiser to put the order through his firm. This means, of course, that the artist who has good ideas, and can carry them out attractively, is a useful man to the printer, because in the end many a printing order on competitive lines is secured by his work. The same rule applies in the business of producing posters. While many colour printers keep up a staff of artists, they are frequently compelled to submit ideas before securing printing orders, and as a rule their staffs can only produce a certain amount of work of value in this direction. There is, therefore, a constant demand for new blood—new blood which can give practical suggestions likely to appeal to poster users. Once a man gets the reputation of producing posters which, in the word of the trade, have the habit of “going” with the prospective customer, he is always sure of finding plenty of work amongst colour printers, or, if he chooses, he can take a permanent appointment on their staffs. There are also one or two advertising agents employing bill-posters, who receive and submit ideas to their clients which are likely to make effective posters.

There is no uniform rate of pay. A design is largely worth just what the advertiser chooses to offer for it, in the novitiate stage, but when a man's position as a useful worker is established he can frequently make his own and more satisfactory terms. From one guinea to four guineas for a newspaper illustration, from three guineas to ten guineas for a magazine illustration, from ten guineas to thirty guineas for a set of booklet illustrations with cover, from five guineas to thirty guineas for a poster idea, are typical and average prices. There are firms paying much less, there are individual artists who get much more. The secret of success as an artist in the commercial field, taking ability for granted, is application and industry. A close study of the field will reveal the people who are using drawings in various forms for advertising purposes, and when the artist has secured a thoroughly practical list, it remains for him to persistently bring his work before the people on it. As time goes on he will find that, having pleased a group of firms time after time, they instinctively look to him when they have any artistic work to give out. The great weakness of this market is that it is crowded with many workers who are not particularly competent, men who are possibly artistic and never offer a practical idea, or men who have exaggerated their own efforts as illustrators. There is also a large leaven of people

attracted to the work who are scarcely qualified at all either by training or experience. They are drawn into the field by stories of the huge prices paid to successful workers, and believing that the task of producing a design is both easy and pleasant, they crowd into the field and pester firms who have commissions to give out. There is, as a consequence, some difficulty in seeing the right people, and in getting on terms of confidence with them at the outset of one's career. Having been disappointed so often by ineffective workers, they are more and more inclined to trust wholly to the men they know can do the work practically and efficiently.

ASSETS.—The word “assets” may be taken to denote, from the point of view of an accountant, the various properties, rights, and benefits of which a person or a commercial undertaking is possessed at any particular time, and is most frequently met with in its employment as a distinctive heading for the “Credit” side of a balance sheet prepared according to the custom of this country. Where it is so used, the possessions appertaining to the proprietor, together with certain balances which for the most part resemble property to some extent, will be found ranged beneath the heading, and the total will represent an expression in money of the total benefits or possessions of which the undertaking claims to be the owner. The amplified heading “Property and Assets” is occasionally substituted.

In a properly prepared balance sheet the main body of the items included on the credit side will represent property of a more or less tangible nature, but, as a further consideration of the subject will generally serve to show, it will not invariably be found that every one of such items represents tangible property, inasmuch as the process of equitable accounting will sometimes necessitate the creation, for the time being, of quasi-assets, *e.g.* “Preliminary Expenses.” The use of the generic heading “assets” must therefore be taken to be, in such cases, an employment of the word in its widest and most neutral sense. It is to be feared that those for whose benefit balance sheets are prepared are prone occasionally to assume that every “asset” appearing in such statements represents of necessity a specific item of property valued at the price it would fetch if immediately sold; such an assumption, although it expresses exactly the principle upon which “Statements of Affairs in Bankruptcy” are prepared, misconceives the principle upon which balance sheets are based. The latter are of the nature of estimates, prepared to show the financial position of businesses as going concerns, and not with the idea of immediate liquidation. In some undertakings balance-sheet assets and values will nearly conform to those which a statement of affairs would show, but generally speaking, the larger the concern and the more costly and elaborate its equipment, the greater will be the divergence between the balance sheet total of assets and their probable product in a forced realisation. In statements prepared for the use of creditors, as opposed to partners' or shareholders' balance sheets, realisation values, as opposed to book figures, are of course to be employed.

It is scarcely sufficient to describe assets as an expression denoting possessions, taking the word in its wide sense, and some reference is necessary to the broad idea upon which both terms are based. The idea, which may be taken to be characteristic of “assets,” is that of “future benefit,” and it is this which constitutes the test to be employed in determining whether any particular item of expenditure may be regarded as an asset, in whole or in part, or whether it must be ranked as an expense or loss.

The process of distinguishing between "Capital" and "Revenue" expenditure which, in the preparation of a balance sheet, follows immediately on the agreement of a trial balance, is a practical application of this principle of "future benefit," and its use as a test. The various debit balances standing on the books, and representing (if no previous profit and loss account has been prepared) in their sum the total expenditure made by the undertaking, are successively subjected to this test, and those in which a future benefit can be found are included as "assets" at a proper figure, while the residuum of balances is charged as a loss against the gross profits for the period. The cost of maintenance of possessions already themselves included as assets is an expense or "revenue" charge, inasmuch as the future benefit is expressed in the value of the asset previously included. In this process of dissection there will often arise items of loss or expense which it would be scarcely fair to charge in their entirety against the profits of that year, or other period, in which they were incurred; it may be that they are considerable in amount and exceptional in their nature, or it may be that they will never occur again, or that their payment will relieve the profits of the succeeding year or years from similar charges. In all these cases the matter may often be adjusted most equitably by charging against the profits of the year when they were incurred some portion only of the expense, the remainder being carried forward and applied against the profits of subsequent periods. The amount thus carried forward must perforce appear as an "asset" in the balance sheet in course of preparation, and though it thus appears in company with tangible property its real nature must not be misunderstood. The prepayment of business expenses, such as insurance premiums and local rates, will often cause the appearance of similar "fictitious" or "suspense expenditure" assets in balance sheets prepared before the conclusion of the period covered by such charges. In thus permitting certain classes of expenditure to appear, for the time being, as assets, the greatest discrimination is necessary, especially where their appearance as such is not a necessity for the correct statement of profits made during a given period; it is obvious that, like other courses which may be perfectly legitimate in proper cases, the system is liable to abuse in unscrupulous hands. The practice of gold-mining companies in their early stages may be instanced to exemplify the creation of expenditure balances which appear with the main body of tangible assets, viz.: during development of the mine the whole cost of administration is treated as an asset, and should be written off rapidly against profits as soon as active production has commenced: it is obvious that a desire to distribute immediate dividends may postpone such writing down, and produce a condition of financial unsoundness. It may be mentioned that some accountants prefer to discard altogether the use of the heading "assets" in balance sheets, substituting the less definite contraction "Cr." The mere appearance together, however, of true and fictitious assets may of itself cause a superficial observer to overlook the difference between them, whatever nominal heading be employed.

There are two ways in which future benefit may be said to attach to an asset, one being through its *use*, the other by its *conversion into money*. Many of the assets owned by a business may possess both these possibilities, but it will usually be found that in relation to each particular asset only one

of them can be said to be the paramount cause for which it was acquired. According as one or other of these reasons governed the acquisition of the object, so it comes under one of the two great classes into which such possessions are divided. Those assets acquired for use and permanent retention, not for resale, are termed fixed assets (in law the term *fixed capital* is employed); while money and all assets acquired for conversion into money are styled floating or circulating assets (or capital). Between these two classes differences exist both in a legal as well as a practical sense. The decision as to whether an asset be "fixed" or "floating" depends not only on the nature of the possession, but also on the nature of the business in which it is owned. Assets which are held by one undertaking solely for use may be owned solely for realisation by another, *e.g.* a dynamo will be a fixed asset if owned by an electric lighting company, but a floating asset if it is one of a number of dynamos manufactured for sale by a concern whose business it is to make and sell dynamos.

Inasmuch as fixed assets are purchased for use, their value for use (*i.e.* their cost) is all that concerns their owner, and, provided they are properly depreciated as they wear out or expire by effluxion of time, it is not practically necessary to provide for any fall in the current market price of similar assets, although it may be prudent so to do. Conversely no credit should be taken for any rise in the current quotation of similar property unless the particular object which is owned is sold, and resale is not of course the primary purpose for which the asset is held. The cost of all repairs and renewals is a revenue charge, and in addition, some depreciation allowance will almost invariably be needed; as, in spite of full repairs, an asset will eventually become valueless. Freehold land is an exception to the general rule, and does not depreciate, although its realisable value may fluctuate widely; the same may perhaps be said of goodwill.

In the case of railways, and other parliamentary companies, the principle adopted in regard to fixed assets is that that part of the capital expenditure must be maintained in efficient working order, and at its original extent, out of revenue, and beyond that depreciation is unnecessary; *e.g.*, if fifty locomotives were originally provided there must always be at least fifty locomotives owned, and in fair working condition; the cost of building new ones, to replace old ones broken up, is to be borne by revenue. The principle thus prescribed has not been entirely free from criticism, and, under it, expenditure on abandoned objects, *e.g.* lines and powers, may still appear as an asset; whereas the cost of any project, if totally abandoned, should be transferred from balance sheet to revenue account over an extended period.

Legally it is not compulsory to provide for loss or depreciation of fixed assets (whether the latter be of a permanent or of a wasting nature) in ascertaining divisible profits, unless (as is extremely rare) the internal regulations of the trading body prescribe it. Such a course, however, though it be perfectly legal, should not be followed, if any attention is being paid to sound financial principles, unless the provision of adequate depreciation is impossible. It involves the return to shareholders of part of their capital in the shape of income, and it is to be feared they do not always realise that their "dividends" in such cases contain a modicum of the capital originally contributed.

!Floating assets, being either cash or assets (stock, book debts, &c.) in process of conversion into money, must appear, both in practice and in law, at not more than their monetary value, and any fall in market quotations or expected loss on realisation must thus be provided for out of profits. On the other hand, while it is not illegal to take credit for any rise in current or market values of these assets, it is in practice unwise to do so pending realisation.

Sufficient has already been stated to show the principles on which the valuation of balance-sheet assets may fairly proceed, and it is obvious that, if such principles be followed, the total "assets" of a concern will not of necessity realise in a forced sale the exact amount at which they are stated; the balance sheet as a whole is not, and must not be taken as, a representation that they would of necessity do so. Floating assets should realise their book value if the accounts have been properly prepared, and if the process of realisation be steady, as opposed to forced. Fixed assets may realise their book value, but the latter is a figure of value for their use, not their sale. By retention of profits from shareholders, and extra allowances for fluctuation and depreciation, the book values of fixed assets can be reduced to figures which, for realisation, are more certain; but whether shareholders will consent to such a process is in the main problematical: the same result may be effected by the creation of secret, or quasi secret, reserves.

It is sometimes suggested that the assets *used* in a business (the suggestion can hardly apply to floating assets) should be valued on the basis of the income or profits they will produce, rather than at their cost. The suggestion is, in the main, based on a misconception, inasmuch as profits do not generally arise spontaneously from assets as such, but from their use as part of the mechanism of a trading concern. Plant, equipment, and such assets are only one of the factors which result in gain, and are not as a rule the sole matters which determine its amount. Careful organisation and employment of these assets, plus the existence of a favourable market for the products or services dealt in, is a more comprehensive and truer statement of the factors to which profit is to be attributed. The benefit of efficient organisation and the possession of a *clientèle* which will purchase articles produced is but another name for what accountants term the "goodwill" of a business, and the value of the asset is admitted to vary with the income derived from its possession although it is not usually written up or down to accord with the course of profits made. Certain classes of assets, however, wherein the income flows directly from mere ownership of the asset, without active participation of the owner, *e.g.* investments, are frequently valued on a comparison of the income they produce with the general rate of income from such securities; their realisation value, however, will depend directly on the state of public demand for such investments, combined with the state of supply, although these two factors may be influenced to some extent by considerations as to yield in income.

It is impossible to give any list or classification of assets which shall be complete, but some brief summary of the principal types, ranged in order of realisability, may perhaps be appended, as follows:—

CLASS I.

1. Cash in hand.
2. Cash at bank.
3. Day to day loans on security (banks).
4. British Government and other securities dealt in on the Stock Exchange for "cash."

CLASS II.

1. Bank deposits.
2. Short loans on security (banks).
3. Investments dealt in on Stock Exchange for fortnightly "accounts."

CLASS III.

1. Bills receivable.
2. Trade book debts.
3. Calls outstanding.
4. Uncalled capital.
5. Business loans on security.
6. Loans on mortgage.

CLASS IV.

1. Stock on hand.
2. Stores on hand.
3. Goods sent out on consignment.
4. Goods out on sale or return.

CLASS V.

1. Freehold and leasehold property (towns).

2. Freehold and leasehold property (other).
3. Loans on mortgage.
4. Investments in (a) debentures, (b) shares of companies not dealt in on the Stock Exchange.

CLASS VI.

1. Plant and machinery (not obsolete).

CLASS VII.

1. Money advanced as capital to other undertakings.
2. Licensed property.
3. Equities of redemption.
4. Undertakings of special nature and exceptional size.

CLASS VIII.

1. Goodwill.
2. Patent rights.
3. Land in undeveloped districts.

CLASS IX.

1. Obsolete plant and machinery.
2. Development and other expenditure.

The criterion upon which the above list is classified is mainly the *time* necessary for realisation in an ordinary case. The possibility of loss on a forced sale may be said roughly to coincide with this classification, although exceptional circumstances may of course in particular cases entirely alter the whole order. Classes I. and II. are composed of highly liquid assets, and Classes III. and IV. of those possessing an ordinary commercial degree of liquidity. Classes V., VI., and VII. are comprised mainly of fixed assets, for the complete realisation of which the assistance of an auctioneer may be needful; while the last two groups contain items which are usually difficult to convert into money. *See* CAPITAL AND REVENUE.

STANLEY G. SMITH, C.A., F.S.S.

AUCTIONS. *See* HOUSE AGENCY AND AUCTIONS.

AUDIT.—An audit is an examination of accounts with a view of ascertaining their correctness; the word doubtless dates from a period when the evidence supporting statements of account was *heard* by the auditor, inasmuch as it was exclusively oral in its nature. The examination of accounts is usually deputed to some person who, by reason of his qualifications, is better able to form an opinion as to their accuracy than are the persons financially interested in the transactions which the statements embody; the impossibility of a detailed examination by every member of a large and scattered body is another cause of delegation of the labour.

It is mainly in the case of joint stock companies and other incorporated

trading bodies that the need for the appointment of an auditor arises, but the custom has of late years been extended to the accounts of private firms; although, in the latter case, such authority to examine accounts as may be conferred on the auditor flows solely from the instructions given him by the partners in the undertaking, and the office does not possess either the statutory or semi-public character which attaches to the position of auditor to an incorporated body.

The statements which are placed before an auditor for scrutiny may partake of the nature of one of two classes of accounts; they may be accounts of receipts and payments in actual money, or they may be estimates embracing the whole financial position of an undertaking at a given date. The former are practically cash accounts and nothing more, and the accounts of receipts and payments by executors under a will are examples of such a type. The other class includes balance sheets and the statements usually appended thereto, and it is important that the "estimate" element included in their nature should not be overlooked; it is usually possible to arrive at a greater degree of absolute certainty in expressing an opinion as to the correctness of simple accounts of receipts and payments than in the case of complex statements involving an estimate of financial position.

Where an auditor is appointed to examine the affairs of a private firm his position is practically that of an employee, and his authority and the limits of his investigation depend primarily on the instructions of his employers, to whom alone he is answerable. In a practical sense the appointment is simple, inasmuch as reference can be readily had to those to whom the auditor is answerable, and doubtful points can immediately be laid before them for further instructions.

The case of the auditor of a joint stock company or other public body is very different. The exact legal limits of an auditor's duty and his responsibilities are not always clearly defined by the law relating to his office, nor are they usually particularised in the domestic regulations of an individual corporation to any minute degree. At the same time an auditor, in cases of difficulty, is unable to consult the general body of shareholders or other interested parties, and is not desirous of trespassing beyond his legitimate functions, or of injuring the company's credit for trivial causes. In such cases the auditor will usually lay the facts of the case before the shareholders in his report in as brief a form as possible, and with a minimum of comment; it then remains for the members to adopt such course as they may think fit in the particular case. Where accounts are issued with an unqualified certificate appended, it must not be thought that the auditor's investigation has been unproductive of effect; it frequently happens that the accounts, as at first presented, are such as would need a certificate considerably qualified, and the auditor is requested to indicate what are the minima of alteration which would permit him to give an unqualified certificate.

Although in practice it is not customary for professional auditors to confine the performance of their duties within the bare limits of their legal responsibility, the latter must be understood to confer on them all the rights which they have the authority to exercise, and for that reason it is impossible to indicate any outline of an auditor's position in practice without some reference to the legal powers and responsibilities which attach to the office.

There may be said to be in the main three sets of regulations by which an auditor's legal position is defined, and it will usually be needful to refer to all these sources in any particular case. They are:—

1. The audit provisions of the statutes relating to that particular class of body to which the auditor is appointed, *e.g.* the Companies Acts.
2. The broad principles, governing auditing generally, laid down in various judicial decisions.
3. The domestic regulations of the company or other body; the validity of any of these provisions is of course subject to their not being inconsistent with those of the two former classes.

It is impossible to set out in detail all the statutory provisions governing the many classes of public bodies, but some of the most important may be summarised.

As regards joint stock companies under the Companies Acts, 1862 to 1907, the appointment of an auditor by the shareholders in general meeting is compulsory, the board cannot appoint except to fill casual vacancies or prior to the first meeting. No director or officer is eligible as auditor. The auditors have the right of access at all times to the books and vouchers of the company, and are entitled to demand such information and explanation as may be necessary for the performance of their duties.* They are to certify at the foot of the balance sheet whether "all their requirements as auditors have been complied with," and they are to report to the members whether in their opinion "the balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as shown by the books."

* The Companies Act, 1907, now incorporated in the Companies Act, 1909, somewhat enlarges the above provisions. This Act provided, *inter alia*, as follows, in substitution for the above provisions:—

Sec. 19.—“(2) The auditors shall make a report to the shareholders on the accounts examined by them, and on every balance sheet laid before the company in general meeting during their tenure of office, and the report shall state—

“(a) whether or not they have obtained all the information and explanations they have required; and

“(b) whether, in their opinion, the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company.

“(3) The report shall be attached to the balance sheet, or there shall be inserted at the foot of the balance sheet a reference to the report, and the report shall be read before the company in general meeting, and shall be open to inspection by any shareholder.

“(4) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a shareholder to the company not less than fourteen days, and by the company to every shareholder not less than seven days, before the annual general meeting.

“(5) If any copy of a balance sheet is issued, circulated, or published without either having a copy of the auditor's report attached thereto or containing such reference to that report as is required by this section, the company, and every director, manager, secretary, or other officer of the company who is knowingly a party to the default, shall on conviction be liable to a fine not exceeding fifty pounds.

“Sec. 21.—Every company required to forward to the registrar a summary under section 26 of the Companies Act, 1862, shall include in that summary a statement, made up to such date as may be specified in the statement, in the form of a balance sheet, audited by the company's auditors, and containing a summary of its capital, its liabilities, and its assets, giving such particulars as will disclose the nature of such liabilities and assets, and how the values of the fixed assets have been arrived at, but the balance sheet need not include a statement of profit and loss.” But this section does not apply to a private company.

Parliamentary companies are governed in the first place by the Act incorporating them, but the appointment of auditor is controlled usually by one general Act, the Companies Clauses Consolidation Act, which applies except where its provisions are inconsistent with the special enactment. Under this Act two auditors are needful, and they must be shareholders. The last provision is abrogated in the case of railway companies, and the auditors of the latter are required specially to certify whether "the half-yearly accounts contain a full and true statement of the financial condition of the company," and whether "any dividend proposed to be declared . . . is *bonâ fide* due . . . after charging the revenue of the half year with all expenses which ought to be paid thereout in the judgment of the auditors."

Building, industrial and provident, and friendly societies are subject to special regulations in the matter of audit, as are many other classes of bodies, including municipal corporations.

It is from the legal decisions, which from time to time have been given, that some idea of the broad principles of law governing the auditor's position generally can be gained. At the outset, it is to be noted that it is no part of an auditor's duty to give advice, or to discuss the prudence or imprudence of the company's operations or the improper declaration of dividends. "His business is to ascertain and state the true financial position of the company at the time of audit, and his duty is confined to that." He is not responsible for possible failure on his part to track out ingenious and carefully-laid schemes of fraud, provided he discovers nothing to excite suspicion; where suspicion is aroused the matter must be searched to the bottom. No fixed rule can be laid down to govern the extent of the skill required of an auditor, beyond the rule that reasonable skill, based on the circumstances of each case, is necessary. Failure to exercise such skill will render the auditor liable to an action for negligence. If, through failure to exercise reasonable skill, or failure to report matters where suspicion is aroused, dividends are paid out of capital, the auditor, jointly with the directors, will become liable to repay the whole amount of the dividend thus paid, and this liability may be very serious in amount. The publication of statements known to be false is a criminal offence, and, if aware of their falsity, the auditor certifying them will become a party to the offence. Where an auditor is called upon to report any matter, the indicating of means of information would not appear to be sufficient; information itself is necessary.

The words "as shown by the books," used in such a phrase as "a true and correct balance sheet as shown by the books," are sometimes taken erroneously to mean that the balance sheet agrees with the books, but that no attempt has been made to discover whether the books themselves show the true state of affairs; such a construction of the words is fallacious, and an auditor is not relieved by their presence from the obligation of ascertaining to a reasonable extent that the books themselves do show the true state of affairs; the words are included to relieve the auditor of responsibility for matters kept out of the books and entirely concealed from him.

Nor again can it be said that absolute certainty exists as to the extent of an auditor's legal responsibility for the values at which assets are stated in the balance sheet. He has, in regard to stock in hand, been held entitled to rely on the certificate of the company's responsible manager, provided he

is not led to suspect its *bonâ fides*; it is of course obvious that an auditor cannot possess the expert knowledge entitling him to rank as an authority on stock values in the many hundreds of different trades which exist. The whole matter is probably a question of degree, and of the employment or not of reasonable skill in each case.

The domestic regulations of a company or other body usually merely embody the words of the statutes applicable to the case, but additional duties may have been prescribed for the auditor if special instructions were given to the draughtsman in the first instance.

Sufficient reference has been made to the legal aspect of an auditor's duty to indicate some of the difficulties of his position; additional complexity is frequently added by the divergence which exists between methods which are legally allowable in preparing accounts and those which are financially sound. Balance sheets may, for instance, be prepared showing mines or quarries at their original cost, irrespective of the fact that as their contents are removed their value in a practical sense steadily decreases; in such cases sound financial principles require the provision of depreciation, but it is not always legally compulsory to do so, and the auditor has no power to insist on depreciation, but can only report the matter to the shareholders. In so reporting the matter, he may or may not be following out a legal responsibility, but if his report amounts to a suggestion, or to the giving of advice, he may trespass beyond the limits of his legal duty, however practically judicious the course may be.

Again, if he advises that though there be legal, and unrealised, profits a dividend should be deferred until they are realised, he is again trespassing beyond his legal duty.

In practice an auditor who desires to perform his duty efficiently may often do more than his legal position prescribes or permits, but in so exceeding the strict limit of his functions it is necessary to proceed with great discrimination.

The work of an audit can obviously best be performed by one whose training in accounts and commerce is extensive and practical, and a chartered accountant, or other recognised professional auditor, is usually appointed; it is possible that a layman may possess an adequate amount of knowledge and experience, but past records prove that this is rarely the case.

The practical work can usually be divided under three heads:—

1. Examination and checking of the accuracy of the detail work in the books.
2. Verification of the books by means of evidence and vouchers.
3. Criticism of the form of the balance sheet, of the valuations of assets, and of the reality of the profits shown.

As regards the work coming under the first division, this is often performed under the supervision of the auditor himself by trained or qualified assistants. As a rule, it is necessary to examine the detail work in every particular, as fraud or error may lurk under any individual entry. Cases sometimes occur where the checking of every detail approaches a physical impossibility, and in such instances, provided an adequate system of internal check exists, some portion of the examination may be omitted, although such a course always involves a modicum of risk. In an extreme

case the exact position in regard to work done may be reported to the members.

The verification of the books and transactions by means of evidence is a most important part of an audit, and one which presents varying practical difficulties, in particular classes of business. The cash book will require most careful vouching, both as regards the receipts and payments, and the same process must be extended to the journals and to every book of original entry. Where primary evidence, *e.g.* complete receipts, &c., cannot be procured, secondary evidence, *e.g.* endorsed cheques, may be accepted, but its reception must be accompanied by discretion and a complete knowledge of the circumstances through which the absence of proper primary evidence occurs.

The assets and liabilities shown in the balance sheet will require detailed verification, and reference is always to be had, as far as possible, to original sources. Where adequate evidence of possession and ownership is not at hand, it will be necessary to refer to third parties for their certificates; *e.g.* consolidated stock, if inscribed, can only be verified by an inquiry at the Bank of England, and the bank balance should be attested by the banker's certificate, and not by the pass-book alone.

For the verification of matters of an exclusively technical nature, *e.g.* the quantities of stock on hand, the auditor will usually be compelled to rely on the statements and certificates of responsible officials; in accepting such statements he should require them to be attested, not only by the chief official, but by every person taking part in their preparation.

The question of an auditor's legal responsibility for values in general probably depends on circumstances, but in practice it is highly necessary that the figures, at which assets and liabilities are included, shall be scrutinised. It is usually comparatively easy to verify the amount of the liabilities, but care must be taken to see that none are omitted. Floating assets should appear at not more than their monetary value, and consequently it must be ascertained that the book debts, stock-in-trade, bills receivable, &c., are written down (if necessary) to accord with this principle; the auditor will of course be unable to accept responsibility for technical valuations, but he will, in the main, endeavour to make certain, as an expert in commerce generally, that proper principles of valuation have been followed—*e.g.* that bad and doubtful debts are adequately written off, that old stock has been depreciated, &c. &c.

Fixed assets are usually included in the balance sheet at, or below, cost, and the question of their valuation usually involves little more than a consideration of proper depreciation, and the writing off of fixed capital lost in abandoned objects, &c.

It is necessary to emphasise the fact that the directors of a company are primarily responsible for the accounts, and not the auditor; the latter, indeed, probably has no power to insist on the redrawing of a balance sheet unless, as first presented, it is incorrect. The auditor's remedy, where he deems the balance sheet misleading, lies in his power of comment in his report. In practice the directorate of a well-conducted company will usually concur with an auditor in any reforms or alterations he may reasonably suggest, and it is rather when the board are desirous of glossing over the actual position that conflict on the form of the accounts is likely to arise.

Besides examination of the balance sheet at the close of the financial period, auditors of companies incorporated under the Companies Acts are called upon to certify the statements as to shares allotted and receipts and expenditure on capital account contained in the directors' report to the statutory meeting of the members.

The statistical books of a company, as opposed to the books of account, are not usually subjected to the auditor's examination, except in so far as they may be necessary to uphold or explain entries in the financial books. The share registers of a company are of this nature, and, after a full verification upon the occasion of the first audit after allotment, they are usually not examined unless further issues of shares take place. Some companies employ special auditors to investigate the share transfer work continuously throughout the year.

STANLEY G. SMITH, C.A., F.S.S.

AUTHORITY: Delegation of.—The difference between a moderately successful business man and a conspicuously successful one is very often represented by the power of delegating authority, a subject which does not get its fair share of attention in the general discussion of business problems. Often it is possible to see a business man who, in the preliminary stages of his career, makes rapid progress, and yet when his business has grown he suddenly and unaccountably begins to stand still, although the development of his business has not reached anything like its possible limit of expansion. In such cases the secret of the failure to proceed further, lies in the fact that the business man at the head of affairs has not the power of delegating responsibility from himself to capable subordinates. The man who wishes to succeed in business has to realise early in his career that he cannot do everything, and the bigger his business grows, the more essential it is that he should realise what tasks are within the compass of his own strength and what duties he should relegate to other people. The biggest business successes are usually achieved by men who seem to have much more leisure than smaller men competing with them in the same fields. A business man may say, "I cannot understand why I don't succeed as well as my rival, because I put in many more hours a day at the office, and do much more work than he does!" The successful rival would probably be able to explain that this estimate of hours spent in business and work done is correct, but that the unsuccessful man is devoting valuable hours to work he ought not to perform at all.

An apt illustration of this point of view in business is brought out by the comparison of the average trader with the manager of a huge store. Many traders with establishments just growing to store proportions seem to be hard at work all day. They are about their establishments, taking a hand in every department, and they do the work of every member of the staff at different intervals. For instance, the proprietor of a drapery store may, during his day, act as his own shop-walker, serve behind his counter, give a hand in the window dressing, take a turn in the book-keeping department, answer the telephone, and possibly fill in his spare time by assisting in the despatching of parcels. In such circumstances he may feel that he is doing a hard day's work, and that every time he lends a hand in these departments he is furthering the interests of his business.

On the other hand, if the student of business interviewed one of the modern store kings—a man representing an establishment involving something near £1,000,000 in capital, running many departments and employing hundreds of hands—he would find him sitting alone in a central office with possibly not a single paper before him. He would find, too, that this manager has much leisure, can always spare the time necessary for business interviews, does not need to cut off his callers abruptly, and is never hastened or flurried by a knowledge of the duties before him for the day. In the smaller concern the proprietor does the duty that lies immediately to his hand, and does not pause to think of the value of the task he is performing, but in the larger firm the man aims at freeing himself from all detail work, so that he can be at liberty for interviews and discussions relating to his executive policy.

This happy position of being clear from all detail is one of the commonest features of the leading business man, and in cases of mediocre men it is nearly always absent. The point is obvious. The proprietor of a thriving business might be a man earning anything from £400 to £2000 a year. If he is an energetic man, distributing his energies over all sorts of tasks as occasion serves, he is under the impression that he is bringing a superior intelligence to bear in every department, but in business economy the reverse is the true perspective. If the busy business man can find time to help in the despatching of his parcels, for instance, he is not bringing a superior intelligence to bear upon the problem of distribution—he is merely wasting it. The business man should remember, if he is controlling a business which is paying him from £500 to £1000 a year, that every time he undertakes work which could be done by an assistant paid from £40 to £120 a year, he is simply wasting his own and his establishment's resources. Bustling cheerfulness and a desire to work are all very well in a business, but if a £2000 a year man has to do the work of a subordinate whose value to the business is only £100 a year, there is an obvious and serious waste of effort. The faculty of trying to do everything oneself is a curious form of business egotism, and a very human one. A man who has succeeded is apt to think that nobody can do any task in his business so well as he can. This may possibly be true, but in matters of mere detail, if it is, it is a reflection on the choice of men exercised when filling subordinate positions. The head of a great business has other duties to perform than the detail work of his establishment. His great aim should be to keep himself entirely free of detail, so that he can exercise the higher faculties of proper supervision and initiation.

The modern successful business man never makes mistakes by trying to do everything himself, either in office, factory, or shop. If a business is to go beyond a certain stage the director of the enterprise must learn how to free himself from unnecessary work. He can best do this by splitting his business into departments and getting a capable head to each one; and having got a capable head to each department, his freedom will practically be ensured if he allows that head to carry out all the detail work necessary to the position. In big businesses this work of staffing with suitable departmental heads has been carried to the extreme limit, and all the director of the enterprise has to do is to devise a system by which the affairs of each

department can be brought before him in a brief report each morning. With such a report he can tell at a glance whether the departments are running smoothly, and so long as the reports are satisfactory there is no reason why he should take on any of the administrative work of that particular department at all. He has a manager there to administer his policy, and as a successful business man it is his duty to leave him to his task of administration. All big businesses are founded on this elementary plan of giving freedom to the principal and responsibility to the departmental head, so far as questions of administration are concerned. Nor does this mean that the business passes out of the control of its director. By close supervision of reports the head of the business knows exactly what is going on, and he can limit the authority of each department to suit the peculiarities of his business. For instance, in a big store the manager would appoint a buyer to control a certain department. He would give that buyer the right to incur liabilities up to say £5000, and he would expect that £5000 to be turned over so many times in the course of a year. A certain return in profit over and above that amount would have to be shown, and he would expect that department to show progress each year by an increasing turnover. So far as the manager's relationship to that department is concerned, it need not be more than an inspection of a weekly balance-sheet, and until that weekly balance-sheet shows that things are not as they ought to be in that department there is no necessity to interfere. The same applies to office work and to departmental work in manufacturing concerns. The administrative authority of each departmental head can be defined, and within those limits each department can be administered without reference to the head. With such a limitation all matters relating to the personality of the staff, increased expenses, entirely new undertakings, alterations and extensions, and all the new departures which are implied by the word "policy," should come automatically before the head of the concern, while all tasks which follow the beaten track of routine ought not to appear before him at all. In discussing this subject it is a curious fact that the managing of a business by departments is a method almost as old as business itself, and there is nothing new in it to any business man. The difficulty of the business man is to refrain from interfering, and it is precisely through this personal tendency of the able man to worry his subordinates that he frequently heaps up unnecessary work on his own head. The larger businesses are compelled to refrain from this because the task before the manager is so great that it is only by rigidly keeping his day's duties down that he can hope to perform them efficiently. The business man who is controlling a firm which is neither a small concern nor a large one, feels that he can always squeeze an extra duty into his day, and so follows the policy of interference with responsible heads of departments. It is a very human tendency which should be curbed at every possible moment, because beyond a certain stage the progress of the business itself depends on self-control in such a simple matter. An excellent test for a business man who finds his days crowded with work, and is complaining always that he has not time for his new projects, is to ask himself of every single task he undertakes during the day, "Am I paying anybody in my establishment to do precisely

this kind of work?" If the answer is "Yes," he is wrong in undertaking the most trivial task, and there is a leakage in his system which permits that particular form of task to come before him.

Organisation is the secret of business, and organisation means something more than mere method. It means standardising the new task of to-day so that it can pass into the routine of to-morrow, and in delegating authority the part organisation has to play is to fix the expected tasks of the day in such a form that they can be performed by the man who is paid the average price of labour for that purpose, leaving the directing brains to control issues for which there is no precedent and which form what is known as the policy of a business.

H. F. LE BAS.

Governing Director, Caxton Publishing Co.

AVERAGE ACCOUNTS.—Averaging, or equation of accounts, signifies that process by means of which the average date for the payment in a single sum of several amounts due at different times, or for the settlement of accounts containing entries on either side, is found. The simple equation, of course, refers to items on one side of the account, while combined equation deals with items on both sides of the accounts. The equated time is the date when the various items may be equitably paid in one sum. The object of equation or averaging of accounts is the adjustment of interest.

EXAMPLE I.

A. B. purchased from C. D., on 1st July 1906, goods valued at £2000, settlement to be made as to £800 in four months, £600 in nine months, and the balance in twelve months from date of delivery. What is the equated time for payment of the whole amount?

Amount due.	Credit allowed.	Theoretical credit on basis of £1.
£800	4	3200
600	9	5400
600	12	7200
<hr style="width: 100%; border: 0.5px solid black;"/> £2000		<hr style="width: 100%; border: 0.5px solid black;"/> 15,800

Then, if 15,800 months theoretical credit be allowed on £1, that which is to be allowed on £2000 is as follows:—

$$\frac{15,800}{2000} \text{ months} = 7\frac{9}{10} \text{ months from 1st July 1906.}$$

Say 27th February 1907.

The above working commences from the earliest date; example I. (a) shows how the result may be obtained by taking the last date as a basis.

EXAMPLE I. (a).

Amount due.	Credit allowed.	Theoretical credit on basis of £1.
£800	8	6,400
600	3	1,800
600	...	...
<hr style="width: 100%; border: 0.5px solid black;"/> £2000		<hr style="width: 100%; border: 0.5px solid black;"/> 8200

$$\frac{8,200}{2,000} \text{ months} = 4\frac{1}{10} \text{ months BEFORE 1st July 1907.}$$

27th February 1907.

EXAMPLE II.

Y. lent X. £10 for 12 months. For how long should X. lend Y. £15 in order to repay the compliment.

£10 for 12 months = 120 months for £1.

Therefore X. should allow Y. $\frac{120}{15}$ months = 8 months' credit.

EXAMPLE III.

A. purchased from B. goods at the following dates and values :—

1906.			
June 10.	.	.	£400
" 20.	.	.	300
July 15.	.	.	600
" 31.	.	.	200

The equated time for payments is required to be known.

1906.	Amount due.	Credit allowed.	Theoretical credit on basis of £1.
June 10.	£400	...	...
" 20.	300	10	3,000
July 15.	600	35	21,000
" 31.	300	51	15,300
	<u>£1600</u>		<u>39,300</u>

$\frac{39,300}{1,600}$ days from 10th June 1906.

Say 25 days = 5th July 1906.

Example III. (a) shows the working of the problem if the date 31st July 1906 is taken as the due date.

EXAMPLE III. (a).

1906.	Amount due.	Credit allowed.	Theoretical credit on basis of £1.
June 10.	£400	51	20,400
" 20.	300	41	12,300
July 15.	600	16	9600
" 31.	300	...	...
	<u>£1600</u>		<u>42,300</u>

$\frac{42,300}{1600}$ days BEFORE 31st July 1906.

Say 26 days = 5th July 1906.

EXAMPLE IV.

Dr.

SYLVESTER SMITH & Co.

Cr.

1906.		1906.			
June 20.	To Goods @ 30 days	£400	July 10. By Cash	£200	
July 15.	" " @ 90 "	500	Aug. 5.	" "	300
Aug. 10.	" " @ 60 "	300	Sept. 1.	" "	400
Sept. 16.	" " @ 30 "	600	" 30.	" "	400
			" "	" Balance	500
		<u>£1800</u>		<u>£1800</u>	

1906.
Sept. 30. To Balance . . . £500

1906.	Amount due.	Contract credit plus Theoretical credit.	Theoretical credit on basis of £1.	1906.	Cash.	Theoretical debit.	Theoretical debit on basis of £1.
June 20.	£400	× (30 + 0) =	12,000	July 10.	£200	× 20 =	4,000
July 15.	500	× (90 + 25) =	57,500	Aug. 5.	300	× 46 =	13,800
Aug. 10.	300	× (60 + 51) =	33,300	Sept. 1.	400	× 73 =	29,200
Sept. 16.	600	× (30 + 88) =	70,800	„ 30.	400	× 102 =	40,800
	£1800		173,600		£1300		87,800
	1300		87,800				
	£500		85,800				

Equated Date : $-\frac{85,800}{500} = 171$ days from 20th June 1906.
 = 8th December 1906.

Example IV. (a) indicates how the solution may be arrived at by the reverse method.

EXAMPLE IV. (a).

1906.	Amount due.	Contract credit plus Theoretical credit.	Theoretical credit on basis of £1.	1906.	Cash.	Theoretical debit.	Theoretical debit on basis of £1.
June 20.	£400	× (102 - 30) =	28,800	July 10.	£200	× 82 =	16,400
July 15.	500	× (77 - 90) =	... - 6,500	Aug. 5.	300	× 56 =	16,800
Aug. 10.	300	× (51 - 60) =	... - 2,700	Sept. 1.	400	× 29 =	11,600
Sept. 16.	600	× (14 - 30) =	... - 9,600	„ 30.	400	× ... =	...
	1800		28,800 - 18,800		£1300		44,800
	1300		18,800				10,000
	500		10,000				34,800

Equated date : $-\frac{34,800}{500}$ days AFTER 30th September 1906.
 = 69½ days.
 = 8th December 1906.

Note treatment of theoretical credit and the counting of time.

Example IV. is rather more complicated than the previous illustrations, or at any rate it appears to be so, since items on both sides of an account require to be dealt with. But the question is quite capable of being properly reasoned out if taken step by step. In cases where the items under consideration relate to one side of an account, it has been explained that it is necessary to find the credit of days, or other periods as the case may be, on one side, and then proceed to adjust in accordance with the details of the question. The same principle is applied in this instance, save that the theoretical credit of days on one pound must be the *net* credit, and in order to find this, each side must be worked out separately, so that the desired result may be arrived at. Example IV. also presents an additional feature, viz., that the credit under each contract must be taken into consideration, but no difficulty arises in any way, for the commercial credit merely requires to be added to the theoretical credit before proceeding with the next step.

In order to prove that either the commencing or closing date may be taken as the due date, the problem has been worked from either end, and the difference in the method adopted should be carefully noted. It should be observed that in all questions arising out of combined equation of

accounts, when the balance of the account, and the balance of theoretical days credit are on the same side of the account, the equated time should be reckoned forward from the earliest date. On the other hand, when the balance of the account, and the theoretical balance of days are on different sides of the account, the equated time should be counted backward from the earliest date. This explanation requires to be varied accordingly where the closing date is reckoned as the due date.

EXAMPLE V.

Messrs. A. B. & Co.

Account Sales of 1250 Barrels of Flour *ex ss. Mayflower*, 15th July 1906, for account of C. D. & Co.

1906.		Barrels.			Dollars.		Dollars.
July 20.	By	100	Kansasville	cash	@ 7 $\frac{3}{4}$	.	775
" 24.	"	500	"	20 days	@ 8	.	4000
" 28.	"	400	"	30 days	@ 7 $\frac{1}{2}$	.	3150
" 31.	"	250	"	10 days	@ 7 $\frac{1}{2}$	.	1875
		<u>1250</u>					<u>9800</u>
1906.						Dollars.	
July 15.	To	Freight, &c.	.	.	.	.	...
" 25.	"	Insurance, Dues, &c.	.	.	.	.	300
	"	Commission on Sales	.	.	.	.	245
						<u>795</u>	
				Net proceeds due		<u>9005</u>	

Required to know when the net proceeds are due. Freight to be taken as due on July 15. Insurance, dues, &c., on July 25, and Commission on average date of sales.

FIRST STEP.

1906.	Amount.		Contract and Theoretical credit.		Theoretical credit on basis of \$1.
July 20.	775	×	(0 + 0) = 0	=	0
" 24.	4000	×	(20 + 4) = 24	=	96,000
" 28.	3150	×	(30 + 8) = 38	=	119,700
" 31.	1875	×	(10 + 11) = 21	=	39,375
			<u>9800 dollars</u>		<u>255,075</u>

$$\frac{255,075}{9,800} = 26.$$

Equated date of Sales = 26 days from July 20, 1906.
= August 15, 1906.

SECOND STEP.

1906.	Amount.	Credit.	Theoretical credit on basis of £1.	1906.	Amount.	Contract and Theoretical credit.	Theoretical credit on basis of \$1.
July 15.	250	×	...	July 20.	775	×	(5+0) = 5 = 3,875
" 25.	300	×	10 = 3000	" 24.	4000	×	(9+20) = 29 = 116,000
Aug. 15.	245	×	31 = 7595	" 28.	3150	×	(13+30) = 43 = 135,450
			<u>10,595</u>	" 31.	1875	×	(16+10) = 26 = 48,750
			<u>795 dollars</u>				<u>304,075</u>
							<u>10,595</u>
							<u>9005 dollars</u>
							<u>293,480</u>

$$\text{Equated date} = \frac{293,480}{9,005} = 32 \text{ days from July 15, 1906.} \\ = \text{August 31, 1906.}$$

The question of the equation of accounts has not yet received that attention which it deserves, in England at any rate. American text-books furnish some excellent rules and examples, and it is to that source that the business man should turn if he requires to study the matter.

The *Accountants' Journal*, vol. xxi., contains an article which is of interest, and in the *Municipal Journal* for May 10, 1907, Mr. Robert Harman, M.I.E.E., in the course of an article on Depreciation, makes the following remarks with regard to equated loans:—

Equated Loans.—In dealing with a number of loans for various periods of years, two courses are open to the borrower. He may either deal separately with each separate loan, and pay each off as it becomes due, or he may arrange with the lenders to equate the whole of the loans, and thus enable him to erect one sinking fund, and to pay off the whole amount of his indebtedness at one time.

From both the point of view of the borrower and the lender, it is, of course, an axiom, that whichever of these two courses be adopted, neither party shall be the loser from a financial point of view. In other words, the arrangement must be such that the present value to the lender of the combined loan, repaid at the equated period, must be exactly the same as the present value to the lender of all the separate loans.

In arriving, therefore, at the true equated period of a number of loans, it is not sufficient to take the mean value of the lives of the assets, and thus to ignore the compound interest question. The exact method is to arrive by calculation at a period of years, such that, if the total amount of the various loans were repayable at the end of that period, the present value of that loan would be equal to the present value of all the separated loans repaid at their various individual periods.

As stated above, the difference between the results arrived at by these two methods is not great, when the rate of interest at which the sinking fund is invested is about 3 per cent., and when the different periods are not greatly dissimilar. When, however, the periods to be equated differ widely, or when the rate of interest is a higher one, considerable differences appear, as may be shown by the following example:—

Let the loans set out below be obtained and be repayable at the expiration of the periods named:—

£20,000	repayable in	60 years.
30,000	”	” 25 years.
10,000	”	” 15 years.
10,000	”	” 10 years.

The average of the above periods is 31·43 years, arrived at as follows:—

20,000 × 60 =	1,200,000
30,000 × 25 =	750,000
10,000 × 15 =	150,000
10,000 × 10 =	100,000
70,000	2,200,000
$\frac{2,200,000}{70,000} = 31\cdot43$	

The present value of £20,000 due 60 years hence at 3 per cent. is	£3,394·6
" " 30,000 25 " "	14,328·3
" " 10,000 15 " "	6,418·6
" " 10,000 10 " "	7,440·9
Total of loans, £70,000	Total of present values, £31,582·4

To obtain the required equated period, it is only necessary to calculate the number of years (n) at which £70,000 would be due in order to have a present value of £31,582·4 :—

$$\frac{70,000}{1.03^n} = 31,582.4$$

$$n = \frac{\log 70,000 - \log 31,582.4}{\log 1.03}$$

$$n = 26.92.$$

B

BAD DEBTS.—This phrase scarcely needs any definition, for its import is unfortunately only too well known to the average business man. The risk of bad debts is common to most businesses, and varies, either with the nature of the business or the extent to which credit accounts are kept within proper restraint. In these competitive times, credit is unfortunately given to a very large extent in order to secure business. It is even recklessly given, with the natural result that while the turnover may be maintained or increased, the ultimate profit is reduced sometimes to a level where the policy becomes suicidal. The risk of bad debts may be to a very great extent lessened, although it cannot be absolutely removed, by the periodical overhauling of the ledger accounts, and by a proper system of following-up those customers whose payments are in arrear. Each ledger clerk should at intervals of, say, one month, report to his principal as to the state of the accounts in his ledger, and should attract attention to any particular points which have occurred during the period. A proper register of accounts sent out, and applications made for payment, should be kept, and the result of each application should be noted. The form of this register may be left to individual taste, but it may be said that the card system can be usefully employed in this connection. In America the conditions of trade are such, that this matter is the subject of consideration by a special officer, called the "credit man," or by a separate department. The references, and the past and present history of every customer are systematically recorded in such a manner as to be capable of ready and easy reference, the record being so arranged as to exhibit all the facts which may have either a direct or an indirect bearing upon his financial status. In this country we have not yet arrived at this stage, and this is doubtless due to the fact that traders are slow to recognise the necessity of care in this respect. It would materially assist matters if, when a particular account reaches that stage when its payment becomes a matter of doubt, it were transferred to a special ledger called doubtful debts ledger. By this means the continual pressing and following-up can be performed without in any way interfering with the ordinary clerical work; that is to say, it may the more easily be handed over to a clerk specially detailed for this work. † It will be seen that

by this means all accounts of a doubtful character are contained within the confines of one ledger, or set of ledgers, and the trader, by thus separating the chaff from the wheat, may keep his finger more closely upon this particular part of the business.

Where accounts are placed in the hands of a solicitor for collection, a new account, headed with the name of the solicitor, should be opened, and the debts placed in his hands should be transferred thereto, so that when he renders his statement of account, it may be compared quickly with one account instead of with a number of accounts, which would be necessary if the original items were left standing in their places of entry.

Debts which are actually irrecoverable, or amounts due by customers who have become insolvent, and whose estates have been liquidated, either by bankruptcy procedure or otherwise, should be written off to a bad debts account opened in the nominal ledger, after crediting any dividends or compositions which may have been received. It is necessary that this work should be very carefully done, so that any debts which are valueless may not be included in the schedule which is extracted for the periodical accounts.

When accounts are prepared, resulting in a profit and loss account, and balance sheet, proper reserves should be made for contingencies arising out of the collection of the debts, by debiting a sufficient sum to revenue, and showing the credit thereof as a deduction from the assets in the balance sheet in the following manner:—

Sundry debtors as per schedule . . .	£	3500	0	0
Deduct reserve for doubtful debts . . .		250	0	0
		£3250	0	0

In order to assist in a proper reserve being made, the transference of doubtful debts to a special ledger is advisable. It would, of course, be equally correct, as a matter of bookkeeping, if the credit entry of the reserve be shown as a liability on the balance sheet, but since it refers to a specific asset, it is usual, and certainly preferable, for it to be deducted from that asset in the manner shown above. *See* DEBT; DEBT COLLECTION.

BAKERS' ACCOUNTS.—The most effective system of accounting which could be devised for bakers would be generally on the lines laid down in the article on RETAIL SHOP ACCOUNTS, but with one or two special forms after the method adopted in DAIRYKEEPERS' ACCOUNTS. For instance, the customers' ledger which is therein sketched would serve admirably for a baker's business, with one or two slight and obvious alterations in the headings.

The necessity, or, at any rate, the advisability of a proper analysis of sales is equally important; in both dairy and bakers' accounts, and the bill sheet as well as the day-book summary should be so arranged as to distinguish between proprietary articles, raw materials, such as flour, &c., and goods in the nature of bread, confectionery, &c. The commodities sold by a baker are not quite so perishable as milk, cream, &c., and a daily stock record is therefore not so essential. Its place in importance, however, is taken by the bakehouse production return, which is intended to act as a check on the production of what may be called the manufacturing depart-

BAKEHOUSE DAILY PRODUCTION RETURN.

BAKERS' ACCOUNTS—FORM A.

Particulars.	Receipts.			Issued from Bakehouse.			Issued to Shop and Delivery Men.			Manuscripts.
	Quantities.	Price.	Amount.	Number of Loaves.	Price.	Amount.	Particulars (Shop or Delivery Men.)	Price.	Amount.	
				A . . . B . . . C . . . D . . . Etc. . .						
Stock of Flour on hand:—										
Best										
Seconds										
Flour received:—										
Best										
Seconds										
Goods from Stores:—										
Give details, such as—										
Butter										
Sugar										
Eggs, etc.										
Other Goods — (Give details)										
Total										
Deduct.										
Goods returned to Store:—										
(Details)										
Stock of Flour on hand:—										
Best										
Seconds										
Total										

Average cost per loaf

Average number of loaves per sack

ment, from which of course the subsequent disposal of the articles may be investigated, as well as to indicate the rough cost of production. The form set out on the opposite page is suggestive of the principles on which such a return should be constructed.

All other points of interest and importance have already been dealt with in the articles mentioned above.

BANKING AS A CAREER.—Of all commercial employments that in the bank is looked upon as one of the most dignified. It offers fair scope to the ambitious, talented young man, the salary is good and progressive, sick pay is generous, holidays are regular, and liberal pension schemes are usually arranged on the basis of mutual contributions from the employees in the bank. Except at the end of each quarter, and especially at the end of the year, when balances are struck, the hours are regular and not excessive. For these reasons, competition for bank clerkships is very keen.

The lad who desires employment in a bank must have had a good general education, be of good address and social position. He should also be punctual in his habits, tactful in address, and his record for trustworthiness must be unimpeachable. An all-round secondary education is, of course, essential. The subjects to which chief attention should be paid are Mathematics, especially Arithmetic, English Composition, Book-keeping, at least one foreign language, preferably French, and most of all, Handwriting. Providing, however, that these are well kept up, such other subjects as are held to form a necessary part of the mental equipment of an educated man must not be neglected. It will be useful before the age of sixteen to secure some such certificate as the Oxford or Cambridge Local Junior, and if time permit, it should be followed up by the Senior Certificate. For London banks, other useful ones are the Junior and Senior Commercial Certificates, granted by the London Chamber of Commerce. In all cases, Book-keeping should form one of the subjects of examination.

Not later than the age of sixteen, except for the Bank of England, a nomination should be obtained from the secretary of the bank selected, and the support of the director, chief official, or large customer of the bank should be secured. In the case of the Bank of England, candidates must be between the ages of eighteen and twenty-five, a nomination must be obtained from a director, and only he who is personally known to a director is likely to receive one. Those who are accepted as candidates for any bank have to undergo an examination in the subjects mentioned above. If the results are satisfactory, their names are entered on the books as eligible for posts when vacancies occur. It is quite possible that such a vacancy may not arise for a year or more, and it is therefore not unusual for boys to have their names down at more than one bank.

The young bank clerk will find his first work of an extremely easy nature—posting up pass-books, collecting various kinds of documents from other banks, &c.—but he should at once set about qualifying himself for promotion when the opportunity arises. His best claim for promotion will rest on the character of his previous work, but his claims will be considerably strengthened if he can show certificates which testify to his knowledge of the theory and practice of banking and of general economic science.

The Institute of Bankers is an association of gentlemen connected with the various branches of banking, whose objects are to facilitate the consideration and discussion of matters of interest to the profession, and where advisable, to take measures to further the decisions arrived at, and also to give opportunities for the acquisition of a knowledge of the theory of banking. During the winter months the Institute arranges a series of monthly lectures on some banking subject in London and in a selected provincial town, and for the benefit of country members these lectures are published in the monthly journal of the Institute. One of the chief parts of the work of the Institute is the examination of candidates for its certificate. The examinations are open to members only, and are held annually in London and such provincial centres as are convenient to candidates. Forms of application for election, and all particulars, can be obtained of the Secretary, 34 Clement's Lane, E.C.

The examinations of the Institute are divided into two parts, extending over two years. The first part is of a preliminary nature, and the second, to be taken after the lapse of not less than one year from the first, is of a more advanced nature. The certificate of the Institute is granted only to those who have passed the Final, and entitles the holder to be elected an Associate. The value of these examinations is becoming yearly more appreciated, as is shown not only by the increasing number of candidates, but by the fact that most of the leading banks now give prizes to those of their officials who pass them.

Boys, therefore, who aim at bank appointments would do well to look through the subjects of the Preliminary Examination, and in their spare time make a study of the simpler of those which are new to them. The subjects include: (1) Commercial Arithmetic; (2) Book-keeping; (3) Economics; (4) Practical Banking; (5) Commercial Law; (6) French or German, neither of which is compulsory. The subjects of the Final Examination are the same as for the Preliminary, with English Composition and Banking Correspondence instead of Commercial Arithmetic.

In London, bank clerks usually start at £40 or £50 a year, and their salaries rise by fixed annual increments to £250 or £300. Those, however, who have earned the confidence of their chiefs, and have gained admission into the Institute of Bankers, have opportunities for far better appointments as Accountants, Clearing House Clerks, &c. Managers of provincial branches of London banks have salaries ranging from £250 to £800, while a General Manager may receive from £2000 to £3000 a year, with a prospect of a liberal pension after ten to fifteen years' work. In most banks, clerks are not allowed to marry until they are in receipt of a salary of £130, and in some cases £150. In country banks, salaries are lower than in London.

BANKRUPTCY ACCOUNTS. *See* LIQUIDATION.

BARGAIN ADVERTISING. *See* RETAIL ADVERTISING.

BARRISTER: How to become a.—To any one contemplating the Bar as a career (and in many respects it is one of the most fascinating of the professional activities), it would be as well to familiarise himself with the conditions under which barristers work. It is not sufficient to secure a qualification, for the difficulties of succeeding at the Bar only begin when the barrister is called. To men who have not influential backing, success is

frequently long delayed, and the income derived from the Bar during the first few years after being called for such men is often infinitesimal. To become a successful barrister a man should be "a scholar and a gentleman"; he must have fluency of speech, a knowledge of men, and a keen insight into character; he should have a strong physique and good general health, which will give him perfect confidence in himself, a good memory, and the necessary endurance to follow an exacting profession. It would be advisable for the embryo barrister to have graduated at either Oxford or Cambridge, although many successful barristers have had no University training. They are, however, the exception, and the new-comer to the Bar, without these advantages, is seriously handicapped.

The legal profession embraces two classes of men, solicitors and barristers. While barristers and solicitors practise in the law courts, county and police courts, barristers only are engaged in the higher courts. Here each has his special function. The barrister conducts the case in the open court, and the solicitor previously ascertains the facts of the case for his information and guidance. The barrister takes the facts from the solicitor, decides their relative importance for the securing of a verdict, and uses them accordingly. It will be gathered from this that the relation of a solicitor to a barrister is an important one so far as his career is concerned. A young barrister depends largely on the favour of the solicitor for his briefs, and obviously, if he is backed by influential solicitors, he has a great deal more chance of success, all things being equal, than the new man who is comparatively unknown. Without such help he may have to wait a long time for recognition of his powers, however able he may be. It might be added that the highest legal appointments are closed to solicitors; judgeships, stipendiary magistracies, recorderships only being within the reach of those who have been called to the Bar. While a barrister must, as a rule, wait longer than a solicitor for a fair return on the capital expended on his training, when he has made a really good start his progress is far more rapid and he is likely to go much further. To any one who is contemplating the Bar as a career, the following outline will indicate the general course to pursue.

While still an undergraduate, or at the age of about twenty, the candidate should choose that one of the Inns of Court he desires to enter. It matters little which, except that available scholarships and prizes are more valuable at some than others. There are four inns or societies: Lincoln's Inn, Gray's Inn, Middle Temple and Inner Temple. Each inn appoints five of its benchers to form the Council of Legal Education, and this Council arranges for the admission, training, and examination of all students. The candidate should, therefore, before applying to any inn for admission, send for the regulations of the Council, addressing the letter to the Secretary of the Council of Legal Education, 15 Old Square, Lincoln's Inn. Before admission, he will have either to present a certificate showing that he has had a good general education, or else pass the special entrance examination held by the Council. Those who have passed certain University examinations—London Matriculation, Oxford Responsions, Cambridge Previous—are exempted from the entrance examination. When a candidate has somehow qualified for admission, paid his guinea for the admission form of the particular inn he has chosen, and returned it properly filled in, he will in all

probability be entered as a student of the same. The entrance fee at each inn is within a few shillings of £40. Each one requires its students either to deposit a certain sum as caution money—usually £50, but £100 at the Inner Temple—or else to give a personal bond for £50 with two sureties. Members of most British Universities are allowed the choice of a deposit or bond with securities. When called, a student gets back his caution money, less any sum due to his inn, and in case of his withdrawal or death before called, the like amount is paid to him or to his representatives. The student of an Inn of Court is a member of a kind of Legal University, of which his inn is a constituent college. He can hire rooms therein, can use the dining-hall, common room, library, garden, chapel, &c. He need not reside there. All he need do, so far as residential qualification for call is concerned, is to keep the twelve terms, which will take him three years. To keep any one term, all that is necessary is to eat so many dinners in the hall of one's own inn during that term. Members of British Universities need eat only three; others must eat six, not necessarily consecutively.

Before he is called to the Bar every student must pass a written and oral examination, which is divided into four parts: (1) Roman Law; (2) English and Colonial Constitutional Law and Legal History; (3) Evidence, Procedure, and Criminal Law; (4) Certain Departments of English Law and Equity, which are not the same every year. Part 4 cannot be taken till the end of six terms, about one and a half years from admission; the others can be taken at any time.

There are various ways of preparing for these examinations:—

1. **Lectures.**—The Council of Legal Education has arranged for its students a system of free lectures. Many law students have private coaches, and many others are still at the Universities, and need not, or cannot, attend the lectures. But all who can should attend them, as the examinations correspond to some extent with the work they have covered.

2. **Reading in Chambers.**—Those who mean to follow Law as their profession should spend a portion of their studentship as pupils of some practising barrister, or better still, of two or three in succession. The cost of this Reading in Chambers is about £100 a year, including holidays. It is often possible, however, to arrange a six months' course for £50, which does not include holidays. A well-educated, self-reliant man would pick up more in the chambers of a busy barrister than in those of one with less practice and more time to give to his pupils.

3. **Lectures: Private Reading and Attendance at the Courts.**—This method of preparing for the examinations in Law is a sufficiently good one for those who are aiming at a call merely as a necessary or desirable qualification for certain posts in the army or medical profession.

A call to the Bar is the seal to a man's certificate of qualification to practise as a barrister. The usual age for call is from twenty-three to twenty-six, and it is little use in ordinary cases to try to qualify earlier, since few barristers begin actual practice before the age of thirty. The call fees amount to nearly £100, of which £50 is for Government stamp.

King's Counsel are the leaders of the Bar, appointed to their honorary office by letters patent. They wear a silk gown instead of the alpaca one worn by barristers without the title. Hence a barrister who becomes a K.C.

is said to have "taken silk." "Taking silk" is not always an advantage, since a K.C. is not allowed to undertake a good deal of business that fell to his share as a member of the junior Bar, but it is a useful step in the career of those who aim at the highest posts.

BAZAARS: Special Christmas Exhibitions.—One of the features that has tended to keep the firm of A. W. Gamage Limited in the public eye and there is no doubt has largely contributed to the store's growing popularity, is the development of the huge bazaar. Of course I do not claim to be the pioneer of the bazaar—in one form or another it has probably existed as long as the retail establishment—but it has certainly been due to the popularity of the Gamage exhibitions held at Christmas time that the bazaar has been developed along the lines with which we are familiar to-day. In the old days of this type of selling, the trader who ran a bazaar with £100 worth of stock and cleared his goods out during the period in which it was held, considered that he was doing a big thing. The difference between that type of bazaar and the bazaar we know to-day is seen from the fact that the modern bazaar, such as we run, often carries £150,000 to £200,000 worth of stock, a fact which, put against the older method, shows the great difference which has come over the bazaar problem.

Some years after I had been in trade as a retailer I began to experiment with the problem of bazaars in a manner which was largely accidental. About eleven years ago, owing to the extension of the business I had founded in Holborn, I was just completing the main building which now forms the Gamage Stores. At the time of completion there were several reasons why we could not change over and stock the new store at once, and just about the Christmas season we had the huge building practically lying idle on our hands for two or three weeks. It struck one of our buyers that we might turn the new building to account instead of leaving it to lie for these valuable weeks entirely idle. His idea was that we should fit up the place with temporary arrangements, buy in a stock of toys and novelties, and run the premises as a temporary bazaar. This was done, the stock running from £12,000 to £15,000; and the innovation, which was in a degree something of a stop-gap, proved so successful that from that period Gamage's have always held a special sale of this type at the Christmas season. We felt, as the run on the Christmas show showed an undoubted tendency to permanent popularity, that it would be an ideal feature to run at the season of the year when certain departments in the big store are, in the ordinary course of business, practically dead. The next year, owing to our success, we determined to run the special feature on a larger scale, and we doubled the quantity of the stock carried, and since then we have gone on increasing the volume of turnover in what has come to be considered our Christmas carnival, going straight to the factories and all the Continental centres dealing in these novelties and buying the stock direct for ourselves. Preparing such a bazaar is no light task, and it formed one of the most exacting features of the work connected with Gamage Limited. Like the preparations for the Christmas number, we have to lay our plans a long time ahead, and the Christmas show is occupying the attention of some members of our staff practically all the year round.

For instance, we are buying the toys so early in the year as March, and of course we are buying novelties all through the summer, and up to the evening of the show. Practically our buying staff is never free of the consideration of the needs of this special Christmas trade. Substantially the policy of the firm for the following Christmas undertaking is laid down in March, and the buying is begun in that month. The next step in the responsible work of organisation is the preparation of the Christmas catalogue. We begin this work in October at the latest, and start to collect the illustrations to be used in it. You will note the catalogue contains some 500 or 600 pages, largely illustrated, and the work of producing it annually is no light task for our advertising management. The secret of the success of a Christmas catalogue of this type is undoubtedly the illustrations. I am a firm believer in illustration, for I know all my customers, particularly the younger members of families, set great store upon the pictures of the goods we have to sell. If there is a drawback to this free use of illustration in such a catalogue, it is the tendency of the picture to slightly misrepresent toys which sell for a low price. The picture often exaggerates the value of these cheaper articles, and from time to time we have cases where disappointment is shown when the purchase has been made direct from the illustration. An article illustrated often looks a tremendously fine thing, and there is no way of avoiding this except by the exercise of constant care and a rigid supervision of the letterpress which applies to each picture. But there is no doubt that people do buy from pictures, and Gamage's catalogue without its illustrations would be but a poor affair indeed. It makes the catalogue attractive above and beyond the ordinary interest of trade catalogues. People send sixpence for this Christmas catalogue, and write saying that their children give them no peace until it comes; and I know my own children very often take it to bed in preference to the ordinary picture-books in the nursery.

The preparation of this catalogue is undertaken largely by my Publicity Department, which maintains a staff of six or seven men who are experts in these matters; but we find that the work of the advertising writer and designer would lose a lot of its value if it were not done in active co-operation with the practical men in each department who buy and handle the goods for sale. The foundation of the catalogue is mostly laid by these practical workers in the departments, who make selections from the goods they are handling, supplying the necessary particulars from what they know appeals to a customer. The rough matter supplied goes up to the Publicity Department, and in the hands of the staff takes the shape in which it is found in the catalogue.

One of the difficulties of a Christmas bazaar such as we run is that the whole enterprise has to be crammed into the short space of a few weeks. Months and months of labour go to its preparation, but when the bazaar is finally held a rush sets in, which must be satisfied in a very short period, and results in a constant overcrowding of our premises. We are pushed in accommodating the people who come to the store, and have to make special arrangements for facilitating their visits; we are pushed in attending to the needs of our many visitors in the selling departments; and our greatest puzzle is how to deliver the goods which are sold. Not only is this rush

packed into so short a period, but it happens at a time when the railway companies and the carriers are themselves very busy, and cannot handle our special traffic with the ease and promptitude it would get at a normal period. In the earlier days of the bazaar we were frequently reduced to chaos. It has been nothing in its history to have day by day literally thousands of telegrams asking why goods have not been delivered. With growing experience we are able now to make much better arrangements, and the work of selling and delivering does not present the problems that it did.

For this Christmas function we put on six hundred additional hands, which are split up into the various departments, so that at every point in selling and packing and delivering we are able to cope with almost any emergency. The engaging of this extra staff is in itself a difficult matter, because it is not easy to get six hundred hands, responsible and capable, for so short a period. In the selling departments we look for men and women who have had experience, preferably in drapers' shops; but in the packing and delivering departments we have to be content with the best labour available. This extra staff, together with the large standing staff of A. W. Gamage Limited, work at high pressure throughout the period, and practically all departments see the clock round. One staff comes on in the morning about eight o'clock and goes on until eight o'clock at night, at which hour another staff comes in and works during the night until eight o'clock next morning. We found early in the history of our bazaar that we got much work done at night; and it is a great help to have this night-shift, which practically clears up the work of the day and has everything in readiness for delivery to the carriers next morning.

Some years ago we found that the growing popularity of the bazaar was almost defeating its own ends. The success was so great and the crowds that thronged it were so large that it was almost impossible to handle the visitors who came. Buyers could not get into the place, and when they did get in they were not able to get near to what they desired to buy. We hit upon a happy idea of charging 6d. for admission to solve this difficulty, and we find that this charge is very successful in its working. It keeps out a lot of people who are not buyers and who came out of curiosity, though to-day thousands of people pay their sixpence for the pleasure of walking through the store without having any intention of purchasing. The charge, however, serves the purpose of thinning the numbers and increasing the proportion of buyers in the crowd, and it is a satisfactory one to the purchaser, who is refunded the sixpence paid on his purchase: that is to say, if a man buys to the extent of 2s. 6d., he is only charged 2s. Many customers have said they would willingly give 2s. 6d. rather than undergo the discomfort which used to exist in the old days when the crowd was admitted without any restrictions.

I personally believe in these great shows, but it is difficult to say whether they yield a profit in themselves. There is no doubt that many of our regular customers are put to inconvenience by the special Christmas sale, and we have to consider whether the success of the bazaar itself compensates for this undoubted loss. Our only means of judging is that the business is increasing in all departments throughout the year, and the sale itself gives the store a form of advertising which could not be purchased in any other

way. I, personally, am a believer in the open store, with certain restrictions, and think that the more the public are allowed to see the goods the more they are inclined to buy. Much, of course, depends upon salesmanship in these undertakings. A good salesman has so many chances when crowds of these proportions come out shopping. A clever salesman will take more money out of any one customer than a man who is not similarly gifted, which is, after all, the main point about salesmanship. Under the treatment of such a salesman people will buy where under another man they would not. There are a lot of people who do not know what to buy, and if they get into firm hands the final choice of the purchase is left to the salesman. All such persons know is that they want presents for a boy or girl. They have determined roughly on the cost, and the right kind of salesman will suggest just the things they ought to buy. Of course, in such a business, the real art of the salesman is to make such customers spend more money than they had thought of doing, and the difficulty in a Christmas bazaar is to get salespeople of this type for so short a season; but on the whole, with our standing staff, and care in the selection of a special staff, our sales force at Christmas will compare favourably with any other enterprise for efficiency and initiation.

Apart from the profits yielded by these bazaars, there is no doubt they are useful to the trader in that they ensure his business being talked about. That traders of the store type have faith in these special shows is proved by the fact that Gamage's bazaar has been extensively imitated both in town and up and down the country. Now nearly every big store has its special Christmas show, while in the provinces enterprising traders have produced some excellent special sales. In many cases we have co-operated with the latter by selling the fittings of the previous year's show for use in provincial centres. We can therefore claim that not only do we lead in conceiving the most enterprising bazaar in town, but we are frequently responsible, indirectly, for some of the more enterprising of the provincial shows.

We look for a large part of our reward for the work, and the general tendency to upset the ordinary course of our business involved by the Christmas show, in the good feeling and interest which it creates all round. Gamage's bazaar is considered one of the sights of London, and from the surrounding districts people have got into the habit of visiting the store at that period. We believe the business sees the effects of this special patronage all through the year, and the temporary inconvenience of holding the bazaar is more than compensated for by the new custom it attracts to the store. Another point we consider about this feature of our trade is that it fires the imagination of the rising generation, giving them the habit of thinking of Gamage's early in their lives. We believe that as these young people grow up they remember these early Christmas shows with a great deal of pleasure, and when they want anything along our lines they think of Gamage's, and as adults become more or less permanent customers. Men get to like certain shops when they are young, and the chances are that if they are satisfactorily served they remain patrons of them throughout their lives. We see this particularly in meeting demands from considerable distances—people sending for goods who refer appreciatively

to Christmas bazaars they have seen years before. On the whole, I should think the Christmas bazaar pays during the period itself, pays in the establishment of goodwill all the year round, and is a feature of enterprising store-trading which retailers everywhere would do well to consider.

A. W. GAMAGE.

Managing Director of A. W. Gamage Ltd.

BILL-POSTING. See OUTDOOR ADVERTISING.

BONUS SYSTEM. See WAGES.

BRANCH ACCOUNTS.—In formulating a system of accounts for the use of a business possessing branches, the nature of the business and the class of branch that it possesses have to be carefully borne in mind in order that the system finally adopted may be the most convenient and practicable both from the point of view of the head office and the branch itself.

The nature of the branches possessed by different businesses of course varies indefinitely, and in practice very few cases will be found to be precisely alike in every respect. There are, however, certain broad divisions which can be made in different kinds of branches, and it is proposed to suggest a system of accounts which will be found more or less applicable to each particular division.

(A) **Cases where the Branch Accounts are kept at the Head Office.**—(1) *Wholesale Branches.*—Taking the case of a wholesale firm possessing wholesale branches through which goods are sold, all purchases, however, being made by the head office itself, it is usually found possible to arrange for the branch accounts to be kept in detail at the head office, and to enable this to be done the branch is not permitted to collect cash from its customers, but statements are sent out by the head office, and cash remitted direct by the customer there. As a result, the only cash receipts by the branch will take the form of cash sales, which will probably not be numerous. The expenses at the branch will be of a cash nature, and will be dealt with through an imprest petty cash account from the head office, the manager sending up each week or other period a statement showing his exact payments, and receiving a cheque for the precise amount thereof.

In such a case the record of the sales and other transactions with customers entered into by the branch will be made in triplicate, one copy going to the customer as an invoice, the second being sent up to the head office day by day, while the third remains at the branch for reference. From these returns the head office will write up the sales ledgers applicable to the branch, a separate set of ledgers and day-books being utilised for that purpose. The same principle will apply to returns and allowances as to sales.

If the nature of the stock renders it possible, quantity accounts should be kept of the stock sent to each branch and the sales made by it, the balance being agreed with the stock on hand taken at each balancing period, any discrepancies then discovered being inquired into.

In many cases it is not desired to ascertain the profit or loss made at the branch owing to the fact that the turnover can be precisely ascertained, and the average rate of gross profit being known, after the deduction of expenses the result of the trade of the branch can be approximately arrived at.

Where, however, it is desired to ascertain the exact result, the goods sent to the branch by the head office must be charged out at cost, when it will be possible to prepare an ordinary trading account in respect of the branch from the head office books.

The above system of branch accounts is the simplest of its kind, and is very similar to ordinary departmental accounts. The case of wholesale branches where purchases and sales are recorded at the branch itself will be similar to the class discussed under the heading of "Manufacturing Branches."

(2) *Retail Branches.*—(a) *Goods charged to branches at selling price.*—The principal point to be borne in mind in formulating a system of accounts for retail branches where cash transactions are numerous, is that the system shall form an adequate check on the transactions both as regards stock and cash. Bearing this in mind where the selling price of the article is a fixed one, and the number and variety is not such as to prevent its adoption, the system of charging goods issued to the branch at selling price will be found the most advantageous. At the head office there will be a branch ledger which will contain the following accounts of each branch: Goods account, expenses account, debtors' account—the latter account, of course, not being requisite where all the transactions of the branch are for cash.

Dealing with the goods account, all goods issued to the branch will be charged up at selling price, the total received from the branch in respect of cash sales and the total credit sales at the branch being credited to this account. An exact record must be kept of all allowances off selling price, and these will also be credited. The balance of this branch goods account will then represent the closing stock at the branch at selling price, and must be agreed with the actual stock taken, any differences being either traced to their origin, or, if small, written off. The next account will start on the debit side with the opening stock at selling price.

The expenses will no doubt be paid on the imprest system and charged up to the expenses account. The branch will send up to the head office monthly details of its credit sales, showing the total sales effected, cash received in respect thereof, discount, returns and allowances, bad debts and any special items, and schedule of the closing balances. From these particulars the sundry debtors' account can be written up in the branch ledger at the head office, credit sales being debited thereto and credited to the goods account as previously mentioned. The cash remitted to the head office in respect of credit sales would be credited to this account, and entries put through to record the returns, allowances, bad debts, &c. The closing balance on this account should then agree with the total of debtors outstanding.

In the above instance it has been presumed that all purchases are made by the head office, as will usually be the case where retail branches are concerned.

Where the system described is adopted it will not be possible to ascertain the result of the trading at the branch owing to the fact that the goods are charged out at selling price, but this disadvantage, in many people's opinion, is more than counterbalanced by the very material benefit obtained from being able to prove the correctness of the stock, and consequently also of

the cash. Moreover, in businesses of this nature the average rate of gross profit is usually constant, and consequently as long as the turnover of the branch is known the result of trading can easily be calculated.

In the head office books it will be remembered that the closing balances of stock on hand at the branches are brought down at selling price. If no adjustments were made, this would have the effect of taking credit for profit on stock not yet sold, and consequently allowance must be made for the difference between selling price and cost price of these stocks. The simplest way to make this adjustment will be as follows :—

The goods sent to the branches that were in the first instance debited to the various branch goods accounts will have been credited to a "Goods sent to Branches Account." The total of the closing stocks at selling price will be ascertained, and such amount will be brought down as a credit balance on this "Goods sent to Branches Account," thus forming a counterbalancing item for the respective debit balances on the branch goods accounts, and enabling them to be eliminated altogether from the final balance sheet.

The remaining amount to the credit of the "Goods sent to Branches Account" will then represent the actual sales at the branches, and will be transferred to the general trading account. The stock of goods at the branches must be calculated at cost and brought in as part of the general stock of the business. If this method is pursued each year the difference between the cost and the selling price of the closing stocks will be automatically adjusted.

(b) *Goods charged to branches at cost price.*—In many kinds of businesses it is impracticable to work on the method just described either because the stock is perishable or is sold at varying prices according to the quantities taken by the purchasers. In most cases of this kind the goods will be charged out at cost. As a result it will not be possible in the head office branch ledger to keep a goods account which can be fitted by including the closing stock, but on the other hand all materials will be found for the preparation of a proper trading account for the branch, the opening and closing stocks being taken at cost price, and the goods charged out being also at cost price. The cash and credit sales will be ascertained in a similar manner to that described under the other system, as also will all the other items.

It cannot, however, be contended, even although the exact result of the trading can be ascertained, that such an absolute check is afforded by this system as by the former, and consequently it may be advantageous to supplement it by a statistical stock record compiled monthly in the following manner :—

The opening stock will be taken, and to it added the purchases. From the total thus arrived at will be deducted the gross sales, less the average rate of gross profit expected to be earned, and the result will then represent the estimated stock on hand. By a comparison of these monthly figures it can be seen whether the stock fluctuates, and if there is any reason to suppose any irregularity, the actual stock can be taken without notice being afforded to the manager, and it can then be seen what justification there is for suspicion. It must be remembered, however, that this arrangement forms no part of the double-entry bookkeeping, and is merely in the nature of a periodical estimate.

(c) *Goods charged out at cost price plus a percentage.*—An alternative method to charging goods out at cost is to charge them out plus a percentage representing the estimated gross profit on the cost (which is distinct from, and must not be confused with, the rate of gross profit on the sales). If this is done, of course the opening and closing stocks must be taken into account plus the same percentage, and as a result the trading account of the branch should show little or no balance one way or the other. If there is a profit of any amount it will be obvious that either there is some error or the rate of gross profit assumed is not correct, and the same will apply in the event of a loss being sustained. In the latter case, of course, attention would be more particularly directed to the possibility of fraud having taken place in connection with either cash or goods, thereby reducing the profit that should have been earned by the branch in the ordinary way. Under this system the accounts in the head office branch ledger will be similar to (b). It should be remembered, however, that the closing stocks must be adjusted back to cost in the same way as described above under (a).

Under this method it will be possible for the head office to compile from the head office books not only a trading account on the gross principle, but also by adjusting the percentages on the opening and closing stocks and purchases, to show an actual trading account disclosing the net profit or loss made by the branch.

(B) Cases where the Branch Books are kept at the Branch.—(1) *Manufacturing Branches.*—In the case of manufacturing branches, owing to the amount of detail involved and to the necessity of keeping the permanent record on the spot, it is usually found necessary to have the whole of the accounts kept at the branch.

In this event there will be an account in the branch books called "Head Office Current Account," and in the head office books there will be a corresponding account called "Branch Current Account." All remittances of cash to or from the head office, and transfers of goods, &c., will be passed through this account. In the branch books this account can be regarded as representing the capital at the branch, and consequently, if the assets in the branch books exceed the liabilities, the head office current account will necessarily show a credit balance. In the head office books the branch current account will in the same way show as a debit balance representing excess of assets over liabilities at the branch.

At the end of each balancing period, assuming, for the sake of argument, that the branch makes out a trading and profit and loss account, the balance of that account will be transferred to the head office account, and the branch balance sheet will then disclose the assets and the liabilities and the balance due to or from the head office.

The head office on receiving these accounts will incorporate the profit at the branch by debiting the branch account and crediting profit and loss account. Assuming no other adjustments are necessary, it will then be found that the balance on the branch account in the head office books agrees with the balance of the head office account in the branch books, and consequently head office and branch balance sheets can be amalgamated, the various assets and liabilities being added together under those headings, while the current account balances being contras can be eliminated.

It frequently happens, however, that at the given date of the balance sheet, items either of cash or of stock may be in transit between the head office or the branches, or between one branch and another branch. In such a case it will be obvious that whereas the head office will have debited the branch with cash sent on the last day of the year, the branch will not have credited the head office owing to the fact that the item of cash was not received till the beginning of the new year. An entry must consequently be made in the head office books crediting the branch and debiting cash in transit, and similar adjustments must be made in respect of any other items of a like nature.

In many cases it is found convenient to keep the record of the fixed assets, such as land, buildings, plant and machinery, &c., in the head office books rather than in the branch books. If then it is desired to charge depreciation on these assets in the branch profit and loss account, it will be necessary to credit the head office account with the amount thereof. The asset being in the head office books, the head office will make an entry crediting the asset and debiting the branch current account with the amount of depreciation. Should, however, the depreciation not be charged to the branch, but dealt with in the general accounts, no such entry will be necessary.

In combining the final accounts of a business where there are only one or two branches, it is frequently found convenient to show the accounts in columnar form, a column showing for each branch and also a total column. When this is done care should be taken to see that the amount of sales from the head office to branches, and the amount of purchases by branches from head office, together with any similar transactions as between the branches themselves, should be eliminated from the total column, otherwise the total figures will be unduly swollen by the inclusion of transactions within the business itself, which are merely departmental and have no relation to the actual turnover of the business. If the balance sheet is in columnar form, it will be necessary to include the balances of the current accounts between the head office and branches in the respective columns in order that the total of the same should agree; but these current account balances should not be extended into the total column, as taken together the debit balances will counterbalance the credit balances, and consequently they can be eliminated from the total column.

When inter-branch transactions occur, each branch must have a current account for the branch with which the transactions are effected, and these accounts must be agreed at the end of each period in a similar manner to the current accounts between the head office and branches.

(2) *Foreign Branches.*—In these cases when the branches are of a trading or manufacturing nature it will be found necessary to keep the whole of the detail accounts at the branch, and consequently the same system can be applied as that described immediately above.

Where the branch is situated in a British colony adopting the British coinage system no difficulty will arise in connection with the question of exchange, since all accounts will be in sterling. When, however, the currency of the branch accounts is not sterling, the problem of exchange at once presents itself, and requires to be dealt with.

Where the rate of exchange is so stable that fluctuations can be disregarded, it is usual to work on a fixed rate, and this is frequently done in connection with the United States of America and France, to mention two examples. As a result, the only difference on exchange will arise in connection with the remittances of cash to or from the branch. In the head office books the branch account should be ruled with two columns, currency and sterling, the former being a memoranda column only. At the end of the period when the branch remits its accounts, including a copy of its head office account, every item will be converted at the fixed rate of exchange with the exception of the remittances, and the difference between the rate of these remittances and the fixed rate will represent profit or loss on exchange, and will be debited or credited to the branch office account in the head office books, and credited or debited to difference on exchange account.

Where, however, the exchange is of such a fluctuating nature that it would be incorrect to work on a fixed basis, the accounts at the branch are usually converted on the following principle:—

Fixed assets at the same rate as before.

Floating assets and liabilities at the rate of day of balance sheet.

Revenue balances at the average rate of the period.

Remittances at the actual rate.

The branch trial balance will be taken and ruled with two additional columns for sterling, and each item therein will be worked out at its proper rate. The opening balance of the head office account will be taken at the same figure as on the occasion of the last accounts, and each item in the head office account during the period under review must be converted at its proper rate. The sterling columns of this trial balance will then be added up, and the difference thereon will represent difference on exchange, which will be put through the branch office account in the head office books in the manner previously mentioned.

When these adjustments in respect of exchange have been made, and any further adjustments in respect of items in transit, the balance of the branch current account will agree with the converted balance of the head office current account in the branch books, and consequently the accounts can be amalgamated, these current account balances being eliminated as *contras* from the final balance sheet.

In the above case it has been assumed that accounts are only sent over half-yearly, and this is frequently the case where a local audit is performed. Where, however, no local audit is performed, but the audit is conducted in England, returns will usually be furnished monthly, these being properly certified by the local manager and other responsible officials. Such returns will commonly take the following form: Monthly copy of the cash-book, supported by vouchers; copy of journal entries, which will include totals of the subsidiary books; and monthly trial balance. Sometimes a detailed copy of the ledger is also submitted.

At balancing periods, in addition to the above certified schedules of the stock and stores on hand, outstanding debtors and creditors, cash balances, and so forth will be necessary.

ERNEST EVAN SPICER, C.A

ERNEST C. PEGLER, C.A.

BRANCH STATEMENTS. *See* PERIODICAL ACCOUNTS.

BRANCHES, FOREIGN. *See* BRANCH ACCOUNTS.

BRANCHES, MANUFACTURING. *See* BRANCH ACCOUNTS

BRANCHES, RETAIL. *See* BRANCH ACCOUNTS.

BRANCHES, WHOLESALE. *See* BRANCH ACCOUNTS.

BUSINESS BUILDING.—Business building—the conception of a perfect, self-contained, socially-essential commercial scheme; the carrying out of it in a thorough and efficient manner, and the maintaining and extending of the prestige and vitality of the firm—this is a subject of deep interest. But it is one on which it is difficult to speak with the definitiveness that one would desire. One must needs generalise, and it is difficult to avoid that vagueness of generalisation that would rob an article of practical value. The writer has endeavoured, however, to bring together his views on business building which express to as great an extent as possible the practical aspects of the question, and he trusts that to some extent he will have succeeded in this object.

The Basic Idea of a Business.—Each successful business must possess an underlying idea. This idea may be to provide for some existing public need of a definite and important character, or it may be to create a public need for a new article or a new development of an old article. To particularise, the idea around which Warings' has been built is a great faith in the artistic perception of the English people. It was the conviction of the founder of the firm that it was almost as inexpensive to provide artistic work of good proportion and purity of design, and of sound construction, as it was to manufacture inartistic or unsound work. Before that time there had been a general trade ignorance of style in furniture and household fittings. Designs had been left for small makers to evolve out of their own imaginations. Under the Waring system the highest taste of the day was crystallised in the goods designed and manufactured by the firm.

The hopes of the founder have been abundantly justified. Beginning with a single shop in Oxford Street, the business has enormously increased during the past ten years, and the results are the many showrooms, factories, and offices of Messrs. Waring & Gillow, Ltd. Every detail in the selling scheme of the firm revolves around the central idea—that of providing high-class and artistic furniture for the English home and office. Every detail of showroom, advertising, correspondence, &c., is planned to convey the underlying policy of the firm. It may be an open question whether a business should set out to follow or to lead public taste, but personally I feel that it is the function of the head of a great firm to direct and guide that public taste. The specialist in any department must clearly have a wider knowledge of the subject than any outside individual, and it should be his duty to advise rather than to follow suggestions. It is true that a scheme may be too far ahead of the times, in which case a strong man is necessary to "bring the times up to date," but in general the policy of a business should be anticipatory instead of being merely founded on ideas of the moment.

Staff Organisation.—A scheme becomes useful when its possibilities have been so organised and its scope and purpose made so practical and definite that it becomes an industry. A most important part of organisation lies in the selecting of one's staff and the proper assignment of their

duties. The success of a business cannot depend on the brains and energy of one man alone. It is unavoidable that the greater part of his duties be delegated to other people, and he must rely on their capacities and energies for the proper interpretation and the carrying out of the directions given by him. Decentralisation should always be the aim. As soon as some new department has been established or some new feature has been successfully carried out, some one should be educated to handle it on one's own lines and finally to take it over entirely, so that one may be free to leave the accomplished work and start on some new development. But the tracks behind one must be firmly laid. If the lines of communication are not soundly established and capably looked after, it is folly to push on ahead.

The question of delegation of duty cannot be over-emphasised. The head of a business should in theory have more spare time than any of his staff. As the guiding brain of the business, he should be free from casual interruption or petty worry, so that his experience and initiative should have full play instead of being cramped and stultified by detail work that can be well carried out by subordinates. In practice this is not always the case. The head is often the busiest man in the firm. He allows an accumulation of minutiae to thrust itself upon him and monopolise his time. He is overwhelmed with detail. This is all due to bad organisation. The head should have access to details without being immersed in them. It should be part of the duties of his subordinates to settle all matters of detail and to present the results to him in a form that can be grasped without a moment's waste of time.

The delegation of authority to departmental heads should be absolute within certain prescribed limits. Each buyer should have complete liberty to carry out his section of the work according to his individual judgment, and on the results he obtains should be based the judgment of the head as to his fitness for his post. This is not to say that he should be discouraged from bringing to the head any points of special difficulty or complexity, but that he should be self-reliant, carrying on his shoulders the blame for any failure in the working of the department assigned to him.

The exact condition of each department will be before the head of the business in the form of easily-digested statistics, but he will only need to turn to them if he feels that his special supervision is needed, or that it will be essential for him to take up the reins into his own hand and guide the department into the onward path again.

Interesting the Employee.—On the capabilities and the energies of the lower grades of employee rests to a large extent the success of the house. His capabilities for the particular business can be greatly increased by a proper training and supervision. All salesmen should be thoroughly familiarised with the goods—their particular virtues and appeals—and with the methods of salesmanship appropriate to those goods and to the customers who will enter the salerooms. The particular method of persuasion that would succeed with a lower middle-class *clientèle* would, of course, be unsuitable to an upper middle-class *clientèle*. The art of the good salesman will be part of the underlying policy of the firm, and his methods will help to convey to the customer the standing of the business and the reliability of the goods he is selling.

But more than this, if the employee is to put his best energies and

enthusiasm into the selling of the article he must feel that his efforts are meeting with appreciation from above; that the head of the firm is taking a personal interest in his efforts and in his individual welfare.

It should be part of the duties of departmental heads to keep a tabulated record of the work done by each subordinate in so far as this can be tabulated, and condensed summaries of these records should be available for the head's perusal should he wish to inquire at any time into the capabilities of a particular employee.

The personal interest of the head can be shown in many ways. It may be possible for him to make some special order or regulation for the increased comfort of his employees when "off" business, or to distribute a special bonus at an appropriate season.

A great incentive is some form of profit-sharing scheme. I believe the eventual solution of many of the internal difficulties of businesses at the present day will be some scheme for the partial distribution of profits to all grades of subordinates, cementing the interests of employer and employee in a way that will call out the best energies and mutual helpfulness of each side.

The Opening of Branches.—When a large business has reached a certain stage of development it provides sufficiently for the population of the city or district in which it is situated, and further advancement is usually only possible by the opening of branches in different districts, cities, or countries. It is here that proper staff training is put to its most rigorous proof. The success of a branch house must necessarily be very greatly in the hands of its responsible manager, and control from headquarters is limited in extent. A branch manager should be a man who has risen under the eye of the chief and who is imbued with his ideas, and a man to whom the chief can entrust responsibility with full confidence that difficulties will be solved in the way that he himself would judge best.

With the opening of branches in foreign countries a difficulty of a peculiar nature arises. It has to be decided whether the executive head be an Englishman or a foreigner. While the former would be more in sympathy with the policy of the business, and possibly more reliable, the latter would have a knowledge of local conditions and local tastes that the Englishman could hardly be expected to possess. The difficulty is perhaps best solved by appointing to the highest executive post an Englishman from the parent house, and by having immediately under him a foreigner as sales manager. The latter could suggest any modifications of policy suitable to local requirements, and the branch manager would be directly responsible for decisions on the advisability of carrying out those suggestions. My firm has branches in Liverpool, Manchester, Lancaster, Paris, and Madrid, and it is on the above principle that we have carried out the organisation of our local staffs.

Selling Schemes.—Advertisement, or rather publicity, must naturally play a big part in any modern selling scheme, but I believe that no amount of publicity can make a success of a business when not backed up by absolute value in the goods sold. Recommendation is always the best advertisement, and recommendation can only come from satisfied customers.

The character of the advertisements put out should be in strict accordance with the underlying idea of the business. The character of the illustration and typography should be as carefully studied as the actual "copy," and the

whole should convey to the public with impressive reiteration the standing of the firm and of the goods sold. The idea beneath all our advertisements is the selling of high-class and artistic furniture, and we endeavour clearly to convey in them an impression of taste and artistry.

Publicity can be attained in other ways than press or poster advertising, and a scheme for attracting the public to one's showrooms is all the more valuable if it be independent of their aids. In this I am thinking of some special attraction of display or special feature of the showroom itself, and such attractions are possible to arrange in all direct-sale businesses.

Personality and Purpose.—Though what I have sketched above must all take part in the building of a business, its success must largely depend on the personality of its head. Unswerving purpose is the root-idea of continued success, and unswerving purpose must largely be wrapped up with personality. If one's methods and purpose are right one can proceed fearlessly, ignoring competitors and moving on in one's own lines. To stop and watch competitors is unprofitable timidity. If they copy one's methods one can afford to smile—it is the greatest compliment they can pay, and is the surest indication of success.

The points that I would lay stress on for the successful building of a business may then be summarised thus: a sound basic idea for the business; the personality of the head; careful organisation; simplicity in system; proper delegation of duties; personal interest in employees; genuine appreciation of the rights of the customer and regard for his interests; carefully thought-out schemes of publicity; unswerving purpose.

S. J. WARING.

Managing Director, Waring & Gillow, Ltd.

BUSINESS LITERATURE. See MAIL ORDER BUSINESS.

BUSINESS SPECIALISM. See SPECIALISATION IN MANUFACTURE.

BUTCHERS' ACCOUNTS.—Small accounts are likely to be numerous in business of this nature, and the "Small Accounts Keeper," which has been fully described in the article on RETAIL SHOP ACCOUNTS, will, if carefully installed and properly used, be found to be advantageous. In some cases a system of pass-books for customers is in force, but these can hardly be said to be satisfactory in themselves, for if one should be lost or be suppressed, the only record of the account would have disappeared. They should, therefore, be accompanied by some record of a more permanent character, to be kept at the place of business itself. Ordinary accounts might be opened in the personal ledger, or some method of *fling* the week's invoices and charging the total only to a ledger account might be adopted.

The article on RETAIL SHOP ACCOUNTS will be found to contain a clear exposition of the principles to be observed, and the application thereof to butchers' accounts is not a task involving much trouble.

C

CALCULATING MACHINES. See ADDING AND CALCULATING MACHINES.

CAPITAL AND REVENUE.—The proper distinction between capital and revenue is one of the most important matters in connection with

accounts, for upon it depends the ascertainment of those profits that can safely be taken out of a business and disposed of without detriment to its continued welfare and permanence. The importance of the capital account is of course well indicated by its name, which describes it as being the head or chief account of the accounting system; but the true nature of the account is perhaps not always understood, while the question of determining precisely what transactions come under the heading of capital and what should be regarded as revenue is in practice often a matter of considerable difficulty. Before considering the subject in detail from an accounting point of view, it will perhaps be convenient to refer to the views expressed by certain economists upon the subject. Professor J. E. Thorold Rogers says: "Capital is that part of a man's labour which he does not consume on his own necessities or pleasures, but accumulates in order to be able to continue his labour for the time during which he cannot get any product for that labour, or in order to shorten or economise his labour or in order to provide for a succession of labourers after he has played his part. All these conditions must be fulfilled, and fulfilled simultaneously. He must make these accumulations, for he has impulses which lead him to provide for his offspring, to foresee the contingency of want, and to shorten or otherwise aid the labour which he gives. Accumulations of capital in highly-organised and civilised States are only expansions of those motives or impulses, and may fairly be taken to be constitutive elements in human nature." Capital has also been defined as meaning "a sum lent, on which interest is paid, and which is therefore contrasted with interest," and in another instance the word is used as indicating a "source of profit," and it has been pointed out that the aggregate saving of a community should be distinguished from that stock which each individual possesses, and which is offered for sale or exchange. It is obvious, as Professor Rogers points out, that in this latter sense it makes no practical difference whether the individual be a numerical unit or a concern: in the nature of a partnership, company, or corporation. An American writer, Professor Hadley, discussing the origin of property rights, says: "We may fairly grant the claim of Socialists that capital originated in robbery. In like manner labour originated in slavery. Neither fact tends in the least to prove either that the capitalist is a thief, or the labourer an inferior." The same economist, in the course of an illuminative paragraph describing the evolution of primitive man, shows how, as civilisation began to develop, animals and plants were utilised instead of destroyed. Semi-civilised man no longer lived, as it were, from hand to mouth, but "instead of destroying the means of food supply that nature furnished, he took care to replace them in increasing numbers. Instead of seeking economy only, he began to accumulate capital—that is, of course, in the 'public,' not in the 'private' sense." It is, perhaps, a truism to point out that, as capital is the result of saving, it is—in the opinion of economists, at any rate—wasted by any consumption which is not of a reproductive character. Employment of capital usually takes the form of direct maintenance of labour, the education of labour, the substitution of various forces in replacement of human labour, and in the improvement of natural aids. In addition to these matters, capital may be invested productively, as Professor Rogers points out, in the enclosure, drainage, and other improvements of land, and in the supply of means

by which produce may be distributed. The same writer says: "In the estimate of public wealth every investment of capital which is destined to be used productively, and is so used, must be included, whether it be represented in the skill of the labourer, the goods, tools and money of the capitalist, the improvement of the natural capacities of the soil, or any other object from which profit is derived, besides the accumulations of unremunerative wealth, as plate, pictures, &c. ; but the rent of land, interest of public debts, and the reserves which are held against emergencies are not part of the capital of the country." His reason for holding that reserve is not capital is apparently due to the fact that he looks upon wealth as something larger than capital, and that reserve is property or wealth which might be productively employed, but which has been withheld from production. Economists speak of "fixed" capital where a remote return is considered, and of "circulated" capital where the process of production necessitates constant renewal of the capital employed. Such terms as "positive" capital and "negative" capital have also been used, indicating, in the former sense, material objects, and, in the latter case, rights and privileges which are not material things. Accurately speaking, the word capital is used under a great variety of circumstances, and it is to be feared that its promiscuous employment sometimes leads business men into misunderstanding. For instance, it may perhaps be truthfully said that the capital employed in a business is the entire amount of the assets belonging to that business, irrespective of the sources whence they are derived. Capital in the personal sense—that is, the capital of the proprietor—is the amount by which his assets exceed his liabilities. In the balance sheet of an ordinary mercantile firm one finds that the liabilities to outside parties, when added to the "capital" of the proprietor, that is, the stake he has in the business, equal the total amount of the assets. If they do not equal that sum, then the extent to which they fall short constitutes a deficiency—that is to say, some of the capital has been lost.

The capital of a partnership differs but slightly from that of the individual trader, for the subject should first be considered as if the business belonged to a single person. The liabilities would then be stated, as also the assets, the difference being the capital of the proprietors in total. The next question in natural sequence would be to discover the rights of the proprietors to that capital as regards their individual interests. When these are ascertained the capital is no longer shown in one sum, but is stated in such a manner as to indicate each person's interest.

The capital of a corporation differs very considerably from that of a partnership or trader. There are no regulations or laws defining the extent to which a trader, or a firm, may place capital at the disposal of a business, but, since corporations enjoy certain privileges denied to partnerships and individual traders, it is perhaps not unnatural that they have also to conform to certain well-defined legislative measures. When a corporation is created, under present Statutes, it is necessary that the extent of its capital powers should be clearly and definitely stated at the outset.

In the case of companies formed to undertake public purposes, *e.g.* railways, gas companies, water companies, &c., the Legislature in the first instance authorises the raising of a limited amount of capital only, thus

rendering it necessary for the company to apply to Parliament from time to time for an increase of its capital powers. This gives the Legislature an opportunity of considering how the company has exercised its functions in the past. Interested parties are entitled to be heard in opposition to the measure, and thus a fairly effective, if rough, measure of control is retained, for should the necessity arise an increase of capital powers would be refused unless effective steps were taken to remedy abuses that had been found to exist. In the case of companies registered under the Companies Acts, to which no privileges are accorded other than the general privilege of limited liability, such necessity for control does not exist, and such companies are therefore permitted to exercise capital powers to any extent that they may think fit, provided they pay the fees demanded by the State, such fees being determined by the amount of the company's registered or nominal capital. As it would be impossible for any corporation to say with any degree of certainty the exact amount of capital which would be required for the purposes of its business, a margin is usually left sufficiently wide to embrace all reasonable contingencies. The word "capital," therefore, in connection with a corporation requires to be defined in accordance with the circumstances in which it is used. "Registered or nominal" capital is the entire area over which a corporation has capital powers, although, of course, those powers may, under certain circumstances, and on compliance with certain rules, be extended or curtailed. "Issued" capital indicates the extent to which advantage has been taken of the capital powers. "Subscribed, or called-up" capital relates to the amount of such issue which has been demanded from the members. "Paid-up" capital, as the phrase implies, denotes the extent to which this demand has been met. Thus a corporation may have a registered or nominal capital of £100,000 in 100,000 shares of £1 each. For the present purposes of its business it may issue fifty thousand of these shares, it may call up 10s. on each of the shares, and holders of, say, a thousand shares may not have paid all, or any, of this call. In this hypothetical case the figures for each of the peculiar differences of a corporation's capital which are given above may be arrived at by a simple arithmetical calculation. "Working" capital is often spoken of in connection with corporations in various ways. It may be intended to mean the balance of the "paid-up" capital which has not been sunk in productive assets, being therefore a free and floating balance for current needs, or it may relate to funds which have been provided on loan to the corporation as distinct from the capital subscribed by its members. Moneys subscribed on the security of mortgages or debentures, or otherwise, are often alluded to as "capital," but in order to avoid confusion it is better to prefix the word "loan" in cases of this kind. To the commercial mind "fixed" capital is represented by assets which form a part of the permanent equipment of the undertaking, and which, as such, are not intended to be realised in the ordinary course of business. "Floating" capital, on the other hand, is represented by assets which in the usual course of business will continually change, and which are intended either for consumption in the ordinary process of manufacture, or trading operations, or are of an intermediate character, such as book debts, &c., or intended to be sold as such. By way of illustrating the distinction between "fixed" and "floating" capital, the following instances of the different classes of expenditure may be given.

With regard to a ship, fixed assets would be the cost of the ship, and all structural improvements thereto; while floating assets would be all coals, stores, provisions, &c, sundry debtors, investments, and cash.

In a gas company, fixed assets would be land, buildings, plant, machinery, mains, meters, service pipes, and parliamentary expenses. Floating assets would be consumable stores and coals, sundry debtors, investments, and cash.

In a railway company, the assets of a fixed nature would be the expenditure on lines open for traffic, the expenditure on lines in course of construction, on rolling stock, and on docks, steamboats, &c., and subscriptions to other railways; while the floating assets would be general stores, investments, cash, and amounts due from other companies, the Clearing House, His Majesty's Post Office, and outside customers.

In a colliery company, cost of acquiring property, buildings, plant and machinery, and the cost of developing and opening up property would be expenditure indicating fixed capital; and stores, sundry debtors, and overpaid royalties, would be assets of a floating nature.

In the financial world the word "capital" has many meanings, and it would be impossible to discuss all of these, for they vary with each individual use and occasion. It may, however, be pointed out that the loanable capital of the money market is often referred to, and this is constituted by the deposits and balances entrusted to and employed by banks, and other financial institutions.

Revenue.—As the term capital may be applied to those monies received by an undertaking, and employed by it for the purpose of acquiring, constructing, or perfecting its equipment for the purpose of carrying out the objects for which it has been formed, so the revenue may be said to be the monies received as a result of carrying out those objects, out of which must be defrayed the current expenses necessary to maintain the undertaking in a proper state of working efficiency. The word revenue well expresses this idea, indicating that it is that which comes again, presumably as a result of the original capital outlay, under such circumstances that it may be expected to repeat itself—that is to say, some degree of permanence may be assumed in connection with that which is properly capable of being regarded as revenue.

In certain undertakings whose transactions are, from an accounting point of view, of a relatively simple character, it is conceivable that quite distinct accounts might be kept of the monies received and expended on capital account and on revenue account respectively, in which case the balance of monies unexpended on capital account would be the working capital of the business, while the balance of monies in hand on revenue account would (subject to outstanding debtors and liabilities) be the excess of revenue earnings over current expenditure, including distribution of profits, and therefore undivided profits available for distribution. In practice, however, this physical distinction between capital and revenue can rarely be observed, because in order to maintain the undertaking as a whole upon a permanent basis it is necessary that its capital equipment, much of which will necessarily deteriorate owing to purely physical causes, should be kept up or maintained out of revenue—that is to say, the cost of assets actually consumed in the process of producing revenue, whether that

consumption be extremely rapid or extremely slow, must be treated as part of the cost of producing that revenue, and therefore as a revenue charge. When this charge matures at rapid intervals, so that it may be met by actual payments out of revenue, the true revenue expenditure may be gauged by the actual revenue payments; but when, as is very frequently the case, the maintenance or renewal of capital assets can only be undertaken at somewhat remote intervals, it is clear that any account of revenue taken in the meantime will be incomplete which ignores the accruing liability in respect of such renewals, hence the necessity of due provision for wasting assets in the accounts of practically all commercial businesses.

The terms revenue and profit are often used loosely, as though they were practically synonymous. It is important to bear in mind, however, that the revenue account is an account of earnings or incomings on the one hand, and of expenditure or losses on the other, whereas profit is the amount by which the former exceeds the latter. The latter word suggests a making or a moving forward, and thus the advancement or improvement of position or wealth. It is conceivable that a business might have a very large revenue and yet no profit, owing to the heavy expenses necessarily incurred in producing the revenue.

The economists have laboured long in the endeavour to arrive at a satisfactory definition of the word "profit," or "income," but it cannot be said that there is an absolute agreement as to the constituent parts thereof. Professor Rogers says: "Profit is used popularly, and even by economists, in a somewhat loose way, and the usage tends to confuse the relations between capital and labour. The real rate of profit is the average rate of interest, and whatever advantage the employment of capital can bestow on its possessor beyond this rate is not due to profit, but to some other cause. Interest on advances supposes that the principal sum or value is permanent, and not liable to any diminution. When, therefore, the person who is engaged in the employment of capital has satisfied this portion of his returns on capital, he requires that the wear and loss of capital should be replaced. This constitutes another portion of his so-called profits. Then as he bestows labour, sometimes of the most arduous and exhausting character, in the management of his business, he obtains, just as any other labourer does, wages for his care and superintendence. Lastly, in case his occupation involves any risk or loss, he requires, again in the aggregate of his so-called profits, to insure himself against such contingencies."

Professor Hadley puts the matter in the following way: "The distinction between capital and income is not due to a difference in the things themselves, but to a difference in the methods of measurement. The capital of an individual, or a community, is the amount of wealth in existence *at a particular moment*. The income of an individual, or a community, is the amount of wealth obtained *during* a specific period, capital being constantly converted into income, and income into capital. But capital under all times and conditions is measured as a *quantity*, while income is more properly measured as a *rate*."

It is apparent that, in distinguishing between capital and income, or revenue, economists will not be of much service to the business man. Apparently they do not agree as to what is profit, and they do not concur

as to what is income. It is conceivable that what looks at first sight to be a profit or income, may, on investigation, prove to be partly a return of capital; and since it is evidently difficult to lay down any special rules on this point, each case will require to be considered on its merits, due regard being paid to the particular circumstances.

From the point of view of business men it seems clear that, inasmuch as the duty is imposed upon revenue of maintaining capital intact to the extent of making good any wastage or loss occasioned to capital by meeting the demands of revenue, any distribution of revenue made without due regard to these claims of capital, must be *pro tanto* a distribution at the expense of, and therefore indirectly out of capital. On the other hand, it must not be supposed that every conceivable shrinkage of capital is of necessity a revenue charge. The duty of revenue appears to be limited to maintaining capital in a state of working efficiency suitable for the production of revenue, at least equal to that obtaining at the outset; but it is no part of the duty of revenue, as such, to insure the capitalist who has invested his money in capital assets against any possible loss in the future, in the event of his determining to abandon the business and to reconvert his capital into money. Hence fluctuations in capital values, whether favourable or unfavourable, may be properly ignored in preparing revenue accounts or computing business profits, although as a matter of prudence it is usually thought desirable to build up out of revenue a reserve sufficient to cover any expected loss on capital account.

Commercially speaking, revenue account has become an interchangeable name for a profit and loss account. It should, however, be noted that revenue account in some cases is used to indicate a statement of cash received and paid, and it might be well at this juncture to clear away any misunderstandings which may exist in the mind of the business man on this point. In the first place, the average trader would probably be very startled if he were told that cash receipts are not necessarily "income"; but this latter word, when properly applied, is clearly intended to cover not only that cash which has been actually received, but also that which has accrued due but which has not been paid in the period under review. To put the matter in another way, cash receipts may be "income," but they may not be the whole of the income. To take, as an illustration, the case of an ordinary mercantile business; it would be obviously absurd to say that the income of the undertaking was confined to the cash which it received from its customers during any particular period. The point is made clearer still when it is recollected that some of the cash which has been received may have been subscribed by the proprietor of the business, or may have been obtained on loan from third parties. It should, therefore, be distinctly understood, that the reason why the statement of cash received and paid is not a revenue account arises from two causes: (1) Cash receipts do not include amounts due but not paid; (2) Such cash receipts may include items which are in the nature of capital. Similar reasoning applies concerning the question of cash payments and expenditure, but for the moment we are not concerned with these. A difficulty may arise in connection with the statement of cash receipts in deciding which items are of a capital nature and which are not, and the same difficulty crops up where an income account, or a revenue account, is under consideration.

The reader who is conversant with the practice of scientific bookkeeping, would scarcely need to be told that the operation of preparing balance sheets, and profit and loss accounts, from a trial balance, consists in the allocation of the various ledger balances under the headings of capital and revenue, the capital items being, of course, arranged in the form of a balance sheet, while the revenue items are collected into another account under that name, or under some term of an equivalent character. It may be said that the generic term "revenue account" is often conveniently used to cover trading account and profit and loss account. In cases where limited companies are concerned there is even a third account, which is sometimes called "appropriation of revenue," and is supposed to contain allocations of profit as distinguished from charges *against* profit or revenue. The operation which has been indicated may appear to be extremely simple, but it is, perhaps, not too much to say, that lack of proper discrimination between the two classes of items is the cause of most of the errors of principle which frequently occur. By way of a simple illustration of the principles involved, the case of the establishment of an ordinary business may be instanced. A trader has at his disposal funds to the extent of, say, £2000. With this money he purchases plant and machinery to the extent of £1000, and stock to the value of £500, leaving a balance, viz. £500, in the form of cash at the bank for current needs. His balance sheet, therefore, before actually commencing business, will run as follows:—

	<i>Liabilities</i>		<i>Assets.</i>		
Capital . . .	£2000	0 0	Plant and machinery	£1000	0 0
			Stock in trade . . .	500	0 0
			Cash at bank . . .	500	0 0
		£2000 0 0		£2000	0 0

It is clear, at the outset, that the amount of money found by the trader may be described as the capital of the venture, and the cash originally represented by that capital may be recorded as a receipt upon capital account. The cost of plant and machinery, and stock in trade, may be recorded as capital expenditure, and the difference between this capital expenditure and the capital receipts may be looked upon as working capital. That is to say, the excess of the monies advanced by the proprietor over and above those necessary for the proper equipment of the undertaking, which are deemed necessary to enable it to engage in its business operations without being unduly handicapped by want of capital. From this point, of course, the actual trading operations commence, and they will involve the expenditure of monies in the direction of material, wages, coal, gas, and electric light, rent, rates, and taxes, insurance, salaries, and the like. The earnings of the business may be expected through the channels of sales, rents receivable, and any other source of income which the peculiar nature of the business may present. All these items of income and expenditure may be recorded as happening on revenue account, and they will therefore form the basis of the profit and loss account, being kept quite distinct from capital account.

It must be understood, of course, that a revenue account includes not

only all items actually received and paid, but also all amounts which have accrued due during the period on either side of the account. It should also be borne in mind that the term "profits of the undertaking" cannot be correctly ascertained without first of all making some provision for that inevitable but unseen deterioration in the value of the plant and machinery which is caused by wear and tear. This class of indirect wastage is called depreciation, and an amount sufficient to cover the estimated loss in this direction should be charged against the revenue account, and either deducted from the value of the particular asset to which it relates, or be carried out on the "liabilities" side of the balance sheet as a specific item. Any additional expenditure in the nature of capital, such as new machinery, &c., would, of course, not appear in the revenue account, but would be carried direct to the plant and machinery account, and appear in the balance sheet as an addition to the original item. It should be remembered in this connection, that only that expenditure which is incurred with a view to completing or improving the equipment of the undertaking, and thus increasing its capacity to earn revenue, may be properly charged as capital expenditure, all other expenditure being debited to revenue; and it should be understood that the upkeep of the capital items—that is, expenditure in the nature of renewals and repairs—is in the nature of a revenue charge. In some classes of undertakings the principles involved in this simple hypothetical case arise in a different form, and with these concerns—such as gas-works, water-works, railways, and the like—the expenditure on capital account is continually being added to for the purpose of extending or improving the original undertaking; but the line of demarcation is invariably the same throughout. It may be argued that where replacements are charged against revenue, they, in some measure, take the place of provision for depreciation. This may be approximately true where the assets wear out and have to be replaced very quickly, but in all cases there must inevitably be a margin for wastage which cannot be seen, and some allowance for depreciation is therefore necessary if the revenue account is to show the trading profit of an undertaking.

On one particular point opinions appear to differ very largely as to the proper method of treatment. Allusion is made to causes where a company is in such a flourishing condition that it is able to make an issue of shares at a premium, and the point raised is as to whether these share premiums should be treated as a capital or revenue receipt. There is something to be said for both sides of the question, but it may be remarked that a more prudent course is to carry such items to a reserve account, so that they may not interfere with the actual trading profits.

Some little confusion may arise in the minds of business men through the indiscriminate use which is made by government officials of the word "revenue" in their forms of account. The words "national revenue" are continually being used—and used erroneously—for in almost every case governmental accounts are framed on cash lines, that is to say, the actual receipts, and actual payments alone are included. In certain instances statements of liabilities are appended, but they do not form a part of the actual accounts. Normal conditions are assumed when estimates are made, and the revenue is estimated on the receipts for the past year. The practice is defended on the ground that it is more prompt than attempting to show

accrued claims and liabilities, which is the method adopted in some other countries. The practice cannot be defended from a technical standpoint, and if the matter were investigated from a practical point of view, it seems doubtful whether it could be upheld with security. Moreover, it must be borne in mind that under normal conditions all national expenditure is charged against revenue, and that expenditure is only capitalised—*i.e.* provided for by way of loans—when, exceptionally, it becomes too heavy to be conveniently met out of taxes capable of being raised in the current year. Thus, in the accounts of the central government, much that is properly speaking capital expenditure, resulting in the acquisition of property of more or less permanent value, is habitually charged to revenue account, whereas the exceptional expenditure met by way of loans—*i.e.* capitalised—is almost invariably expenditure that can be looked upon to produce no return—*e.g.* war expenditure—and therefore expenditure which ought properly to be charged against revenue. The distinction observed between capital and revenue in the accounts of the central government is thus radically unscientific. There can be little doubt, however, as to the wisdom of so far as possible providing for all expenditure out of current receipts raised by taxation and otherwise, while it is obvious that in years when the expenditure exceeds the limits of what it is practicable to raise by way of taxation, the only possible alternative is to borrow—that is to say, the expenditure is for the time being capitalised, but charged against the revenue of future years as and when the loans are paid off.

The accounts of municipal authorities as required by the Local Government Board, are also arranged on the lines of receipts and payments, although the anomalous terms of “receipts” and “expenditure” are used. It has been pointed out on many occasions that these statements are practically useless, unless looked upon as statistical records, but, so far as the government is concerned, no change has yet been made. Fortunately, however, the standard of accounting among municipal authorities is gradually becoming higher and more perfect, and although they comply with governmental requirements, for public purposes they issue, in some cases, a proper statement of accounts, made up of items of “income” and “expenditure.” An account which is in the nature of cash received and paid may include items on either side of a capital nature, but where the accounts are framed on revenue lines, income is, of course, kept quite distinct from capital. It is important to bear in mind, however, that local authorities provide the capital necessary for their purposes by means of loans, and that they are required to provide for the repayment of such loans by annual charges against revenue extending over a specified number of years, the term varying according to the nature of the capital expenditure. Thus the revenue account of a local authority is charged with the redemption of debt, which in itself is not a revenue charge; *per contra*, local authorities are, with certain important limitations, entitled to re-borrow for the purpose of renewing worn-out or displaced assets—that is to say, they are allowed to capitalise the cost of renewals, which is itself a proper revenue charge. It is often urged that these two errors of allocation mutually correct each other, but it may well be questioned whether in practice any such exact or even approximate balance obtains. Certainly the existing system is far too rough to enable the profits

of the trading departments of a local authority to be accurately computed if these two important points be ignored as being self-cancelling.

Where trading undertakings are in existence, the accounts for these departments should be drafted on a commercial basis, for it hardly needs any argument to show that cash receipts and payments in connection with such undertakings would be not only valueless, but grossly misleading. It is also usual, and certainly desirable, to show separate balance sheets for each trading department, and a general balance sheet in connection with the entire accounts of the authority.

A move has been made in the direction of a standardised form of municipal balance sheet, but up to the present time the progress made cannot be said to be very great, owing to the extreme differences of opinion which exist. *See* PROFIT.

LAWRENCE R. DICKSEE, M.Com., F.C.A.

*Late Professor of Accounting,
University of Birmingham.*

CARD ASSETS LEDGERS. *See* ACCOUNTING AND ACCOUNTING SYSTEMS.

CASH SALES. *See* RETAIL SHOP ACCOUNTS.

CATERING AS A CAREER.—Catering is one of the trades which have been neglected by the English business man, and much of it is done under the direction of highly paid men who are not of English nationality. As an instance, most of the fashionable London hotels are directed by foreigners, while the Englishman in the hotel field certainly does not occupy the first place. This may be said of all positions throughout the whole catering world—while Englishmen are employed in different branches of the various departments associated with the catering trade, they do not, as a rule, occupy the leading positions or draw the highest salaries. At the same time, catering does present a great field for enterprise. It is a business founded on the daily needs of thousands of people, and the volume of the trade associated with the catering interests, founded as it is on this human need, can never grow less.

The catering business is no inconsiderable aspect of the city's commerce. It employs great aggregations of capital, and it can afford to pay handsome salaries to those who serve the best interests of the business. It is worth the attention of young business men in every walk of life and in every nationality, and there is no reason why the Englishman should not find a career full of interest, capable of yielding a substantial income. If I were asked what were the essentials to success in the catering trade, I should say thoroughness. The great weakness in candidates for success in this line of business is that the ambitious man has only learned half his business. A man becomes a waiter, finds a remunerative place, and remains a waiter all his life. A man gets a position in the kitchen of a restaurant, finds it a remunerative appointment, and remains in the kitchen. A man may get in the office or book-keeping department of a great hotel, and he finds his career in that department only, and one might go on through all the departments associated with catering, and one would find men very capable, mentally and physically qualified, for appointments in the catering world, who stick fast because they are only masters of one department.

To be a successful caterer, either as the proprietor of a business or as the representative of one of the great companies, a man must be many-sided, and it is not sufficient that he should only know one department of many in a vast enterprise. An ideal education for the caterer who would be at the

head of his profession is to start first of all as an aid to a waiter, and to work up through the varying grades in this department until he becomes a supervisor of waiters. In the end he will find himself in the possession of a fairly satisfactory income, and it is this satisfactory income which militates against his desire to go through the other departments. If he is to pursue his desire of becoming a competent caterer in the best sense, when he has taken a position as waiter which leaves nothing for him to learn in that department, he should be prepared to start at the beginning of the next department. If he desires to know all about his trade, he would then seek work in the kitchen. From the menial position in the kitchen he would advance stage by stage as a vegetable cook, as a maker of sauces, and so on through all the departments, until he became capable of controlling the kitchen itself and devising the routine of its day's work. Here again, if one qualified along these lines, the ambitious man would be drawing a salary which would suffice most ordinary workers, and at this stage he would not be inclined to undertake further experience; but if he stopped at this stage he would not know all there is to be known in the catering world.

It would be to his interest to start, first of all, as a junior buyer and to frequent the markets each morning, and to know what is necessary for the use of his restaurant, hotel, or establishment. No man knows the catering trade, even if he knows the art of waiting on and attending to the customer, and the work of preparing the menu in the kitchen, if he is not familiar with every detail of the daily market, prepared to go into it and buy wisely for the undertaking he represents. The secret of the success of all catering undertakings rests on the discrimination of the man who represents it in the food markets, and a catering education would not be complete unless the man was familiar with all the sources of supply and a critic of the constantly changing values in the business of buying, almost a study in itself.

The caterer's education would not be complete if he did not serve some time as a representative of the undertaking on its reception side. In the work of reception there are many opportunities for the tactful exercise of a man's personal qualities, and in this field alone he would find ample opportunity for the exercise of his talents. In this department I should consider the worker would be interested in the reception and departure of guests, in dealing with the difficulties that crop up in their relationship with the hotel or restaurant, and in keeping an eye on the problems of accountancy which underlie all well-conducted businesses; and the man must learn this side of the restaurant business in conjunction with the buying, the kitchen, and the actual contact of waiters with customers at the table, before he may be said to know his business and to be qualified for the highest positions.

This may sound very simple to the general public, but it is not so simple as it looks. For instance, in the field of waiting the foreign waiter holds the advantage, because in nine cases out of ten, when he comes to England, he is an ambitious man bent on going forward. He does not see in his office a menial employment, but rather looks upon it as a means to an end. The English worker as a rule sees it as an obnoxious duty, and is only concerned with the amount of pay he gets out of it. The foreign worker as a waiter may serve in Berlin, Paris, and London, and when he comes to London he will often speak German, French, and Italian. He has learned these languages as he has passed through the various countries, and while he has been earning his living as a waiter. The English waiter is rarely a linguist; he remains in his own country and only speaks his own language. Such a

limitation is a drawback which would stand in the way of any advance towards success in the catering trade. Sooner or later the man who goes in for this business must know several languages, and the best opportunity he has of learning languages is while he is serving in representative hotels or restaurants in different Continental capitals. An Englishman rarely leaves his own country as a waiter to learn the ways of other countries and their languages, and he is nearly always beaten by the foreign waiter under this head alone.

Of course, when a man has passed through the novitiate stage the problems of management begin to press upon him, and here the man's capabilities are tested, and the amount of success he will win is largely determined by his own personality. Having gone through every department possible in the trade, he should know his business. He should be able to do the work of any worker, and should be able to see that the worker is doing his work correctly. If he is a responsible man occupying an important salaried position in a business, or is the creator of a small business, he has still much to learn. He has to learn, for instance, the capacity of keeping in touch with the ever-changing public demand. So far as the restaurant or the catering trade is concerned (and this applies to almost every other trade), the man who can anticipate the requirements of the public is the man who will make his mark. Personally I do not think much of the ability of the man who gives the public to-day what it wanted six months ago. The man who finds out what the public will want six months hence and gives it to them to-day shows the true discernment, and the ability which commands success.

How often in your career have you met some one who showed you something, and in looking at it you have said, "What a clever idea; that is what I have been wanting for years"? But you have not been wanting it—the mere sight of the utility of the thing has made you imagine you had been wanting it. The man who can anticipate the public requirements in that way is the man who is successful, and this applies more particularly to my trade than to any other.

The peculiarity of the refreshment business is that every one who starts in the business gets a fair chance. The public will give the new-comer a trial, but on that one trial the interest of the public begins or ceases. A man opens as a tailor or a bootmaker, and 95 per cent. of the people who pass his establishment already have their own bootmakers or tailors, and they are not inclined to change. The new trader has only a 5 per cent. margin of chance of getting business, and he may take years and years to work up a connection. In the catering trade his public pass the door; they are open to new ideas and to suggestions of better value for money, and the new man has his chance at once. He may be assured that the public will try him, and how far they remain loyal to his business depends upon his capacity to please the public on its first visit.

Then the caterer must be able to recognise the ability of the people who are working under him, so that as he rises in the business the staff may rise with him. In my own business we do not put strange men over the heads of others of the staff, and as a consequence we have men in our employ occupying the most important positions, to which they have risen by sheer merit after starting from the lowest rung of the ladder. Then, again, we train up our nephews in the business, and each of these boys is trained in every

They start with the cleaning of the kitchen, and go through every department I have outlined. They have to get up at three or four o'clock in the morning and attend the markets, and so ascertain the quality and the value of the goods purchased. They have to take their turn as ordinary waiters and aids to waiters, and so, when they reach responsible positions, they are able to correct anything which may be wrong in any department by personal experience. In one phrase, the secret of success is to know the business thoroughly, through every department, and to be able to tell when good work is being done by every man in every grade of service. It is useless putting a square man into a round hole—the catering trade depends upon the efficiency of every man in every position. A man who goes into the catering trade, who does not know his business thoroughly, must trust to the heads of his departments, and if the heads of the departments know more of the business than he does, the manager or the capitalist of a small venture is practically the servant of his employee. Success rests entirely with the man who knows, and if the man has to trust department after department to men who know more about the trade than he does, it is scarcely reasonable to hope that he will make a success in the catering trade.

JOSEPH LYONS.

Managing Director of Joseph Lyons, Ltd.

CHECK NUMBERS.—The use of a check number on a base carefully chosen with reference to the currency, and to the amount of the separate items in books of account, will enable the books to be kept in balance with very little more labour than is necessary for the writing them. As to balancing, it may be stated at the outset, that if books framed on what is known as the double-entry system be accurately kept, they will balance; but it does not follow that, if they are in balance, they are accurate statistical records of the transactions of a business. Many business men are satisfied if their books are in balance; and they may or may not thereafter attempt to test their statistical accuracy; but if their books do not balance, the whole energies of the office staff are taken up in balancing, and when the error or errors are found, it is unusual to apply any further test of statistical accuracy. The common method of ensuring the balance of books is to have the summations periodically checked, and the postings periodically called over. If these periods be long, and if there be intermediate rendering of accounts, a discharge may be given of an account afterwards found to be erroneous through, perhaps, an omission of a debit. If a check number be used, it is known immediately whether the postings have been made, and incidentally, whether the summations are correct, though it is still possible that a posting may have been made to the wrong account, a kind of error not uncommonly made and passed even when the books are checked by the process of calling over. The commonest mistakes made are in posting the wrong amount and in summations, both of which are instantly detected by means of a check number.

To understand fully what a check number is, it is necessary to consider the fundamentals of arithmetic. It is usual to speak of the four simple rules of arithmetic. These are in reality mere devices, as are all the other "rules" commonly given, for rapidly dealing with units. What is essential in arithmetic is an understanding of addition and a knowledge of the scale of notation in common use. Subtraction is negative addition, multiplication continued addition (so many times), and division is continued subtraction. Multiplication and division are devices for rapidly arriving at the result.

The common scale of notation is the decimal scale—units, tens, hundreds, thousands, &c.; or preferably units, tens, tens squared, tens cubed, &c.; the last statement shows the regularity of the scale, and this is its chief charm: a unit in each place to the left is ten times a unit in the place immediately to the right. The irregular tables of British money, weights, and measures, Indian currency, &c., are irregular scales of notation so far as position is concerned combined with the decimal scale in any particular position. Thus in the table tons, hundredweights, quarters, and pounds, a notation, let us say, of four places, a unit in the second place is 28 times a unit in the first place (28 lbs. = 1 qr.), and so on—a unit in the fourth place being 20 times a unit in the third place, but observe that the 28 lbs. and the 20 cwts. are themselves stated in the decimal scale.

It is claimed by some, Herbert Spencer among the number, that the duodecimal scale would have been a better calculating scale. This would necessitate a new nomenclature and a different multiplication table to assist in rapid work. The scale might have been units in the first place up to e ($t=10$ and $e=11$), and then twelves in the second place, twelves squared in the third place—the indices rising in arithmetical progression. A scale might be constructed either on the t (10) base, or on the d (duodecimal = “12”) or any other base, with the indices in geometrical progression, or in any other regular manner. It is obvious, however, from what is here set down that the decimal scale is so much a part of ourselves that we have to speak of a “12” base. Now it is not difficult to construct a multiplication table on another base than 10, nor to make calculations in that base in the ordinary way, with the help of the new multiplication table. As an illustration and for simplicity, let us consider a regular scale on the 9 base. The units would be represented by any figure from 1 to 8, 9 would be represented by 1 in the second place, *i.e.* by 10 (on the 9 scale. The scale would run units, nines, nines squared, &c.).

A Multiplication Table on the Scale of Notation, units, nines, nines squared, &c., would be as follows, where, e.g., $71=7 \times 9 + 1$.

9-SCALE MULTIPLICATION TABLE.

	1 time.	2 times.	3 times.	4 times.	5 times.	6 times.	7 times.	8 times.
1 . . .	1	2	3	4	5	6	7	8
2 . . .	2	4	6	8	11	13	15	17
3 . . .	3	6	10	13	16	20	23	26
4 . . .	4	8	13	17	22	26	31	35
5 . . .	5	11	16	22	27	33	38	44
6 . . .	6	13	20	26	33	40	46	53
7 . . .	7	15	23	31	38	46	54	62
8 . . .	8	17	26	35	44	53	62	71
10 . . .	10	20	30	40	50	60	70	80

To transpose a number on the decimal scale, say 17 to the 9 scale, find how many groups of 9 there are, and how many units are over. Clearly there is

1 group of 9 and 8 units over, so that $18_9 = 17_{10}$. This result is usually found by dividing by the base thus:—

$$\begin{array}{r} 9 \overline{) 17} \\ \underline{18} \\ 8 \end{array}$$

Similarly with a larger number; given 123_{10} to be shown on the 9 scale:—

$$\begin{array}{r} 9 \overline{) 123} \\ \underline{9} \overline{) 13} \quad \underline{6} \\ \underline{9} \quad \underline{4} \\ 1 \quad 4 \end{array} \qquad \begin{array}{l} 123_{10} = 146_9 = 1 \times 9^2 + 4 \times 9 + 6 \\ = 81 + 36 + 6 \\ = 123 \end{array}$$

Most of the check numbers at present in use are remainders after taking away an exact number of times the base from the expression which is being treated, *i.e.* the check number is the number which will appear in the units place if the whole expression be transposed upon the base chosen. In the example just given, 6 is the check number on the base 9 of the number 123 (123_{10}). It is the remainder (or the odd units left), after dividing the number 123_{10} by 9, or after taking away so many exact groups of 9 from 123_{10} .

As this is of the very essence of check number systems, it may be useful to recapitulate. All arithmetic is based upon units. For convenience of calculation and speech these units are grouped, the common method of grouping being decimal, that is, on the scale 10, and the grouping is regular, thus units, 10 , 10^2 , 10^3 , the powers of 10 rising in arithmetical progression. Other groupings might be adopted, *e.g.* units 12, 12^2 , 12^3 (indices in arithmetical progression), or units 9, 9^2 , 9^4 , 9^8 , 9^{16} (indices in geometrical progression). These would be regular groupings or scales of notation, while units 12, 36 (*i.e.* 12×3), 198 (*i.e.* $12 \times 3 \times 5\frac{1}{2}$), &c. (lineal measure), or units 12, 240 (*i.e.* 12×20) our money table (expressed in decimal notation) are irregular scales of notation, and, as stated, are scales within scales, because for want of nomenclature and symbols all the expressions used are on the decimal scale. In ascertaining the check number for any expression on any base, the calculations are for convenience carried out on the decimal scale.

It having been explained what a check number is, it is necessary next to consider how, and to what extent, a check number forms a check upon any calculation, and how a check number, on a carefully chosen base, may be found for any expression, however irregular the scale of notation may be (*e.g.* any of the irregular tables of money, weights, and measures), and then to show how a check number forms a check on posting entries in books of account, and at the same time forms a check upon the summations.

It has been shown that the check number is the remainder after division of the expression by the base chosen: otherwise, that it is the figure in the units place after the expression has been transposed upon the new scale. In using this remainder to represent the original expression, it is clear that what has been done eliminates from the expression all multiples of the base provided the expression is in one of what have been called the regular scales of notation: consider the number 123 (123_{10}) = $120_{10} + 3$, and 120_{10} is an exact multiple of the base 10. As already shown, $123_{10} = 146_9 = 140_9 + 6$, and 140_9 is an exact multiple of 9, and 6 is the remainder (less than 9) in the units place. It may be here stated that the device for rapidly finding the

As 17 is found to be very easy to work, and to be at the same time the most universally useful base, it may be of interest to examine it with reference to the irregular tables.

It must be here explained that the check number must be taken out on the same denomination, *i.e.* to the same decimal place in decimals, or to pence or farthings, or eighths or sixteenths, &c., in all cases in any one series of operations, and it is here that the devices for rapid reduction, combined with casting out the multiple of the base, are helpful.

The method of finding a rule for combined reduction and casting out may be best explained by an example. Consider the irregular money table, divide each unit in it reduced to its next lower denomination by the base, and put down the remainder (check number) thus:—

£	Check.	s.	Check.	d.	Check.	f.	Check.
1	1	20	3	240	2	960	8
		1	1	12	12	48	14
				1	1	4	4

It will be seen that this combined reduction to shillings, and casting out of 17, can be done by multiplying each pound by 3. Similarly pounds can be reduced to pence (17's being cast out), by multiplying each pound by 2. The use of the table given is to enable a simple rule to be found.

For reduction of any expression in £ s. d. to pence combined with casting out 17, one rule to be derived from the table (column 6) is—add to the pence twelve times the shillings and twice the pounds. But a closer examination will show that a better rule is, add the pence to twice the pounds and deduct 5 times the shillings. In either case, if there be farthings, multiply the result just obtained by 4, add the farthings, and cast out 17's if any. It must be noted that before the rule is applied the expression of £ s. d. is reduced by casting out the 17's in the pounds and shillings; *e.g.* £17, 17s. 1d. on denomination pence gives 1 as check number on base 17. Any other table or base can be similarly treated, and rapid methods can be found. For Indian currency on base 13 (denomination annas), one rule is, multiply rupees by 3, add the annas, and deduct the pies (the table being 12 pies=1 anna, 16 annas=1 rupee).

The use of check numbers in easing the labours of the bookkeeper is only now being appreciated. It is necessary to say that no one has ever suggested their use as a mere check on summations, but when by their means posting and summations can be checked by the same operation, and that with hardly more labour than is involved in making the original entries, the method is at least worthy of consideration, and even of some perseverance.

As a check on posting it is necessary that the ledger be connected with the book from which the item is posted, so that the bookkeeper posts the item in the ordinary way to the ledger, and makes the check number upon the item in the ledger, and transfers this check number to the side of the item in the book from which the posting is made. After a page of this aggregate book has been posted, and each item has a check number by its side, which has been brought from the ledger, these check numbers are summed and the check number of the total extracted, and the items are summed and the check number for that total extracted; if the check numbers

of these totals agree, it is almost certain that not only is the summation correct, but that the posting is correct. This will be best understood from examination of an example.

It may be noted that a different check number may be used for debits and for credits so as to check a posting to the wrong side of the ledger, and in the following example such a check number is given for illustration of the principle merely. The credit check number here given is the complement of the direct check number and the base (17). The check number on the denomination farthings might be used for credits. Doubling or halving the check number would also serve, but halving would involve the fraction $\frac{1}{2}$. In the example given the left-hand side of the page shows postings from a day-book showing the check number used and how it proves summations and posting without rechecking these, the correspondence of the check numbers of the check number column with the check number of the total money column being the proof. On the same side, and below each amount, is shown the use of the complementary check number to catch a posting to the wrong side of the ledger. Thus, if in posting the day-book, a posting were placed on the credit side instead of on the debit side, the probability is that the check number would be made as for a debit. This error would be discovered on a summation of the ledger account credit side, for the debit check number being on the credit side would prevent the correspondence of the check numbers on that side of the account, and would thus show the error. If, on the other hand, the credit check number was brought back from the ledger to the day-book, the error would be discovered by the non-correspondence of the check numbers in the page of the day-book. The right-hand side of the page shows an error in posting and an error in summation. £212, 2s. has been posted as £21, 2s. 2d. to A.'s account, and C.'s account has been summed as if £33, 7s. had been £33, 7s. 11, the dots in the pence column having been taken for 11. The process is to post the day-book items to the ledger, where the check number is made and carried back to the day-book. After a page of the day-book is posted it is summed, and if the check numbers correspond the postings and summations may be assumed to be correct. In order to follow the example given the student may keep before him a slip of paper with the multiple of 17 (say twelve times 17) upon it, and one of the rules given. He will consider the first posting £212, 2s., follow it to the ledger, then look on his slip for the nearest multiple of 17, viz. 204 (*i.e.* 12×17), which he will deduct from 212 when 8 will remain, and he will then apply his rule to £8, 2s.

To find check number on pence denomination and base 17 for £8, 2s., apply one or other of the following rules, always casting out 17 where convenient:—

1. Multiply £ by 3, add shillings, multiply result by 12 and add pence.

$$8 \times 3 = 24, 24 + 2 = 26, 26 - 17 = 9$$

$$9 \times 12 = 108 \text{ and } 108 - 102 = 6 = \text{check number.}$$

Or using the equivalents for shillings, thus:—

$$10\text{s. gives } 1, 3\text{s. gives } 2, 2\text{s. gives } 7,$$

and following the first process till 9 is reached (in shillings),

$$\text{as } 3\text{s. gives } 2, 9 \text{ will give } 3 \text{ and } 3 \times 2 = 6 = \text{check number.}$$

2. Multiply £ by 2 and add 12 times the shillings and the pence, or use equivalent for shillings, as above:—
 $8 \times 2 = 16,$
 $16 + 12 \times 2 = 16 + 24 = 40$ and $40 - 34 = 6 =$ check number.
 Or using the equivalent for shillings:—
 $8 \times 2 = 16$ (and as 2s. gives 7),
 $16 + 7 = 23,$ and $23 - 17 = 6 =$ check number.
3. Add the pence to twice the pounds and deduct five times the shillings.
 There are no pence, so proceed:—
 $8 \times 2 = 16,$
 $16 - (5 \times 2) = 16 - 10 = 6 =$ check number.
 Or add to the pence twice the pounds and add five times the difference got by deducting the shillings from 17.
 Example: Find check number of 12s.
 $17 - 12 = 5, 5 \times 5 = 25, 25 - 17 = 8.$
4. Where shillings are an exact multiple of 3, add to the pounds one-third of the shillings, multiply result by 2, and add the pence.
 Example: 12s. $12 \div 3 = 4, 4 \times 2 = 8.$

Note.—These rules may be combined in various ways. The operator will soon discover the best rule or combination of rules for the kind or entries he has to make.

Rule 4 may be used for any expression in £ s. d., for if the shillings are not exactly divisible by 3, add 12 for one shilling or 7 for two shillings.

If in any case the pounds or shillings to be treated are 16 or 15, these can be taken as -1 and -2 respectively; e.g. £16, 2s. 10d. gives 1£, 2s. 10d.

$$[(-1 \times 3) + 2] 12 + 10 = -1 \times 12 + 10 = -12 + 10 = -2 \text{ and } 17 - 2 = 15.$$

These rules can be tested for any expression in £ s. d. by reducing it to pence and dividing by 17, when the remainder will be the check number.

EXAMPLE.

Day Book.

Correct, showing Books in Balance, without rechecking, posting, or resuming.				Showing Complement of Check No.	Incorrect, showing Error Detected.	Check No.
1907						
Jan'y. 2	A. per Invoice.	6	£212 2 0	11	£212 2 0	6
	B. " "	3	1 10 0	14	1 10 0	3
	C. " "	1	1 4 2	16	1 4 2	1
" 9	B. " "	3	72 1 0	14	72 1 0	3
	C. " "	14	33 7 0	3	33 7 0	14
	A. " "	15	16 2 10	2	16 2 10	15
" 16	A. " "	15	0 4 1	2	0 4 1	15
	C. " "	12	15 7 0	5	15 7 0	12
	A. " "	10	1 6 4	7	1 6 4	10
	B. " "	12	42 11 0	5	42 11 0	12
		91	£395 15 5	79	£395 15 5	88
Check Number		6	6	...	6	9
"	" Complement	...	11	11		91
						6

Correct, showing Books in Balance, without rechecking, posting, or returning				Showing Complement of Check No.	Incorrect, showing Error of Detected.	Check No.
A.'s Ledger Account :—						
1907						
Jan'y. 2	To Goods	.	6	£212 2 0	11	£212 2 0 6
" 9	" "	.	15	16 2 10	2	21 2 2 0
" 16	" "	.	15	0 4 1	2	16 2 10 15
" "	" "	.	10	1 6 4	7	0 4 1 15
						1 6 4 10
			46	£229 15 3	22	229 15 3 46
Check Number	.	.	12	12	...	46 6
"	"	Complement		5	5	229 15 3 46 6

B.'s Ledger Account :—						
1907						
Jan'y. 2	To Goods	.	3	£1 10 0	14	£1 10 0 3
" 9	" "	.	3	72 1 0	14	72 1 0 3
" 16	" "	.	12	42 11 0	5	42 11 0 12
			18	£116 2 0	33	£116 2 0 18
Check Number	.	.	1	1	...	1 1
"	"	Complement		16	16	

C.'s Ledger Account :—						
1907						
Jan'y. 2	To Goods	.	1	£1 4 2	16	£1 4 2 1
" 9	" "	.	14	33 7 0	3	33 7 14
" "	" "	.	12	15 7 0	5	15 7 0 12
			27	£49 18 2	24	£49 18 2 27
Check Number	.	.	10	10	...	49 18 2 10
"	"	Complement		7	7	10

OF THE OTHER ITEMS

Check is :—

£	s	Check Number.		£	s	Check Number.
1	10	0	3	1	10	5
1	4	2	1	14	2	1
72	1	0	3	7	2	1
33	7	0	14	3	3	7
16	2	10	15	162	10	0
0	4	1	15	4	1	0
15	7	0	12	1	5	7
1	6	4	10	16	4	0
42	11	0	12	4	2	11
£183	13	5	85	£212	13	0
0	0	0	0	2	2	2

Showing that, except £1, 4s. 2d. for £14, 2s., every one would have been discovered by a check on the base 17.

The columns have been summed to show the check on summations.

As the principle of check numbers is better understood, and as facility is gained by constant practice, other rules for finding the check numbers will be formulated and used as circumstances dictate.

If fractions of a penny be used, multiply the check number on pence denomination by 4, and add farthings, or add 13 for $\frac{1}{4}$, 9 for $\frac{1}{2}$, and 5 for $\frac{3}{4}$, but it must be noted that each of these rules gives a different check number. If the reduction be to sixteenth of a penny, call the pence check number a minus quantity, and the farthings, if any, multiplied by 4 with any sixteenths added a plus quantity, and if the result be minus deduct it from 17.

Again, if the pence in the books be always even, make the reduction to twopence instead of to pence, and apply the above rule with multipliers halved thus: Add half the pence and six times the shillings to the pounds, but observe that in any series of operations reduction must be to the same denomination. This rule might be used for pence by doubling the check number thus found, adding one for an odd penny. It will not do to leave the check on the denomination twopence for one item and on pence for another in the same series.

The limitation of check numbers has been mentioned—viz., that an error which is a multiple of the base will not be detected either in summation or in posting. Further, if after using check numbers an error is found, the error will be an exact multiple of the base. In a direct calculation, such as in a summation, an error of an exact multiple of 17 can hardly be made, and in posting, such an error is usually found to be on account of the posting of a sum containing the same figures as the correct sum, but in some way transposed. Now, while in a range of items there are a great many identified by the same check number, there are comparatively few having the same check number which are likely to be interchanged in posting, and the larger the base the fewer of these there will be. There are various plans for finding all numbers having the same check number which are easily transposed in posting. One is the empirical method shown in the following table:—

Check No.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	1	-	1	6	-	3	11	-	4	4	-	5	9	-	7	2	-
3	-	2	-	1	7	-	4	5	-	5	10	-	8	7	-	10	1	-
4	-	3	-	1	8	-	5	11	-	6	11	-	9	8	-	11	2	-
5	-	4	-	1	9	-	6	12	-	7	12	-	10	9	-	12	3	-
6	-	5	-	1	10	-	7	13	-	8	13	-	11	10	-	13	4	-
7	-	6	-	1	11	-	8	14	-	9	14	-	12	11	-	14	5	-
8	-	7	-	2	-	-	9	15	-	10	15	-	13	12	-	15	6	-
9	-	8	-	2	1	-	10	16	-	11	16	-	14	13	-	16	7	-
10	-	9	-	2	2	-	11	17	-	12	17	-	15	14	-	17	8	-
11	-	10	-	2	3	-	12	18	-	13	18	-	16	15	-	18	9	-
12	-	11	-	2	4	-	13	19	-	14	19	-	17	16	-	19	10	-
13	-	1	1	-	2	5	-	3	10	-	5	2	-	6	8	-	8	1
14	-	1	1	-	3	6	-	4	11	-	6	3	-	7	9	-	9	2
15	-	1	1	-	4	7	-	5	12	-	7	4	-	8	10	-	10	3
16	-	1	1	-	5	8	-	6	13	-	8	5	-	9	11	-	11	4
17	-	1	1	-	6	9	-	7	14	-	9	6	-	10	12	-	12	5

If this table were continued to any extent and placed on a roll with a fixed bar containing the check numbers, the check number could be instantly found for any expression in £, s. d., and if the roll be unrolled and laid flat, and the items opposite each check number examined for correspondence of figures, all the items likely to be misposted one for the other would be seen and would probably be found to be in some kind of order. There is another plan, that of putting down all the multiples of the base on the denomination chosen, *i.e.* on pence base 17, 1s. 5d., 2s. 10d., 4s. 3d., &c., and testing each of these as for a difference between two expressions likely to be posted one for the other, then classifying these expressions according to the kind of transposition, and completing the table by means of differences.

T. J. MILLAR, M.A., LL.B., C.A.
Lecturer on Practice of Commerce,
Heriot-Watt College, Edinburgh.

CHEMIST: How to become a.—To become a chemist and druggist a fairly good secondary education is needed, including as much instruction in Latin and modern language, Algebra and Euclid, as is required for a pass in one of the university junior school examinations, or in the second class examination of the College of Preceptors, and the student while at school should make a good start in chemistry and botany. He should leave school between sixteen and seventeen, after passing one of the above examinations or an equivalent. A list of such equivalent examinations can be obtained of the Secretary of the Pharmaceutical Society, 17 Bloomsbury Square, W.C., or may, with much other important matter, be seen in the educational number of the *Chemist and Druggist*, published at fourpence, at 42 Cannon Street, E.C. Whichever examination is taken, the certificate must state that the holder has passed in all the subjects above mentioned, except chemistry and botany, and also in English grammar and composition. Chemistry and botany form so large a part of a young chemist's special studies after leaving school, that he will find it to his ultimate advantage to include them in his examination if he can.

To be qualified to practise as a chemist and druggist, a man (or woman) must have passed the minor examination of the Pharmaceutical Society, which cannot be taken before the age of twenty-one. For at least three years before the examination he must have been employed as a registered apprentice or student, and to be so registered he must send to the Pharmaceutical Society one of the certificates we have mentioned, together with a registration fee of two guineas. Every student should be apprenticed to a qualified chemist and druggist for three or four years, and the apprenticeship should terminate about the age of twenty. The premium for an indoor apprenticeship hardly ever exceeds £100, and during the fourth year about a quarter of this is generally returned as wages.

Having finished his apprenticeship at the age of twenty, the student's most important consideration is the passing of the all-important minor examination a year later. If he can afford to do so, he should by all means spend this intervening time in a school of pharmacy. Although it would pay in the end for every candidate for the minor examination to spend the year preceding it entirely in professional study, it is often impossible for financial reasons to do so. In that case a candidate would seek a post

as assistant to a chemist and druggist, and if he gave his whole-time services, he would probably get from £40 to £50 with residence, or from £80 to £90 without. Although, for the purpose of the minor examination, it matters not how the necessary knowledge has been obtained, it is better to get it from good teachers than from books, and the student should join any evening classes that would help him, and for which he has the necessary time. The Pharmaceutical Society hold two examinations, minor and major, for testing the qualifications of candidates who have passed through the course of training already described.

Minor Examination.—Fee, 10 guineas. The subjects of the examination are: Botany, chemistry, physics, materia medica, pharmacy, and dispensing and prescriptions. The candidate who passes this examination is qualified to practise as a chemist and druggist, and has the legal right to dispense and sell poisons.

Major Examination.—Fee, 3 guineas. The subjects are the first four of those given for the minor, but of an advanced order. Those who have passed it are styled “pharmaceutical chemists,” and have better chances than mere chemists and druggists of securing the better posts in pharmacy. In England and Wales pharmaceutical chemists are exempt from all juries and inquests. Those who have distinguished themselves in their examinations are eligible for posts as demonstrators in the societies, or some other school of pharmacy—the lecturers are usually distinguished men of science—or they may become dispensers in some of the larger hospitals, at salaries ranging from £250 to £350 a year. The majority of young qualified men will look out for assistantships to chemists and druggists, and those who succeed in getting into big houses will be fairly well paid. The average salary for a qualified assistant would be about £50 or £60 a year with residence, or from £100 to £130 without. Comparatively few men finish their minor examination before the age of twenty-three. *See also* MANUFACTURING CHEMIST.

CHEQUES AND CHEQUE PROTECTION.—Nearly every business man opens a banking account as a matter of course, but it does not by any means follow that every business man has even a rudimentary knowledge of the law relating to cheques and the means which should be adopted to guard against fraud and mistakes. Every business man should post himself on these points, because experience has proved, in very many instances, that the want of this knowledge has proved a very costly and sometimes a ruinous error.

A vast amount of carelessness is exercised by the business and professional community (leaving private individuals out of the question) in the conduct of business by cheque payments and in the actual cheque writing. In consequence of this, the number of cheque frauds perpetrated annually is astounding, and the aggregate amount lost in this manner (most of which is never recovered) would hardly be credited by the average man. The fact is that to the fraudulent person who possesses a little ingenuity, the alteration of the ordinary cheque is a comparatively easy matter. The table below will demonstrate a few of the more common examples of altered wording and figures in the body of the cheque, and these could be supplemented by many others. Although the simple example of penning is well

known, many business men continue to write their cheques in such a fashion that there is frequently more than enough room to add several letters. It must also be remembered that the professional cheque tamperer (of whom there are many and whose number is increasing) has all the resources of science at his command. By means of chemicals he can entirely obliterate words and figures in the body of the handwritten cheque, and it has been proved that "safety-printed," "safety-tinted," "chemically-protected" or "double-security" cheque paper is restrictive but not protective. Any tint

<i>Eighty</i>	<i>80</i>	<i>8 to 80</i>
<i>Ninety</i>	<i>90</i>	<i>9 to 90</i>
<i>Fifty</i>	<i>50</i>	<i>10 to 50</i>
<i>Seventy</i>	<i>70</i>	<i>10 to 70.</i>
<i>Four hundred</i>	<i>400</i>	<i>100 to 400</i>
<i>Eight hundred</i>	<i>800</i>	<i>100 to 800</i>
<i>Five hundred</i>	<i>500</i>	<i>200 to 500</i>

or colour can be easily restored. A practical rogue of this type has such appliances and skill at his disposal that only the observance of careful precautions will defeat his aims. These precautions do not call for more than a certain business-like routine, and I shall outline them in the course of this article.

It is important, in this connection, to dispel an illusion under which many business men and women labour. A large number of people, who ought to know better, are of the impression that the loss accruing to the drawer of a tampered cheque must be borne by the bank. This is not the

case. Broadly speaking, the bank only undertakes to honour a signature. On a forged signature, the bank can be called upon to make good the loss, and unless extenuating circumstances can be proved the bank must (and does) take this responsibility. On the other hand, the bank does not accept complete responsibility, and if it can be proved that the drawer of a cheque laid himself open to fraud by want of proper precautions, the drawer must pay for his own negligence.

Every bank issues a notice on its cheque books calling the attention of its customers to the necessity of keeping cheque books safeguarded from other and possibly dishonest hands, and this is, of course, an elementary precaution which every methodical cheque holder will observe. This is, however, but a beginning, although a good beginning. As probably all readers know, cheques are drawn either to bearer or to order. A bearer cheque calls for the exercise of special care, since it is practically an unrestricted order to pay a specified amount to any particular individual who may be in possession of the cheque form. An order cheque is of course always drawn to the order of an individual or firm. It is also understood that an open cheque is paid on presentation at the bank, whereas a crossed cheque indicates that the bank upon which the cheque is drawn must not pay cash to any one except a banker, or if the cheque is specially crossed, then only to the banker named.

The necessary endorsement of an "order" cheque calls for a word or two of warning. An authority on banking matters has stated that the result of endorsing a cheque, whether voluntarily or to open an "order" cheque, is to make you liable to any subsequent party if the cheque be dishonoured. You can be sued in the first instance even though you are not the drawer, provided you have had notice of dishonour. You have, of course, the same redress in your turn against any endorsers previous to yourself and against the drawer. It is unusual with cheques to have many endorsements, but sometimes they are there to accommodate the drawer, *i.e.* to lend him credit. Before, therefore, you do anything of this sort, you should consider that you are virtually guaranteeing the cheque, and that you run a great risk of being sued in the first instance.

Many business people are of the opinion that a crossed cheque is an ample protection. Crossing is a wise and precautionary measure, but it does not give the absolute security which many people think. What it does in effect is to impose the necessity upon the thief of negotiating it through a person who has a banking account, and if that person takes it innocently your position is very unfortunate and hopeless.

The reader will naturally ask whether there is any absolutely safe method of securing cheques against fraudulent designs, and if such methods can be adopted without a vast amount of trouble or expenditure of labour. Cheques can be protected against the most skilful thieves by the observance of a few comparatively simple precautions. The first, of course, relates to the proper care of the cheque book, which should be zealously guarded against possible misappropriation.

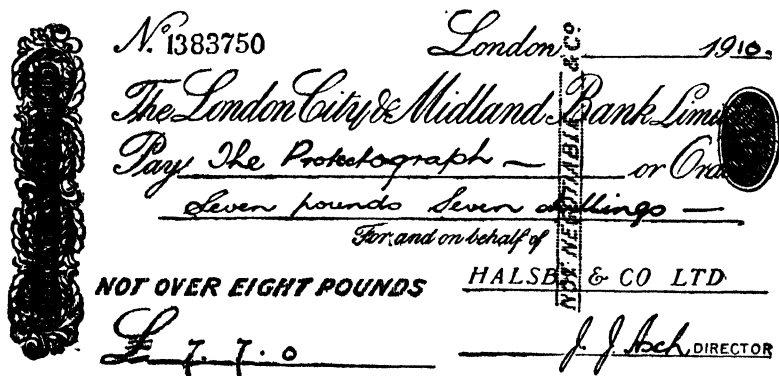
The second concerns the question of signature. Many prominent firms have adopted a plan whereby the signature of one member of the firm will be honoured on small limited sums, the joint signatures of two partners

or two directors being necessary for larger amounts. This in itself constitutes a measure of protection.

The actual filling in of the cheque form is of course an important matter. The practice in some concerns is to typewrite cheques, the belief being that typewritten matter is not so easily altered as handwritten text and figures. It cannot be affirmed that the ordinary typewritten cheque gives more protection than one handwritten—in fact the leading bankers have strongly protested against the practice; and it has been suggested that bankers generally should refuse to honour typewritten cheques, owing to the ease with which it has been proved the amounts and the names of payees so written can be deleted or altered.

On the other hand, typewritten cheques have been rendered possible by the invention of a typewriter equipped with needle-pointed type. The text and figures written on this machine are pierced through the paper, and naturally fraudulent alteration of names or amounts is rendered in this case extremely difficult, perhaps practically impossible. A machine of this kind is, however, not within the means of every firm or every individual with a banking account, nor can it be claimed that the work of such an apparatus is speedy enough for all requirements.

One of the most successful and generally practised methods of securing cheques against fraud is the use of the "limiting line" in conjunction with the crossing, as shown below. The limiting line is usually written above the figures in the left-hand corner, whilst the crossing is made across the body of the cheque.



This is practically a threefold protection. In the first place we get the ordinary crossing which precludes the cheque being paid except to a banker. It has already been explained why this does not constitute absolute protection, but the addition of the words "not negotiable" is intended to cover the deficiency. The effect of these words is that the person to whom such a cheque belongs will always remain the true owner, in spite of any theft and subsequent negotiation, and may therefore sue the bank (as the cheque has been crossed in addition) provided the bank has cashed it improperly

or negligently. The use of the limiting line further perfects this protection, inasmuch as it should secure the drawer against the possibility of the amount being raised.

Ingenuous inventors, recognising the skill of the modern cheque raiser in altering or removing matter entirely from the face of a cheque, have devised instruments which automatically imprint both the limiting line and the "not negotiable" warning in conjunction with the banker's crossing. The best of these appliances is that which prints these warnings through the paper and forces an indelible ink into the fibres of the paper itself, thus protecting the document beneath the surface.

A cheque which fulfils these conditions (and such precautions are by no means burdensome) may be said to be beyond the possibility of serious fraud.

CHRISTMAS SHOWS. See BAZAARS.

CIRCULARS. See WHOLESALE ADVERTISING.

CIVIL SERVICE: How to Enter it.—The great attraction of employment in the Civil Service to many people is the practical certainty of employment for life and a pension on retirement. Salaries, as a rule, are not very great, though the gifted and fortunate may reach £1000 a year or more. The mass of workers in the Civil Service will never rise to more than £300 or £400 per year. Competition for the better posts is keen, and, generally speaking, not half of those who compete win prizes. The proportion of successful candidates tends to decrease with the increase of opportunity for getting an advanced education. In only one of the great departments of the Service—the Post Office—are there appointments open to competition to women, and these must be given up on marriage. There are about 4000 of these appointments, with salaries ranging from 10s. a week to £400 a year. In addition, a few female typists are employed in the various departments, but for these posts a nomination is required.

The chief complaint against work in the Civil Service is the monotony of the employment; but against this are advantages, such as seven hours a day for the clerical staff, and at least a Saturday half-holiday every other week. The majority of Civil Service appointments are given to those who do best in competitive examinations, providing they can pass the medical examination. All competitors must be natural-born British subjects, and the limits of age are rigidly fixed for each examination. Examination fees range from 10s. for boy clerks, and £6 for the best appointments is payable. Posts are open for public competition for men of all ages, from fourteen to fifty, but as a rule those over twenty-five and not already in the Service are required to possess practical knowledge of the work of the department into which they seek admission.

Preparing for the Examination.—The great necessity for Civil Service examinations is an education of a good secondary type, with additions according to the examination in view. For the majority of examinations taken between the ages of fifteen and nineteen no additions are necessary; all the subjects required for passing form part of the curriculum of every good secondary school. To-day there is hardly a clever boy in the kingdom.

however poor, who cannot by means of scholarships get into a secondary school and qualify himself for a Civil Service appointment by simply working hard at the ordinary subjects he is required to take up. There is nearly always a choice of subjects, and he will soon find which will suit him best. There are certain subjects to which he must always pay attention—Handwriting, Spelling, English Composition, and Arithmetic. Candidates should remember that all the subjects in the curriculum of a good school, though they may be unnecessary in the earlier examinations, are useful for further examinations leading to higher appointments.

The best posts, as will be shown, are only within the reach of those who have been educated at a first-class school and at a university. Even those who aim at posts not so good as these should remember that their chances of success are increased the longer they remain at school.

In entering for Civil Service examinations the question of health should be carefully considered. It is useless passing difficult examinations if the student is to be rejected on defects in health—teeth, hearing, and eyesight—all of which are rigidly tested.

Preparation for Civil Service examinations is much easier nowadays than formerly. At one time it was only possible to pass these examinations with the assistance of a "crammer." The educational facilities are so improved to-day that the services of a coach are rarely necessary. Apart from the ordinary educational resources of the country, many schools have specialised on business education, and make a great feature of systematic teaching of the subjects necessary to success in Civil Service examinations.

So far as the age of competitors is concerned, competitors must be to a day within the limits of age assigned to each examination, and they are required to produce as evidence that they are so, either their birth certificate or other satisfactory testimony, this last only being accepted when the Commissioners are convinced that the birth certificate cannot be obtained. Forms of application for admission to sit at any advertised examination are obtained from the Secretary, the Civil Service Commission, Burlington Gardens, London, W., and the detail relating to all the Service is fully treated in the latest edition of the *Civil Service Year Book*, which gives all particulars candidates are likely to require in connection with these examinations. Following we give particulars of the best posts open to competition in the Civil Service.

1. *Clerkships: Class I.*—Age, 22–24. Fee, £6. The examination, which is identical with that for the Indian Civil Service and for Eastern Cadetships, takes place in August, and is extremely difficult. In fact, it is almost hopeless for any but distinguished university men to attempt it. There are thirty-three subjects from which a choice may be made. Until 1906 a candidate might take any number of these subjects that he pleased: some would offer sixteen, and few would take less than eleven. Each subject is assigned the maximum number of marks, and by the new regulations candidates are at liberty to choose any of the subjects, provided that the maximum number of marks obtainable from the subjects chosen does not exceed 6000. The result is that nine or ten subjects are now usually taken, and the ordinary work at the university is not seriously hampered by attempting to cram a number of additional subjects.

It is possible for Second Division Clerks, after eight years' service, to be promoted to this higher division, but such promotions do not amount to more than one or two a year. They can, of course, take the examination, and are eligible to do so up to the age of twenty-nine under the rule quoted above.

Successful candidates are allowed, according to their position on the list, to choose one of twenty-two offices in which there may be vacancies, and need not at once choose any. The best are the Home Office, India Office (Correspondence Department), the Treasury, and the Colonial Office. In these salaries begin at £200 and rise to £1000 or £1200. In other offices the minimum is £150, and the maximum from £800 to £1000. The prospects of Higher Division Clerks are not limited to appointments offered by fixed scales of pay. Secretaryships, Assistant Secretaryships, and other posts may be offered to them, and they may increase their incomes by holding private secretaryships or by doing special work.

Higher Division Clerks work seven hours a day, with one Saturday afternoon a fortnight, and they are allowed holidays amounting to thirty-six days in the year, exclusive of Christmas Day, Good Friday, and probably Bank holidays. After ten years, the annual leave increases to forty-eight week-days.

2. *Second Division Clerkships*.—Age, 17–20. Fee, £2. The obligatory subjects are—Handwriting, Spelling and Copying MS., Arithmetic, English Composition. Optional subjects—Précis, Indexing and Digest of Returns, Book-keeping and Shorthand, Geography and English History; translations from and into Latin, French, German, Mathematics (Euclid, I.–IV., Algebra up to and including *binomial theorem*); Inorganic Chemistry and Physics. Only four of the eight subjects may be taken, which must not include more than two languages. Those who are about to try for a Second Division Clerkship should ascertain if an examination is to be held which includes particular clerkships for Port Service. If so, an extra fee of £1 will enable them to compete for both at the same examination, the only difference being that they may take five of the optional subjects instead of four, which must not, however, include more than two languages. In the Port Service they will have better prospects.

Successful Second Division candidates may be drafted into any one of thirty-four London offices, but out of about 3000 Second Division Clerks employed in London, over 1100 are to be found in the Post Office. They are allowed, however, to select the departments in which they prefer to serve, and, if possible, effect is given to their preference.

The minimum salary in the Second Division is £70, and the maximum £300. After eight years' service, especially meritorious Second Division Clerks may be promoted to First Class Clerkships, and there are other possible promotions in which the salaries range from £300 to £500.

Second Division Clerks work not less than seven hours a day, and have alternate Saturday afternoons free. They are entitled to fourteen working days' holiday for the first five years, and twenty-one afterwards, exclusive of Christmas Day, Good Friday, the King's Birthday, and perhaps the four Bank holidays.

3. *Intermediate Appointments*.—Between the appointments of Class I.

Clerkships and Second Division Clerkships there are now intermediate appointments, suitable for youths who have been educated at a good public or secondary school, and who do not intend to proceed to a university. There are seven classes of such appointments:—(1) As Junior Clerks, in the Supply and Accounting Departments of the Admiralty; (2) as Junior Clerks in the Ecclesiastical Commission; (3) as Examiners in the Exchequer and the Audit Department; (4) as Second Class Clerks in the Estate Duty Office—(a) of London, (b) of Edinburgh, and (c) of Dublin; (5) as Second Class Clerks in the Commissioner's Office of the Metropolitan Police; (6) as Second Class Assistant Accountants in the Army Accounts Department; (7) as Junior Clerks in the Royal Ordnance Factories.

The salaries vary in the different departments, but as a rule begin at £100; after a probationary period £120, with £10 annual increase to £200; then, if found competent, an annual rise of £15 to £350.

All are eligible for promotion to higher appointments in their respective departments, which will depend on efficiency and merit.

The examination fee for these appointments is £3, and the age limit 18 to 19½ years. Candidates must pass a qualifying examination in Arithmetic and English. They may select from the following list of subjects, one of which must be a language:—Mathematics, French, German, Latin, Greek, English or European History, Chemistry and Physics. Candidates will be allowed to choose according to their place on the list among the vacancies for which they are duly qualified, or they may elect to wait for the chance of a vacancy.

4. *Boy Clerks*.—Age, 15–17. Fee, 10s. Subjects: (1) Handwriting and Spelling; (2) Arithmetic; (3) English Composition; (4) Copying MS.; and any two of the following:—(5) Geography, (6) English History; translation from (7) Latin, (8) French, (9) German, (10) Mathematics (subject-matter of Euclid I. and II., Algebra to Simple Equations); (11) Rudiments of Chemistry and Physics.

A well-taught boy of fifteen, who has spent two or three years in a secondary school, would find little difficulty in passing the examination without any special preparation whatever.

The pay is small—15s. a week for the first year, 16s. the next, and so on. No Boy Clerk will, in future, be retained as such after he has reached the age of eighteen. If by that time he has not successfully competed for a permanent post in the Service, he must seek employment elsewhere. No period of the services of a Boy Clerk counts towards a pension. Boy Clerks are engaged and paid by the week of thirty-nine hours, seven hours a day on each week-day except Saturday, when they only work four hours. Their annual holiday is limited to twelve days.

5. *Assistant Clerks (Abstractors)*.—Age, 19–21. Fee, 10s. Subjects: (1) Writing; (2) Spelling; (3) Arithmetic; (4) English Composition; (5) Digesting Returns into Summaries; (6) Précis and Indexing; (7) Book-keeping or Shorthand. Salary, £55, rising by annual increments of £5 to £100. If a clerk is promoted to the higher grade, his salary again increases by £5 a year to £150. Only Boy Clerks are allowed to compete for these clerkships.

The prospect is poor, but service as an Assistant Clerk counts towards a

pension, and there is a chance, after six years' service, of which two may have been as Boy Clerk, of promotion without examination to the Second Division.

6. *Customs: Clerks for Port Service.*—Age, 17–20. Fee, £3. The examination has already been described in the reference to Second Division Clerkships. The prospects are rather better than in the Second Division, and the work less monotonous. The salary begins at £70, and may possibly rise to £500.

7. *Customs: Assistants of Customs.*—Age, 18–21. Fee, £1. Subjects: (1) Writing; (2) Arithmetic; (3) English Composition and Spelling; (4) General Geography; (5) Digesting Returns into Summaries; (6) Copying MS.

Candidates must have normal sight, be at least 5 feet 4 inches in height, and their chest measurement must not fall short of the normal standard corresponding to their height—not short of 34 inches. Salaries begin at £70 and rise by £5 a year to £105. Assistants are promoted by seniority into the Second Class of Examining Officers, and their salary, starting at £100, may rise to £250 without further promotion. If promoted into the First Class, their pay may rise to £340, but such promotion is subject to ability to pass a test examination of a technical nature. Senior Examining Officers may become Surveyors and Inspectors, with maximum salaries of £550 and £650 respectively. The hours of employment may be somewhat irregular, but seldom exceed eight hours per day.

8. *Inland Revenue: Assistants of Excise.*—Age, 19–22. Fee, £1. Subjects: (1) Writing; (2) English Composition and Spelling; (3) Arithmetic; (4) Higher Arithmetic; (5) General Geography.

Examinations are usually held in May and November, and the comparative simplicity of the syllabus brings numerous competitors into the field. Salary begins at £50, and rises by £5 a year to £80, when an assistant becomes a Second Class Officer with a salary of £115, rising by £7, 10s. a year to £160. If he is then qualified for promotion he may become a First Class Officer, with a salary of £180, rising to £250. If, however, there are no vacancies in the First Class, his salary will increase, after fifteen years' approved service, to £167, 10s., and rise by £7, 10s. a year until a vacancy occurs.

First Class Officers of two years' seniority may pass an examination and become Supervisors (£250 to £400), and First Class Supervisors may qualify themselves by examination for the rank of Inspector (£450 to £700). There are a few higher posts still. Second Class Inspectors may become Collectors, and as such will have salaries ranging from £500 to £800. Assistants of Excise and Customs may, after six months' service, take the examination for entrance to the Government Laboratory and undergo a training as Government Analysts, with salaries ranging from £160 to £1500 a year. After one year's service, Assistants of Excise may get appointments on the Excise Clerical Staff, in which the salaries range from £100 to £400.

9. *Patent Office: Assistant Examinerships.*—Age, 20–25. Fee, £5. Subjects: (1) English Composition, Spelling, and Writing; (2) Plane and Solid Geometry; (3) Mechanics and Mechanism; (4) Chemistry; (5) Electricity and Magnetism; (6) General Physics; (7) French or German.

The examination is only suitable for those who have undergone a sound scientific training. Prospects are good, salary ranging from £150 to £450. The difficulty is that the examination limits the number of competitors, but none can pass who does not reach the qualifying standard of marks.

10. *Other Competitive Home Appointments.*—We have now given particulars of the chief posts open to competition in the Home Service, and shall only briefly glance at others.

Those who have gained a certain amount of legal knowledge by three years' service in a solicitor's office may compete for vacant posts in the Office of Woods as Second Class Clerks, and as such will receive salaries of from £100 to £400, with opportunities of securing still higher appointments. Other good posts suitable for those who have had a legal training may be won in the Irish Land Commission and in the Dublin Metropolitan Police Courts. In both the salary begins at £80, and may rise to £450 in the first and £500 in the second.

Competitions open to Unmarried Women or Widows.—1. *Women Clerks.*—Age, 18–20. Fee, 10s. Subjects: (1) English Composition, Spelling, and Writing; (2) Arithmetic; (3) Geography; (4) Latin; (5) French; (6) German; (7) English History; (8) Algebra; (9) Shorthand. Only two languages may be taken, and only two of the subjects (7) to (9). Candidates must be at least 5 feet in height without boots.

For well-educated girls the examination is not really difficult, but the competition at some examinations is very keen. A successful competitor begins as a Second Class Clerk at a salary beginning at £65, with an annual increase of £5 to £110. If promoted to the rank of First Class Clerk, her salary will rise by £5 per annum from £115 to £140. After this the various grades of promotion are—Principal Clerk, £150 to £200; Assistant Superintendent, £210 to £260; Deputy Superintendent, £270 to £330; Superintendent, £330 to £500. The branch to which the above grades and salaries all apply is the Savings Bank.

Women Clerks are employed almost entirely in the central offices of the three capitals, and are quite separate from the male staff. They are employed for seven hours a day and have no counter work. Annual leave is a month plus bank holidays. They must resign their positions on marriage, but receive a wedding gratuity at the rate of one month's pay for each year of service up to a maximum of twelve months' pay, provided they have served six years. The rules as to pensions are the same as for men.

2. *Girl Clerks.*—Age, 16–18. Fee, 10s. The subjects of examination and general regulation are the same as for Women Clerks. Salary, £42, rising to £45 in the second year of service, after which they are eligible for promotion to the ranks of Women Clerks. If they fail to get promotion they become Female Sorters, probably in the Savings Bank and Money Order Branches, starting with the salary they are receiving as Girl Clerks.

3. *Female Sorters.*—Age, 15–18. Fee, 3s. Subjects: (1) Reading and Copying MS.; (2) Writing; (3) Spelling; (4) Simple Arithmetic; (5) Geography of United Kingdom. Candidates must be at least 5 feet in height. Salary, 14s. to £1, 10s. per week.

Female Sorters are employed for eight hours a day, mostly in the Savings Bank and Money and Postal Order Branches, but may be called upon to work in any department in London that may be assigned to them. They are not required to work on Sundays. The rule as to marriage is the same as for Women and Girl Clerks. They are not employed as letter sorters.

4. *Female Learners*.—Age, 15–18. Fee, 4s. Subjects: (1) English Composition, Writing, and Spelling; (2) Arithmetic; (3) General Geography.

Successful candidates for about a year spend half their time learning telegraphy and counter duties. When certified as efficient they must wait for vacancies. Learners receive 7s. a week and work eight hours a day, and begin at 14s. a week when appointed to the established class. The salary does not exceed 15s. a week till the age of nineteen, after which it may rise gradually to £1, 16s. per week.

CLASSIFICATION OF ACCOUNTS (the collocation of various classes of accounts in financial records and statements).—Since the aim of all accounts should be to exhibit the effect of the transactions which they mirror in as clear a manner as is possible, so that even those unskilled in the science of accounting may comprehend them, it follows that one of the most advantageous aids to this end lies in the proper classification of the entries themselves. If entries are made in the summary of accounts, or in statements of the nature of balance sheets or revenue accounts, just as they come to hand, haphazard maybe, they will tend to confusion, for the members of each tribe or family are not marshalled under their common heading, and they must be looked for individually.

Legislation has, in theory at least, followed these dictates of common sense, and the form of accounts prescribed for such undertakings as railways, gas-works, water-works, and electric lighting concerns is entirely on the classified method. For instance, in an electric lighting undertaking the revenue account is divided as follows:—

- | | |
|---------------------------------|-----------------------------------|
| 1. Generation of Electricity. | 6. Management Expenses. |
| 2. Distribution of Electricity. | 7. Law and Parliamentary charges. |
| 3. Public Lamps. | 8. Depreciation. |
| 4. Royalties. | 9. Special Charges. |
| 5. Rent, Rates, and Taxes. | |

The balance, after crediting sale of current per meter, under contract, and for public lighting, and other incomings such as rental of meters, sale of lamps, royalties, and transfer fees, &c., is carried down to a net revenue account, against which are charged interest on debentures and mortgages and dividend on preference shares, &c.

A classified trial balance is quite common in these days, and may be so arranged as to cover total debits and credits during period, net balances at close of period, and distinguishing between revenue items and those appertaining to the balance sheet, while the classification of trading accounts, profit and loss accounts, and balance sheets can be carried to quite technical heights. A balance sheet itself is a classification of balances,

VI. Salaries, Wages, etc. :-
 Medical : " " "
 Dispensing " " "
 Nursing " " "
 Other Salaries and Wages "
 Pensions (Nursing Staff and
 Premiums) " "
 Pensions (all other allowances)

VII. Miscellaneous Expenses :-
 Printing and Stationery .
 Postages and Advertisements .
 Sundries " " "

B. Administration.
 I. Management :-
 Official Salaries " "
 Commission " "
 Pensions " "
 Official Printing and Stationery
 " Postages and Tel-
 grams
 " Advertisements " "
 Law Charges " "
 Interest on Loans " "
 Auditor's Fee " "
 Sundries " " "

II. Finance :-
 Appeals " " "
 Festival " " "
 Total Ordinary Expenditure .

C. Extraordinary Expenditure.
 I. Repairs " " "
 II. Building Improvements .
 Total Extraordinary Expenditure

B. Extraordinary.
 Legacies :-
 The Executors of -.

Balance, being excess of Expenditure
 over Income

Balance, being excess of Income over
 Expenditure

and may come to be recognised as such when the hoary-headed controversy as to sides has disappeared.

Our American cousins are fond of classifying a balance sheet as follows:—

Assets . . .	Active,	Fixed,	Passive
Liabilities . .	Floating,	Funded,	Capital

though this terminology has not found much favour in this country.

If one attempted to give all the various forms of classified accounts which are in use to-day many volumes would be required, and the interested reader must be left to the technical literature on the subject for minute details. It may, however, be remarked that in connection with the accounts of such concerns as Hotels, Clubs, Restaurants, Hospitals, Building Societies, Tramways, &c., the value of a comprehensive and intelligible classification cannot be overestimated. See ACCOUNTING AND ACCOUNTING SYSTEMS; HOTEL ACCOUNTS; RETAIL SHOP ACCOUNTS.

The accompanying example of the Income and Expenditure Account of a hospital may serve to illustrate the outlines of such a scheme.

CLERKS: Their Selection and Training.—Business is not a mere game of chance. It is a game of brains, in which each move is carefully analysed and studied with a view to its bearing on some future move. No plan of action, however limited, should be accepted unless it has been weighed in the scale of past experience, and reduced to facts in the shape of reports and estimates. System has put business on this scientific basis, and still more the men behind the system—the clerks who devote their entire time to recording, computing, and analysing. The success of every enterprise depends upon their work, and unless it is well and properly done the efficiency of the travelling staff, the factory, and the executives will be in vain. The average employer should be as particular about the quality of the brains he takes into his employ as the quality of material he takes into his warehouse, and will then not need to be constantly engaging and discharging men. The time lost in engaging and training new men, not to mention the general inconvenience, adds up in a year's time to a fairly respectable amount, which may be charged up to an account called failure in buying brains.

It is not necessary in clerical work to insist too much on special experience. This is something which can be acquired, and the choice between a green but good man who is ambitious and able to adapt himself to special work, and the specialist who knows it all, should be in favour of the former. Behind the non-expert often looms the larger man. Train the ambitious man to master a speciality, and give him a fair chance to win, and his loyalty is insured, but be sure he is ambitious. An indifferent or doubtful clerk is a losing proposition from the start. The actual loss in £ s. d. is often forgotten or lost to sight. To put a man in even an unimportant clerkship and then to find out he is not capable is costly. The salary paid in such cases is a dead loss, and there is, besides, the detrimental effect upon the permanent office staff.

In selecting clerks it is well to avoid the man who has made frequent changes of employers. Of course times do come when changes are necessary,

but any man whose record seems to show that he is of the rolling-stone type should be avoided, or made to prove definitely that his changes were not of a kind to weigh against him before he is engaged.

Do not expect too much in clerical work for too little money. Do not hold a clerk who is working for a petty salary responsible for matters that should come before a competent executive. An inexperienced man is not able to handle the work of an experienced salesman, and you cannot engage an expert accountant for £2 a week. Good employees cannot be secured at too low a price. The firm that engages the cheap man cannot expect first-class work. You cannot construct an efficient engine out of rusty wheels and scrap iron, and a profitable business can never be built up by underpaid employees.

One of the employer's biggest problems is to infuse his clerks with as much interest and enthusiasm for the business as he himself has. To encourage men to do not only what is expected of them, but gladly and voluntarily to perform extra service beyond the duties imposed upon them, is worth more to a business enterprise than anything else in the world. It is not getting the men so much that counts, as getting them and keeping them interested in their firm's welfare.

To do this, it is essential that the employer become acquainted personally with the men in his service. It should be his policy, when a good man comes into the house, to have him taken care of and not permitted to leave through lack of appreciation of his ability and value. There is always room for him; for the good man is so scarce that no employer can afford to keep one of the latter class when he can retain one of the former by discharging the poorer man.

Failure to know the actual worth of employees means the loss of money. To know your business, know yourself, and those under you: this is the key to your very best interests. No one has ever computed in £ s. d. the actual loss to a business caused by friction between employer and employee, but in many cases it is enormous. The efficiency of a machine is not the energy put into it, but the amount of actual work turned out. The energy minus the work is a quantity of lost power and is usually ascribed to friction. Increase the friction, and you decrease the efficiency of the machinery. Eliminate this loss as far as possible, and you produce the maximum quantity of work.

A little appreciation is worth many complaints. Remember that if you have exercised proper care in engaging the men in your employ, they are as conscientious about their work as you are about the business in general. They have their set-backs, and one encouraging word from headquarters is often better than a hundred rebukes. Make every clerk in your concern feel that the governor is backing him. Remember that every word of encouragement probably has its cash value. The employer of men can always infuse into his employees the feeling that they are part of the business. The smaller the position the greater the chance that the man will fall into a rut and become an automaton. Make even the office boy feel that he is a human being, and the boy is bound to take an increasing interest in the duties of his department. The very notion that the province of the

office boy be styled a "department" may be scoffed at, but it is just this lack of importance that is attached to seemingly small things which is the remote cause of many failures. It is entirely in the hands of the works manager, the managing director, or the board of directors, whether this human side of business does not take precedence over the mercenary desire for a material wage.

Much clerical work is of necessity more or less disagreeable. When payday comes, clerks are naturally joyous, and frequently, not because a good and satisfactory week's work has been done, but because their salaries are ready on the cashier's desk. Clerks, from the office boy up, may be so trained in enthusiasm, so made to feel that the interests of the business are their interests, that they will put not only their time into the work, but also their hearts.

COMBINATION: The Influence of Publicity on.—Rightly or wrongly, the tendency of business in the twentieth century is towards combination—huge industrial growths only possible by the combination of many capitalists, small or large. In this country one notices the fact in the increasing importance of the large store and the frequency with which it occurs. Such stores as William Whiteley's, Harrods', Lipton's, are of comparatively recent growth, while their success has set the example and called into being many projects based on the idea of combination. In the provincial towns the big general store is also creeping into popularity, and each year the smaller trader finds the task of competing more and more difficult.

One finds combination in the making of steel, in shipbuilding, in soap making, in furniture selling, in cotton manufacturing—in almost every field of production and distribution. At the bottom of the matter is the growing realisation that a huge turnover on a small profit is far more profitable than a small turnover on a large profit. In most cases of combination the consumer gets an advantage in price, service, and extent of choice, while very often the enterprise based on combination discovers means for getting into much closer contact with the buyer.

The growth of combination is largely due to its economical advantages—the elimination of cost in producing or the quickening of distribution to such a degree that the capital employed is turned over much oftener and at a smaller profit. One great reason for the success of the combination is undoubtedly the changing conditions of life. The days of isolation are over, and now the country is a land of towns closely linked up by railways and postal services which make shopping in London or Glasgow almost as easy and as prompt as buying in the local towns midway between the two cities.

One greater reason for success is the advantage the modern trader possesses in matters of advertising. Publicity alone is almost enough to make the big combination of financial forces possible for distributing purposes. Advertising is no new factor in commerce—there were traces of its use in ancient Rome, but advertising as it is possible to-day is probably a new force. The difference between advertising now and advertising twenty years ago is more marked than many business students realise. Twenty years ago a trader bent on finding a demand for a sound branded article could advertise

extensively without straining the average resources of an ordinary house of the more enterprising order. He could cover all the essential sources of publicity by newspaper and posting station with a modest outlay which many individual capitalists could stand. To-day the advertising account of such a successful merchant establishing a proprietary article is almost as a drop of water falling into the ocean, when compared with the mechanical precision and prodigal expenditure of the modern combination. The vehicles for publicity have widened, and the cost of it has increased to an amazing extent—this being particularly noticeable in the increasing cost of covering useful newspaper publications alone. Where it only cost £1000 to produce a given effect twenty years ago, it probably costs about ten times that amount to-day. As a sample illustration, the pioneer stores considered half a double column of newspaper space was bold publicity; nowadays the same type of house takes the full page, and even then is compelled to go into perhaps ten publications where, in other times, three or five would have been considered sufficient.

The ultimate result of this is that only a combination of financiers can advertise a given article or establishment into a success. In most activities advertising is the breath of life to trading on a large scale, and the time has arrived when it is increasingly difficult for a man with a new project to go into the market and advertise it to success with the resources of one ordinary prosperous trader. The real advantage of the big combination is that it can out-advertise any of its private competitors, drowning his efforts by sheer weight of money. While the rise of a great financial combination is largely a matter of economics, probably enough importance has not been given to the exceptional power it wields for success, in having the strength to embark on schemes of publicity prohibitive to the man who possesses the financial resources of the individual trader.

The position of the smaller trader becomes more difficult as the effect of combination is felt. In every trade it is possible that the small man may be just as capable as the director of a huge enterprise, whose reputation for exceptional ability is largely and often merely the creation of judicious enterprise. The point to be remembered is that the individual prosperous trader is often not so keen a business man as the vigilant departmental heads working under the critical direction of the director of a huge combination. Certainly, private enterprises with prestige and financial resources which made them strong enough to fight the new combined effort, were too slow in realising the situation, and when they gave battle the advantage was to the newcomer who had been allowed time to secure goodwill for his new policy. If the private trader is to be successful in fighting monopoly—which is only another term for combination—he will have to be increasingly keen in developing his business capabilities and applying them. That he has one advantage there is no doubt. Combination tends more and more, as the concern establishes itself, to uniformity in production and less and less to individuality. The solid advantage of the private trader is a closer view of the needs of the customer. As an illustration, compare a branch restaurant of a huge trust with its standardisation of the daily menu to the service of a well-appointed private restaurant under the personal direction of a shrewd proprietor. Increasing capacity for business is the essential

need of the individual trader who is to save himself—capacity to understand the shifting taste of demand. Prompt diagnosis of this and equal prompt changes of policy to meet the altered conditions, give to the individual trader with a closer point of view a real advantage which cannot be imitated by the mechanical precision of the huge combine. Too long has the British trader been too conservative in his methods and slow to alter them. But the secret of his strength, if he cultivates a high standard of business efficiency, is his power to remodel his selling policy to changing demand quicker and more effectively than the ponderous machinery of the combination enterprise can alter its set course, however successful.

SIR THOMAS DEWAR.

Managing Director, John Dewar & Sons.

COMMERCIAL ATTACHÉS. *See* CONSULAR REPORTS.

COMMERCIAL LEGISLATION (RECENT).—In this term may conveniently be comprehended the commercial legislation of the five years 1905 to 1909, and a survey thereof should not only be interesting but useful. The use of such a survey arises from the fact that by a glance through this article one may discover whether or no there has been legislation of a particular character during the period chosen, and, if so, what its nature may be. This article does not assume to be more than a general survey, the legislation referred to being for the most part dealt with in greater detail under appropriate headings elsewhere in the Encyclopædia. In introducing this article, it will be well to seize the opportunity to note one or two facts. The first is that commerce does not take the important place in the legislation of this country which it undoubtedly deserves. It is of course not only right but inevitable that matters of constitutional and imperial concern should not be overlooked by Parliament, but it is at the same time not only wrong, but prejudicial to the interests of commerce and the larger well-being of our country, that the consideration of such matters should, apparently, crowd out commercial affairs from their proper place and relation. Let us take the year 1905 as an instance. In that year there were passed only thirteen statutes of any importance relating to commercial affairs, and of these one, the London Building Acts Amendment Act, was obscured by being passed as a local act. Relatively to the rest of the legislation of that year not a quarter of the time of Parliament was taken up with the commerce of the country. And this was so, and still continues to be so, notwithstanding the fact that the United Kingdom is the greatest commercial country in the world, and that our laws, so far as they relate to commerce, are sadly inadequate and out-of-date.

During the period under consideration, however, the legislature has done something of considerable value in the way of consolidation. By consolidation is understood the collection into one statute or code of the whole of the law on one particular subject, and the repeal of the older statutes, so that any one may with a minimum of difficulty refer to a particular statute and there inform himself of the whole of the law on the subject dealt with. The principal subjects thus dealt with have been: in 1905—Trades Marks; in 1906—Alkali Works, Marine Insurance, and

Workmen's Compensation ; in 1907—Patents and Designs ; in 1908—Agricultural Holdings, Post-Office, Children, and Companies ; in 1909—Insurance Companies. These statutes can always be obtained, at the cost of a few pence generally, through any bookseller from the King's Printer.

Though the foregoing must be placed to the credit of the legislature, yet much remains which should be speedily dealt with, and which must be dealt with very thoroughly, before the business men of the country can be satisfied. And here we are addressing ourselves not to the question of the amendment and reform of the law itself but to the question of legislative method. It is this which more than anything else is responsible for the great difficulty which now exists before any one, and particularly the ordinary layman and business man, can discover what the law on a given subject may be. We will disregard judicial interpretation, or case-law, as a matter beyond the control of the legislature. We refer to such matters as legislation by reference, by local and private statutes, by statutory rules and orders, and by local bye-laws. Such legislation makes it impossible to refer to any statute with any confidence that therein will be found the actual law—even though it be a consolidating statute.

Perhaps these legislative methods are inevitable. Though they may be so, however, a great end will be attained by this article if the reader is sufficiently impressed with the fact that in general a statute contains little more than a mere indication or outline of the legislation embodied in it. He must search elsewhere if he should desire to know what in actual substance and detail that legislation really is.

Legislation by reference is unanimously stigmatised as pernicious by both legislators and lawyers. It is a method of governmental laziness and parsimony. It occurs where in a statute another is referred to as being affected or amended in some particular or other by the former. The result is that the reader of the later statute must, in order to understand its scope, also refer to the earlier. In the Finance Bill of 1909 reference was made to so many statutes that a Return was published in order to explain to legislators and the public what in fact the operation of the Bill was intended to be. That Return consisted of about thirty pages.

Local and private legislation are other legislative methods which, because of their tendency to complicate, localise, and obscure legislation, deserve the attention of business men. It is a matter which affects them very nearly. Take, for example, the building trade. There are first the public general acts relative to building which operate generally throughout the country, and these constitute the general law. Of as great, if not more practical importance, however, are the local statutes which operate either in substitution for or in amendment or extension of the general law, with the result that building law may vary materially in every locality. Thus, the building law of the County of London, which is contained in a series of local statutes, is in substitution for the general law, varies very considerably from the law in other parts of the country, and does not even always apply to the City of London which is itself within the county. So, great provincial centres may have, in local statutes, building laws largely peculiar to themselves. The dairy trade is another

example. This is governed not only by the general law, but in different localities by various local statutes, as, for example, in the County of London by the many London County Council (General Powers) Acts and the Metropolitan Public Health Acts.

Statutory Rules and Orders are a form of departmental legislation. So fruitful is this form that the annual volumes contain generally more matter than those of parliamentary legislation itself. A statutory Rule or Order is in general made and issued under powers conferred upon a Government department by a statute which, instead of itself working out in detail its provisions, authorises a Government department to deal with the detail in the form of Rules or Orders. Take the Workmen's Compensation Act, 1906, a statute which was intended to be so simple in its construction and working that during the process of its birth serious efforts were made to prevent lawyers having anything to do with it, and which, as passed, went so far as to substitute proceedings by arbitration in the place of proceedings by action. As it now exists, together with the Rules and Orders made thereunder, it is so complicated that even only lawyers who are specialists can understand it. In its very first two years of existence the Committee of County Court Judges issued a vast body of eighty-five complicated rules of procedure with sixty-seven forms to be followed by two more sets of rules; then the Treasury issued an Order; then the Home Secretary issued, at different intervals, two more Orders; the Home Secretary and Treasury in combination issued another Order; then the Home Secretary issued two more; and, finally, the Chief Registrar of Friendly Societies contributed his mite. Now, the Act and all the Rules and Orders issued thereunder would fill a large volume infinitely complicated in its matter and arrangement. The authorities who issue these Rules and Orders are many and diverse—His Majesty the King in Council, the Treasury, the Home Office, the Local Government Board, the Boards of Trade and Agriculture, the Lord Chancellor, and the Lord Lieutenant of Ireland may be mentioned as a few. They touch, too, every department of commercial activity. Take the year 1905. Foreign trade was affected by an Order of the Board of Customs and the Foreign Office dealing with the importation of sugar from the Dominican Republic, and by Orders in Council relating to coinage in Labuan and Patents in Ceylon; production was regulated by an Order of the Fisheries Board for Scotland in regard to branding, packing, and curing white herrings (an Order which was superseded a year or two afterwards), and trawling, British sea-fishing boats, spinning by self-acting mules, sorting and combing camel and goat hair were dealt with by other authorities; in regard to distribution, the Lord Chancellor of Ireland issued Rules regulating the trade of a general dealer, the Board of Trade issued Orders relating to privileged sidings, tramways and light railways, weights and measures, and the Home Office dealt with markets and fairs; particular commodities were affected too, as, for example, explosives, picric acid and wild birds by the Home Office, water charges by the Local Government Board, and game by the Lord Lieutenant of Ireland; and employees and their interests were safeguarded by Rules and Orders of the Home Office and Local Government Board. It is therefore apparent that any survey of legislation must include a regard to the effect of these Rules and Orders.

Local bye-laws, too, have a practical interest for the business man. Many statutes confer power upon local authorities to make bye-laws instead of leaving the subjects of their legislation in the hands of Government departments. So, in many trades, regard must be had to the bye-laws of the local authority.

We will now proceed with our survey, noticing the legislation under the heading of its subject-matter, and including reference to the most important of the statutory Rules and Orders.

Accidents.—The law relating to returns and notifications of accidents in mines, quarries, factories, and workshops, and under the Notice of Accidents Act, 1894, has been amended by the Notice of Accidents Act, 1906. In the case of accidents in mines and quarries the law is now as follows:—A notice of the accident must be given by the owner, agent, or manager to the district inspector—(a) where, in or about a mine or quarry to which the Act applies, an accident occurs which either—(i.) causes loss of life to any person employed in or about the mine or quarry; or (ii.) causes any fracture of the head or of any limb, or any dislocation of a limb, or any other personal injury to any person employed in or about the mine or quarry; or (iii.) is caused by any explosion of gas or coal dust, or any explosive, or by electricity, or by overwinding, or by any other such special cause as the Home Secretary specifies, and causes any personal injury whatever to any person employed in or about the mine or quarry. Where an accident occurs in a factory or workshop, written notice according to the prescribed form must be sent to the district factory inspector, and also in the case of the accidents mentioned under (a) and (b), and (if the order of the Home Secretary so requires) of accidents mentioned under (c), to the district certifying surgeon, when the accident is either—(a) an accident causing loss of life to a person employed in the factory or workshop; or (b) an accident due to any machinery moved by mechanical power, or to molten metal, hot liquid, explosion, escape of gas or steam, or to electricity, and so disabling any person employed in the factory or workshop as to cause him to be absent throughout at least one whole day from his ordinary work; or (c) an accident due to any other special cause which the Home Secretary may specify by order, and causing such disablement as aforesaid; or (d) an accident disabling for more than seven days a person employed in the factory or workshop from working at his ordinary work. The year 1908 witnessed an important amendment of the law with respect to the assessment of damages in the case of fatal accidents. By the Fatal Accidents (Damages) Act of that year it is now provided that a payment under an insurance shall no longer be taken into account in assessing damages.

Advertisements.—The Advertisements Regulation Act, 1907, authorised local authorities to make bye-laws respecting the exhibition of advertisements, with a view to the regulation and control of hoardings, and preventing the exhibition of advertisements under circumstances that would affect injuriously the amenities and beauty of public parks, promenades, and landscapes.

Agents now, at last, commit a statutory criminal offence in taking bribes or **CORRUPT COMMISSIONS** (Prevention of Corruption Act, 1906).

Agricultural Holdings.—In this case the law was amended by an Act

of 1906, by granting an outgoing tenant a right to recover from his landlord as compensation for his improvements such sum as fairly represents the value thereof to an incoming tenant, and making any dispute, notwithstanding any agreement to the contrary, determinable by a single arbitrator. The Act also provided for compensation to the tenant for damage done by game; conferred upon the tenant, subject to certain specified limitations, a right to practice any system of cropping of the arable land on his holding and to dispose of the produce of his holding without incurring any penalty, forfeiture, or liability; allowed compensation to be recovered for unreasonable disturbance; and rendered unnecessary any consent of the landlord for certain improvements. This Act, together with the previous statutes relative to the same subject, were, except so far as regards Scotland, repealed, but re-enacted in substantially the same terms, by a consolidating Agricultural Holdings Act, 1908. This Act constitutes a code of the law on the subject. It deals with compensation for improvements on holdings, compensation for damage by game and for disturbance, compensation in case of tenancy under mortgagor, procedure in arbitrations, charges on holdings for compensation, distress, fixtures and buildings, and certain miscellaneous rights of landlord and tenant. For Scotland the law has been consolidated in the Agricultural Holdings (Scotland) Act, 1908.

Alkali Works.—These, and sulphuric acid, muriatic acid, and certain other specified works, are now regulated by the Alkali Works Regulation Act, 1906, which repealed the previous Acts of 1881 and 1892 and consolidated and amended the law. The substance of the law as it now stands will be found in the article on ALKALI WORKS.

Allotments and Small Holdings.—The law on this subject was amended by the Small Holdings and Allotments Act, 1907. Small Holdings Commissioners were appointed who hold inquiries where necessary and report to the Board of Agriculture. Schemes for the provision of small holdings are now submitted to the local authorities, whose duty it is to carry them into effect. The more important of the provisions relating to ALLOTMENTS are referred to in the article under that heading. The above Act was, in the following year, repealed, together with the other statutes on the same subject, by the Small Holdings and Allotments Act, 1908, which, however, re-enacted and consolidated in the one Act the whole of the law.

Animals, in an injured condition, may be slaughtered by or by the order of the police (Injured Animals Act, 1907). Entire animals may be turned out upon commons only in conformity with the provisions of the Commons Act, 1908.

Arbitration.—A uniform duty of 10s. is now payable on an award (Finance Act, 1906).

Army.—A new schedule of prices to be paid to the keeper of a victualing house for the accommodation provided by him to soldiers billeted on his premises was introduced by the Army Act, 1905 (*see* BILLETING).

Betting in streets is suppressed by the Street Betting Act, 1906. A person who frequents or loiters in streets or public places, on behalf either of himself or of any other person, for the purpose of bookmaking, or betting, or wagering, or agreeing to bet or wager, or paying or receiving

or settling bets, is guilty of an offence punishable, on summary conviction, by fine or imprisonment, or, in some cases, by both. He also forfeits all books, cards, papers, and other articles relating to betting which may be found in his possession. The Act does not apply to a racecourse. *See* BETTING.

Blind.—Special rates for the transmission of postal packets consisting of books and papers impressed for the use of the blind are authorised by the Post Office (Literature for the Blind) Act, 1906.

Builders and those interested in the development of building estates are affected by the Housing Town Planning, &c., Act, 1909, which is the subject of an article under the heading TOWN PLANNING; so are the landlords and tenants of houses let to persons of the working classes, in which cases a condition is implied that the premises are fit for human habitation; and so also are the owners of dangerous and insanitary houses, which may now be closed and demolished by the local authority.

Butter.—Further provision was made with respect to the manufacture, importation, and sale of butter, margarine, and similar substances by the BUTTER (*q.v.*) and MARGARINE (*q.v.*) Act, 1907, including the regulation of the sale of milk-blended butter. A statutory order was then issued for England and Wales by the Local Government Board. This order specifies the information to be furnished by an applicant for a certificate of registration under the Act of his premises as a place for the manufacture of and wholesale dealing in milk-blended butter, and sets out the forms. A similar order was issued for Ireland, and in 1908 an order was issued for Scotland.

Cabs and Stage Carriages.—A Home Office Order was issued in 1907 with regard to these vehicles in London. The order deals with licensing both of the vehicles and the drivers and conductors, the character and condition of the vehicles, the behaviour of drivers, conductors, and passengers, left goods, fares, hiring, and so forth.

Cheques (Crossed).—A banker who in good faith and without negligence receives payment for a customer of a cheque crossed generally or specially to himself, does not incur any liability to the true owner of the cheque, by reason only of having received such payment, in case the customer has no title or a defective title to the cheque. Such is sect. 82 of the Bills of Exchange Act, 1882. By the Bills of Exchange (Crossed Cheques) Act, 1906, a banker receives payment of a crossed cheque for a customer within the meaning of that section notwithstanding that he credits his customer's account with the amount of the cheque before receiving payment thereof.

Children.—The statute popularly known as the Children's Charter, the Children Act, 1908, has, so far as it affects the business world, been dealt with in this Encyclopædia under the appropriate headings. It is not only a consolidation, but an important amendment, in many particulars, of the law relating to children.

- **Cinematograph Rules** were issued in 1909 under the Cinematograph Act. These regulate the structure of buildings in which cinematograph shows are given, and the conditions under which the apparatus and electric and lime light shall be used.

Cinematograph shows are the subject of restrictive legislation under the Cinematograph Act, 1909, the effect of which is set out in the article under this title.

Coal Mines.—By the Coal Mines (Weighing of Minerals) Act, 1905, power was given to persons employed in a mine, and paid according to the weight of the mineral gotten by them, to appoint a deputy check-weigher, and facilities must now be afforded, not only to the check-weigher, but to his deputy. The law is also amended in regard to the persons who may appoint and pay check-weighers. *See* MINES AND MINERALS.

Common Lodging-houses, outside the County of London, were dealt with by the Public Health Acts Amendment Act, 1907.

Companies.—The law with regard to the prospectus and allotment, payment of commissions, payment of interest out of capital, mortgages and charges, auditors, balance-sheets, reports, general meetings, winding-up, and directors, was amended by the Companies Act, 1907. Companies established outside, but carrying on business within the United Kingdom, were also made the subject of certain legal requirements. In 1908 (by the Companies Act) powers were conferred on companies incorporated in British possessions to hold land in this country. Later on in the same year the whole of the law on this subject, which was then contained in some twenty-eight statutes or parts of statutes, was repealed and re-enacted in the Consolidating Companies (Consolidation) Act, 1908. In this one statute can now be found practically all the law. Statutory Rules were made thereunder in 1909.

Consuls.—Their fees are now fixed by the Consular Fees (General) Order in Council, 1906, the schedule to this order setting out, item by item, the fees to which they are entitled.

Dairies.—An order of the Lord-Lieutenant and Privy Council in Ireland was issued, in regard to this subject and limited to Ireland, in the year 1908. It provides for the registration with local authorities of all persons carrying on the trade of cow-keepers, dairymen, or purveyors of milk; the inspection of cattle in dairies, and prescribing and regulating the lighting, ventilation, cleansing, drainage and water supply of dairies and cowsheds in the occupation of persons following the trade of cow-keepers or dairymen; securing the cleanliness of milk-stores, milk-shops, and of milk-vessels used for containing milk for sale by such persons; prescribing precautions to be taken for protecting milk against infection or contamination; and for authorising the local authorities to make regulations.

Deceased Wife's Sister (*see* AFFINITY).—Marriages between men and their deceased wife's sisters in colonies where such marriages are legal were legalised in this country by the Colonial Marriages (Deceased Wife's Sister) Act, 1906; and, by the Deceased Wife's Sister's Marriage Act, 1907, marriage with a deceased wife's sister was at length made legal as a civil contract in this country.

Designs Rules, 1908.—These were issued by the Board of Trade by authority of the Patent and Designs Act, 1907. They comprise a convenient code of the procedure to be followed in seeking registration of a design, and may be obtained for a few pence from the Patent Office. With these before him, any person who desires to protect a design should have no difficulty in

proceeding. The forms to be filled in are here set out with instruction, a schedule of the fees payable is attached, as also is a schedule classifying goods according to their description. The rules deal with the procedure on application, the death of the applicant, extension of period of copyright, assignment, searches, the registration mark and method of marking, and appeals to the Board of Trade and the Court.

Distress.—The law with regard to distress for rent was amended, in favour of under-tenants, lodgers, and third parties, by the Law of Distress Amendment Act, 1908.

Dogs.—On this subject the law has been consolidated and amended by the DOGS (*q.v.*) Act, 1906. The statute has reference chiefly to the liability of the owner of a dog for injury to cattle, and the seizure of stray dogs. It makes it a punishable offence for a person, knowingly and without reasonable excuse, to permit the carcase of any head of cattle belonging to him to remain unburied in a field or other place to which dogs can gain access.

Excise.—British wines, their manufacture and sale, are the subject of Regulations of the Commissioners of Inland Revenue issued in 1906. In the same year the Commissioners also issued other regulations relating to the manufacture and sale of spirits, and to spirits received for use in the arts and manufactures, and dealings with tinctures.

Explosives.—Fireworks, their manufacture, importation, keeping, conveyance and sale, are the subject of Orders of the Privy Council in 1905 and 1906, and in the same year like orders were made relating to picric acid, picrates, and mixtures of picric acid with other substances, and relating to compressed acetylene in admixture with oil gas. The licensing of stores for gunpowder and mixed explosives is dealt with by Orders of 1908 and 1909.

Factories.—By the Factory and Workshop Act, 1907, the law relating to LAUNDRIES (*q.v.*) was amended, and the Act of 1901 was amended and extended to certain institutions in which laundry work is carried on, with provision for inspection. The issue of Rules and Orders under this Act is so continuous and diverse that it would be impossible to outline their character and contents within the limits of this article, or even of an article confined to their consideration. In all matters relating to factories and workshops any questions relative to structural conditions and the conditions and hours of labour must be referred to some standard and up-to-date work on the subject. Nothing short of such a reference could have any value.

Fertilisers and Feeding Stuffs.—The law with respect to the sale of these articles is now contained in the Fertilisers and Feeding Stuffs Act, 1906, which repeals and re-enacts, with amendments, the Act of 1893. The statute deals with warranties, samples and analyses, and generally aims at the prevention of adulteration and ensuring the sale of pure commodities; its provisions are set out in the article on FERTILISERS. In 1907 a Local Government Board Order was issued under the Act for Ireland, specifying, amongst other things, the manner in and conditions under which samples should be taken, and in 1908 an Order was made for England and Scotland relating to citric acid solvent, and one for England with regard to methods and character of analyses of samples.

Fisheries.—Whale-fishing in Scotland was the subject of legislation in

the Whale Fisheries (Scotland) Act, 1907. The exercise of the whaling industry is prohibited, except by license of the Fishery Board for Scotland, and whaling factories are made subject to inspection. The Act contains various important regulations, and constitutes a breach of any of them a punishable offence. Thus, a whaling steamer must bear a certain mark, and neither a herring-hog whale nor a whale accompanied by a calf may be killed or shot. In the following year the whale-fisheries in Ireland were regulated on the same lines by the Whale Fisheries (Ireland) Act, 1908. *See also* SALMON AND FRESH-WATER FISHERIES.

Friendly Societies were the subject of an amending statute, the Friendly Societies Act, in 1908. A society guaranteeing the performance of their duties by officers and servants of the society or any branch thereof may now be registered as a friendly society; minors under the age of one year may be admitted into membership; and £300 is substituted for £200, and £52 for £50, as the maximum amount a member or person claiming through a member is entitled to receive by way of gross sum and by way of annuity respectively.

Game.—The rights of occupiers of moorlands, &c., to kill ground game are extended by the Ground Game Act, 1880, a statute which also confers upon such occupiers the right to enter into agreements with the owners as to the taking and killing of game.

Herrings (*and see* WEIGHTS AND MEASURES).—In 1908 the Fishery Board for Scotland issued important regulations, in supersession of those previously issued, as to the quality, curing, and packing of cured white herrings intended for the official crown brand. In the first place, these regulations deal with the construction of barrels and half-barrels, specifying in detail the requisite quality, thickness, breadth, &c., of staves and ends and the ways and manner in which the hooping shall be done so that all barrels and half-barrels used in the trade shall be of uniform quality and character and made perfectly tight. The capacity of a barrel is fixed at 26 $\frac{3}{4}$ imperial gallons, and that of a half-barrel at 13 $\frac{1}{4}$ imperial gallons. Barrels and half-barrels, both filled and unfilled with herrings, are required to be tested as to their capacity by certain officials. The regulations then deal with the marks on the barrels and half-barrels. On the outside of the bottom of each, when meant to be filled, must be legibly written or marked with red keel or black lead the following particulars in the following form:—

Description of her- rings to be packed in barrel or half- barrel	L	F	M	S	E
	(La. Full)	(Full)	(Mat. Full)	(Spent)	(Mattie)
Date of cure . . .	Aug. 8	Aug. 8	Aug. 8	Aug. 8	Aug. 8
Packer's number .	1	1	1	1	1

When filled, the curer's name and the name of the port or place of cure must be branded on the side, and, in addition, the name of the district may be added thus: to Sandhaven may be added Fraserburgh, and to

Boddam Peterhead. Above these impressions must be legibly scribed a description of the herrings contained and the date of their cure—the month of the cure being expressed by the first letter, except in the cases of January, April, May, and June, which are to be designated by JA, AP, MA, and JE respectively. The following are examples of scribing:—12th July 1895, La. Full, L 12 J/95; Full, F 12 J/95; Mat. Full, M 12 J/95; Spent, S 12 J/95; Mattie, E 12 J/95. On crown-branded barrels the year need not be branded, as that is given in the scribing, and also in the crown brand, both of which should be placed in close proximity to the curer's name, and the name of the port or place of cure. The quality, method of cure, packing, &c., of the herrings necessary to secure the brand are next the subject of regulation, and later we come to the brand itself and the branding and stencilling. The brand is placed by means of a hot iron on the bilge in close proximity to the curer's name and the name of the port or place of cure. It consists of (a) a crown surrounding the word "Scotland," a description of the herrings, viz., La. Full, Full, Mat. Full, Spent, or Mattie (as the case may be), letters indicating the examining officer's name, and the year; and (b) a stencilled mark, the same as the foregoing, on the head end of the crown, with the words "Fishery Board Crown Brand" stencilled below. The following descriptions of the brands may prove useful. "Crown 'La. Full' Brand"—"full" fish of not less than $11\frac{1}{4}$ inches in extreme length; "Crown 'Full' Brand"—fish not less than $10\frac{1}{4}$ inches; "Crown 'Mat. Full' Brand"—fish not less than $9\frac{1}{2}$ inches; "Crown 'Spent' Brand"—"spent" or broken fish of not less than $10\frac{1}{4}$ inches; "Crown 'Mattie' Brand"—fish of not less than 9 inches, ineligible for any of the foregoing brands, but not headless; "Winter Brand"—winter caught herrings (between 1st Nov. and 1st April), which have the word "winter" branded right across the St. Andrew's cross on the shoulders of the crown; "Re-pack' Brand"; "Lozenge' Brand"—a lozenge brand affixed to cover the St. Andrew's cross in order to show that the fish has been re-packed from previously branded barrels. There are specific conditions laid down in regard to the general quality of the fish in a barrel which must be complied with in order that the barrel may be branded, not more than a certain number, according to the quality of the brand, of spent, torn, or broken fish being allowed to be included in the barrels or half-barrels.

Hire Purchase Agreements must now, in all cases, be stamped as an agreement, or, if under seal (or in Scotland with a clause of registration), as a deed (Finance Act, 1907).

Importation and Exportation.—Stamp duty is no longer chargeable on Delivery Orders, or on Bonds given in respect of the removal, transshipment, exportation, carriage coastwise, or shipment as stores of any goods (Finance Act, 1905).

Insects and Pests (Destructive).—The insects are: Vine louse, San José scale, Mediterranean fruit fly, Colorado beetle, and large larch saw fly. The pests are: Black knot, white root rot, black scab or warty disease of potatoes, and American gooseberry mildew. It is a punishable offence (under an Order of the Board of Agriculture of 1908) to fail to notify the discovery of such an insect or pest, or keep or sell a specimen without per-

mission of the Board. Orders of this nature have also been made in respect to Ireland.

Insurance Companies.—The Assurance Companies Act, 1909, has repealed the old statutes relating to the constitution of insurance companies and consolidated them with amendments which go chiefly to placing companies carrying on business other than life assurance in a similar position as regards deposits, returns, and so forth, as that in which the law had hitherto placed the life assurance companies.

Lights.—The carrying of lights by VEHICLES (*q.v.*) at night has been made compulsory by the Lights on Vehicles Act, 1907. Borough and County Councils have power to make orders of exemption in certain cases, and some specified sorts of vehicles are expressly excepted from the operation of the Act.

Margarine.—See BUTTER.

Marine Insurance.—The law on this subject has been codified by the Marine Insurance Act, 1906. It will be found, as nearly as possible, in or following the words of the statute in the article on MARINE INSURANCE. Since then the law has been slightly, but in a very important particular, amended, it now, by reason of the Marine Insurance (Gambling Policies) Act, 1909, being illegal to effect a contract of marine insurance unless the insured has a *bond fide* insurable interest in the subject matter of the policy.

Marine Store Dealers, outside the County of London, are now subject to the regulations contained in the Public Health Acts Amendment Act, 1907. In Ireland, they must obtain a license under the provisions of a statutory order of the year 1905.

Market Gardens are the subject of special provisions contained in the Agricultural Holdings Act, 1908, which repealed and re-enacted the Market Gardeners Compensation Act, 1895.

Marriage.—In 1909 Rules and Regulations were issued by the Registrar-General for the guidance of authorised persons and of the trustees or other governing bodies of registered buildings in which marriages may be solemnised without the presence of a registrar. These deal with the construction and character of the registered buildings, the authorised person, documentary authorities for a marriage, the solemnisation of a marriage, registration, certificates and licenses, returns, offences and penalties, and searches and certificates. In short, they constitute a comprehensive summary of and guide to the law and practice of marriage in these buildings.

Married Women.—A married woman trustee is now able, under the Married Women's Property Act, 1907, to dispose of the trust property as freely as though she were unmarried. The same Act has also amended the law with regard to settlements of a married woman's separate property. Another anomaly was dealt with by the Married Women's Property Act, 1908, which renders married women having separate property liable for the maintenance of their parents.

Matches.—The manufacture, sale, and importation of matches made with white phosphorus have been prohibited by the White Phosphorus Matches Prohibition Act, 1908.

Meals for Children may now be provided by the local education

authorities out of funds raised by rates. The Act which confers this power—the Education (Provision of Meals) Act, 1906—expressly exempts parents from disfranchisement as a consequence of this feeding of their children at the public expense, and also enables an authority to recover the cost of a child's meals from its parent, unless he is unable by reason of circumstances other than his own default to pay the amount.

Meat.—Foreign meat is the subject of the Public Health (Foreign Meat) Regulations, 1908. The object of these regulations is to prevent danger arising to public health from the importation, preparation, storage, and sale of such meat. They provide for its examination, the taking of sample, and, in fitting cases, its condemnation and destruction.

Mines.—The Coal Mines Regulation Act, 1908, has amended the law so as to limit the hours of work below ground. The hours permissible are stated with great particularity, and the Act contains provisions and penalties for securing compliance therewith. In 1905, 1906, 1908, 1909, orders of the Home Secretary were issued scheduling a list of explosives permitted to be used in coal mines with the conditions of and restrictions on their use.

Motor Cars.—In 1905 the Local Government Board issued orders regulating the keeping and use of petroleum for the purposes of light locomotives; and prescribing regulations as to the weight, conditions of use, construction, and speed of heavy motor cars in Scotland and Ireland.

Musical Copyright.—A penalty is incurred, under the Musical Copyright Act, 1906, by any one who is found in possession of pirated music. A right of entry is conferred upon the police for the execution of the Act.

Newspapers.—Representatives of the press now have a right to admission to the meetings of a local authority unless by a resolution of a majority of members present the opinion is expressed that, in view of the special nature of the business then being dealt with or about to be dealt with, their exclusion is advisable in the public interest (Local Authorities Admission of the Press to Meetings Act, 1908). A publication, in order to be entitled to registration as a newspaper and the benefit of newspaper postal rates, must, under the Post Office Act, 1908, be one consisting wholly or in great part of political or other news, or of articles relating thereto, or to other current topics, with or without advertisements. Further, it should (*a*) be printed and published in the British islands; (*b*) be published in numbers at intervals of not more than seven days; and (*c*) have the full title and date of publication printed at the top of the first page, and the whole or part of the title and the date of publication printed at the top of every subsequent page. A supplement to a newspaper is “a publication consisting wholly or in great part of matter like that of a newspaper, or of advertisements, printed on a sheet or sheets or a piece or pieces of paper, or consisting wholly or in part of engravings, prints, or lithographs illustrative of articles in the newspaper, the publication in every case being published with the newspaper, and having the whole or part of the title of the newspaper printed at the top of every page, or at the top of every sheet or side on which any such engraving, print, or lithograph appears.” The foregoing provisions, so far as they apply to a supplement consisting wholly of engravings, prints, or lithographs illustrative of articles in the newspaper,

may be modified by Post Office regulations. All sheets of a supplement are required to be put together in some one part of the newspaper, whether gummed or stitched up with the newspaper or not.

Partnership.—The principle of limited partnership, after a long experience in working in foreign countries having laws based on the Code Napoleon, and the United States, was introduced into the law of this country by the Limited Partnership Act, 1907. *See* PARTNERSHIP.

Partnership.—Rules were made for winding-up limited partnerships in 1908 and 1909.

Patents Rules, 1908.—These, the reference to which is “1907, No. 950,” should be in the hands of every one who proposes to obtain a patent without professional assistance. They may be obtained for a few pence from the Patent Office. In them will be found full directions as to the procedure to be followed, together with the scale of fees payable and a schedule of forms.

Patents and Designs.—The law relating hereto was consolidated by the Patents and Designs Act, 1907, all previous statutes being repealed. It is curious to note that this statute received the royal consent on the 28th August 1907, the same day upon which the Patents and Designs (Amendment) Act, 1907, also received the like consent. The latter Act immediately precedes in the statute book the consolidating statute, which expressly repeals it.

Pensions for the aged poor were introduced by the Old Age Pensions Act, 1908, and Regulations were made thereunder by the Treasury. The regulations have reference to the making of claims, the investigation and determination of claims by pension officers and committees, the raising and determination of questions, appeals, applications to the Local Government Board where a committee refuse or neglect to determine a matter, and the constitution and powers of local committees and sub-committees.

Petroleum.—In view of the fact that mixtures of petroleum with other substances present dangers similar to those presented by petroleum without admixture, a Petroleum Order was issued in 1907 (No. 483) which applied the Petroleum Acts, 1871 to 1881, to any mixture of petroleum with any other substance which, tested in the manner set forth in the schedule to the Order, gives forth an inflammable vapour at a temperature of less than 73° Fahr., whether such mixture be liquid, viscous, or solid. The vessel or package containing such a mixture must now bear in conspicuous characters the name of the mixture and the words, “Petroleum mixture giving off an inflammable heavy vapour,” and “Not to be exposed near a flame.” The Order also specifies the quantity of such a mixture which may be kept without a license and the conditions of such keeping.

Plate.—In 1906 an Order in Council was issued fixing a distinctive mark on foreign plate, and prescribing a form of statement when plate is brought to be assayed. On foreign-made gold plate or articles the distinctive mark is the hall-mark particular to each Assay Office, as shown in Fig. 1, below, and the carat value of the gold, together with the decimal equivalent of the carat value, as shown in Fig. 2. On foreign-made silver plate or articles the distinctive mark is the hall-mark particular to each Assay Office, as shown in

FIG. 1.—PARTICULAR MARK FOR EACH ASSAY AUTHORITY.

LONDON
(Sign of Constellation Leo).



GOLD.



SILVER.

CHESTER
(Acorn and two Leaves).



GOLD.



SILVER.

BIRMINGHAM
(Equilateral Triangle).



SHEFFIELD
(Libra).



EDINBURGH
(St. Andrew's Cross). GLASGOW
(Double block letter F inverted).



GOLD.



SILVER.

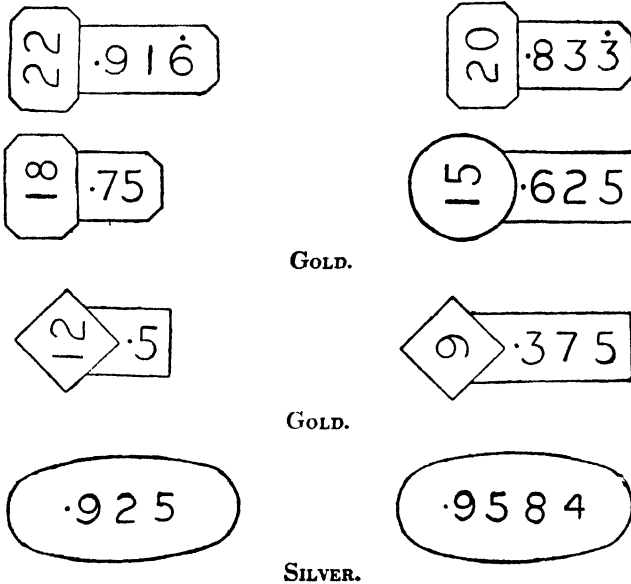
DUBLIN
(Boujet).



(The actual sizes of the marks are not shown.)

Fig. 1, together with the decimal equivalent of the standard value of the silver as shown in Fig. 2. The mark for the annual date letter is to be

FIG. 2.—REPRESENTATION OF STANDARD MARKS.



NOTE.—The annual date-letter is to be added by the Assay Office.
(The actual sizes of the marks are not shown.)

added by each Assay authority after the mark for the particular hall and the mark for standard.

Poisons.—The sale of poisonous substances was regulated by the Poisons and Pharmacy Act, 1908, which also amended the Pharmacy Acts (*see* POISONS; CHEMIST). Rules were made thereunder in 1909. They regulate, in considerable detail, the grant and renewal of licenses, and the keeping, transporting, and selling of the poisonous substances to which the Act referred.

Porters.—Luggage porters, light porters, public messengers, or commissionaires, may now, outside the metropolis, be licensed by the local authority, which has also power to make bye-laws regulating their conduct (Public Health Acts Amendment Act, 1907).

Post Office.—All the enactments relating to the Post Office have been consolidated by the Post Office Act, 1908. This Act deals with, in detail, the duties of postage, the conditions of transit of postal packets, money orders, ship letters, postmasters and officers, post-office offences, and post-office and letter boxes.

Public Trustee.—The duties of this office, the conditions under which it shall be exercised, and the fees payable, are the subject of an Order of the

Lord Chancellor of 1907. They are known as the Public Trustee Rules, 1907 (Reference—1907, No. ⁹³⁸_{L28}), can be obtained through a bookseller from the King's Printer for a few pence, and should be consulted by every one who contemplates taking advantage of the PUBLIC TRUSTEE (*q.v.*) Act, 1907.

Railways.—A company is now liable to make good damage done to agricultural land and crops by fire arising from sparks or cinders emitted from a locomotive, notwithstanding there would otherwise, because of statutory powers, be no liability for damage (Railway Fires Act, 1905).

Registries for Servants, outside the County of London, must now be registered, and carried on in conformity with bye-laws made, by the local authority (Public Health Acts Amendment Act, 1907).

Salmon and Fresh-water Fisheries.—With a view to the improvement and development of salmon and fresh-water fisheries, the Board of Agriculture has power, under the Salmon and Fresh-water Fisheries Act, 1907, to make a provisional order for their regulation. Sea-trawling was the subject of special legislation in the trawling in Prohibited Areas Prohibition Act, 1909. By that Act trawling in certain areas is prohibited, as also are the landing and selling of fish illegally caught in such areas.

Shipping.—Shipowners are especially affected by the Shipowners (Negligence) Remedies Act, 1905, a statute which enlarges the remedies of a person injured by their negligence. A judge of a court of record has now power to order the detention of a ship found within three miles of the coast, where none of the owners reside within the United Kingdom, on the complaint of and if satisfied that a person has been injured through the negligence of her owners and will probably be entitled to recover damages, unless and until the owners give security. A person claiming an indemnity under the Workmen's Compensation Act is also entitled to the benefit of this statute. Under the Aliens Act, 1905, an obligation is now imposed upon the master of a ship to make certain returns as to the aliens amongst his passengers; and should an alien be expelled within six months after his last entry into the United Kingdom, the master of any ship belonging to the same owner as the owner of the ship by which the alien entered the country may be required to pay to the Crown the costs of the expulsion order, and also receive the alien and his dependents, if any, on board his ship, and afford them free of charge a passage to the port of embarkment and proper accommodation and maintenance during the passage. In the year 1906, by the Merchant Shipping Act of that year, various miscellaneous matters relating to shipping were dealt with, and amongst other things the provisions of the law relating to load-lines on British ships is now applied to foreign ships, and regulations are also laid down in regard to the loading of grain cargoes and the carrying of life-saving appliances on such ships; the loading of timber on both British and foreign ships is also made the subject of regulation; the engagement of seamen with an insufficient knowledge of the English language is prohibited in certain cases; the law with regard to passenger and emigrant ships, the accommodation for steerage passengers, and passage brokers is amended in some important particulars; the question of seamen's food is dealt with; new provisions are

introduced for the relief and repatriation of distressed seamen, and seamen left behind abroad. In the years 1907-9 several statutory orders were issued relative to ships and shipowners. They relate to such matters as registration, ships' names, foreign deserters, passengers and emigrants, accommodation for steerage passengers, passenger returns, cattlemen, the prevention of accidents, deck cargo, the loading of timber, and casualty inquiries, fishing-boats, and lighthouses.

Shops: Closing Orders.—In 1905 the Home Secretary issued regulations under the Shop Hours Act, 1904. They provide that as soon as may be after the local authority are satisfied that a *prima facie* case is made out for a closing order, they shall prepare a draft order which shall be annexed to the notice. This notice is one of the intention of the local authority to make a closing order. It must be advertised at least twice in a newspaper circulating in the area to which the order is to apply, be posted up in the streets and public places, and be given to any ratepayer who asks for it. Objections must be made within four weeks. A register must also have been prepared by the local authority which should show the addresses, trades, and names of the occupiers of all the shops to be affected. An occupier of a shop affected is entitled to have his name placed on this register. After considering the objections, if any, the local authority must, if they desire to proceed with the order, satisfy themselves that at least two-thirds of the shops affected by the order would approve of it. This would be done either by considering and verifying an application, if any, for such an order made by two-thirds of the shop-occupiers, or issuing notices and voting-papers to all the shop-occupiers on the register. A shop-occupier has the right to send a representation of his opinion to the authority, and all of such together with voting-papers are open to the inspection of shop-occupiers and ratepayers for at least a fortnight. If the number of votes against the proposed order amounts to more than one-third of the number of shops to be affected, the local authority may not proceed with the order, though nothing prevents it proceeding with a new one. Where an order has been made, the Home Secretary may appoint a local inquiry before it is made effective, if at all. A requisition for the revocation of an order may be addressed to the local authority, if signed by the majority of any class of shops affected. Orders on the same subject were also made for Scotland and Ireland. Mixed explosives and fireworks, of the class known as "shop-goods," the regulation of the premises in which they are stored and sold, and their sale, are the subject of an Order in Council of 1906, amending a previous order of 1896.

Sky-signs, outside the county of London, were the subject of legislation in the Public Health Acts Amendment Act, 1907.

Solicitors.—The issue of a fresh or the renewal of an annual certificate to a solicitor who is an undischarged bankrupt may now be refused (Solicitors Act, 1906). *See* SOLICITORS.

Statistics.—Until the enactment of the Census of Production Act, 1906, the only statistics of trade regularly and officially collected, tabulated, and published were those relative to the nature and volume of our foreign or import and export trade. The home trade, as represented by production, had been disregarded. Now, as a consequence of the Act just mentioned, this omission is in course of being supplied, and, in due time, there will be

regularly published, under official authority, such returns of the various industries of this country, their cost of production, the materials used, the output and selling value, and the persons employed, as will make it possible to appreciate, from time to time, the state and movements of our home trade, and the position in relation thereto of both capital and labour. In this important particular our country is but following in the wake of the United States, and even of our own colonies. The Act seeks to attain its object by establishing a census of production. The first took place in the year 1908, and its results were published as a blue book in October 1909. Subsequent censuses will be taken at such intervals as the Board of Trade (which superintends the taking and issues the forms and instructions) may determine. The following are the persons to whom forms are issued: Occupiers of factories and workshops within the meaning of the Factory and Workshop Act, 1901; owners, agents, and managers of mines and quarries; builders, that is to say, persons who by way of trade or business undertake the construction or alterations of buildings; persons who by way of trade or business execute works of construction, alteration or repair of railroads, tram-roads, harbours, docks, canals, sewers, roads, embankments, reservoirs or wells, or of laying or altering gas or water pipes, or telegraphic, telephonic, or electric lines or works, or any other prescribed works; persons who by way of trade or business give out work to be done elsewhere than on their own premises; persons carrying on any other trade or business which may be prescribed. The particulars in respect to which the forms are to be filled up are: the nature of the trade or business; the output; the number of days on which work is carried on; the number of persons employed; the power used or generated; and such other matters of a like nature, except the amount of wages, as may be found necessary for the purpose of enabling the quantity and value of production to be ascertained. These particulars are, in general, required only in respect of the previous twelve months. At least three months from the receipt of the form is afforded the person under the obligation to fill it up to do so. To refuse or neglect to do so, without lawful excuse, is to incur a penalty recoverable on summary conviction. So also is it to make a false return. The information returned on these forms is regarded and strictly treated by the Board of Trade as absolutely private and confidential. Those engaged in the census are under a declaration of secrecy. In drawing up the blank forms the Board of Trade take every precaution to avoid the disclosure, by the returns thereon, of trade secrets, profits, or other information the disclosure of which would be likely to tend to the prejudice of the person making the return. In compiling the reports based on these returns, care is taken to prevent any identification of any particulars with any individual person or business.

Sweating in certain specified trades has been aimed against by the Trade Boards Act, 1909, which establishes such boards with power to fix minimum rates of wages (*see* SWEATING). An Order of the Board of Trade has since been issued authorising the establishment of a trade board for the hammered and dollied or tommied section of the Chain Trade.

Territorials.—The volunteers were abolished by the Territorial and Reserve Forces Act, 1907, which provided for the reorganisation of His Majesty's military forces, and for that purpose authorised the establishment

of County Associations and the raising and maintenance of a TERRITORIAL (*q.v.*) force.

Tobacco.—The prohibition of the growing of tobacco in Ireland was withdrawn by the Irish Tobacco Act, 1907. Scotland was the recipient of the like relief in 1908.

Traction Engines.—In 1905 the Local Government Board issued an order varying the provisions of the Highways and Locomotives (Amendment) Act, 1878, as to the construction of wheels of locomotives on highways. The use of heavy motor-cars on bridges is the subject of an order of the year 1908.

Trade Disputes.—The regulation of trade unions and trade disputes is the subject of the Trade Disputes Act, 1906. The law of conspiracy is amended so that it is now lawful to combine in contemplation or furtherance of a trade dispute, so long as the combination does not break the general law of the country. "Peaceful picketing" is no longer illegal. An action done in contemplation or furtherance of a trade dispute is now not actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business, or employment of some other person, or with the right of some other person to dispose of his capital or his labour as he wills. Actions of tort against trade unions are prohibited.

Trade-mark rules were published in 1906.

Unemployment.—An organisation was established by the Unemployed Workmen Act, 1905, with a view to the provision of employment or assistance for unemployed workmen in proper cases. Local distress committees and a Central (London) Unemployed Body were created, and these worked and are now working, except in connection with labour exchanges, with funds supplied out of the rates and by Government grant, by means of labour exchanges, employment registers, farm colonies, aid to emigration, workshops, and public relief or semi-relief undertakings. Regulations for the organisation of distress committees and as to the assistance of the unemployed were afterwards made by the Local Government Board. In 1910 the labour exchanges were taken over by the State, under the provisions of the Labour Exchanges Act, 1909, the object being to nationalise the system by creating a network of exchanges throughout the country.

Watch-case made abroad and imported into the United Kingdom before the 1st June 1907 are, by the Assay of Imported Watch-cases (Existing Stocks Exemption) Act, 1907, now exempted from assay. Such watch-cases, if presented for assaying and marking, must be accompanied by a declaration in accordance with an Order in Council (1907, No. 384), and will be marked with the same marks as foreign plate (*q.v.*).

Weights and Measures.—The use of cran and quarter cran measures in connection with trading in fresh herrings in England and Wales was legalised by the Cran Measures Act, 1908. The content or capacity of a cran is determined by regulations made under the Herring Fishery (Scotland) Act, 1815. The latest regulation is the Cran Measures Regulation, 1908. The capacity of barrels and half-barrels of cured white herrings was settled by an order of the Fishery Board for Scotland in 1905 (*see* HERRINGS). In the same year an Order in Council was made specifying the fees to be taken on the verification and stamping of weights,

measures, and weighing instruments by inspectors of local authorities. Weights of 20 lbs., 10 lbs., and 5 lbs. were legalised as Board of Trade standards by an Order in Council of 1906, and also the following measures of length:—50 feet, 33 feet or 50 links, 20 feet, 9 feet, 8 feet, 7 feet, 10 links, 66 inches, 54 inches, 42 inches, and 30 inches. In 1907 Regulations were issued by the Board of Trade under the Act of 1904 (*see* WEIGHTS AND MEASURES). These regulations introduce many important new requirements as to the form, size, material, examination, verification, and stamping of measures of length, liquid and dry measures of capacity, weighing instruments, beam-scales, counter-machines, spring-balances, steelyards, dead-weight machines, platform-machines and weigh-bridges, crane machines, automatic machines, and price-computing weighing machines. Now that automatic and price-computing machines are being so largely introduced to the notice of traders, it is important, as so many of them are of American manufacture, that they should have a guarantee that they conform to the requirements of the British law. Before purchasing such a machine it would always be wise first to submit it to an inspector.

Workmen's Compensation.—The law on this subject has been consolidated and amended by the WORKMEN'S COMPENSATION (*q.v.*) Act, 1906. Later, under the Workmen's Compensation (Anglo-French Convention) Act, 1909, the principal Act was made applicable to French citizens meeting with accidents arising out of their employment as workmen in the United Kingdom, a reciprocal right being granted to British citizens in France. In 1907, 1908, and 1909 several orders were issued under this Act. Of these the second of 1907 may here be mentioned. It provides that where a workman has given notice of an accident, or is in receipt of weekly payments under the Act, he can be required to submit himself, against his will, for examination by a medical practitioner at reasonable hours. If in receipt of weekly payments such a medical examination can be required, after the expiration of the first month, only at the following intervals: once a week during the second, and once a month during the third, fourth, fifth, and sixth months, and thereafter once in every two months. The Court, however, may, after the second month, require him to submit to examination at other intervals on an application for a review of the payments. The fourth of the same year relates to references to medical referees. Another requires returns to be made by employers in certain industries; others deal with agreements out of court for compensation. The third of the year 1907 and one of 1909 are of great importance. They extend by a schedule the provisions of the Act to certain industrial diseases therein mentioned:—

Description of Disease or Injury.

Poisoning by nitro- and amido-derivatives of benzene (dinitro-benzol, anilin, and others), or its sequelæ.

Poisoning by carbon bisulphide or its sequelæ.

Poisoning by nitrous fumes or its sequelæ.

Description of Process.

Any process involving the use of a nitro- or amido-derivative of benzene or its preparations or compounds.

Any process involving the use of carbon bisulphide or its preparations or compounds.

Any process in which nitrous fumes are evolved.

Description of Disease or Injury.

Poisoning by nickel carbonyl or its sequelæ.
 Arsenic poisoning or its sequelæ.
 Lead poisoning or its sequelæ.
 Poisoning by *Gonioma Kamassi* (African boxwood) or its sequelæ.
 Chrome ulceration or its sequelæ.
 Epitheliomatous cancer or ulceration of the skin or of the corneal surface of the eye, due to pitch, tar, or tarry compounds.
 Scrotal epithelioma (chimney - sweeps' cancer).
 Nystagmus.
 Glanders.
 Compressed air illness or its sequelæ.
 Subcutaneous cellulitis of the hand (beat hand).
 Subcutaneous cellulitis over the patella (miners' beat knee).
 Acute bursitis over the elbow (miners' beat elbow).
 Inflammation of the synovial lining of the wrist joint and tendon sheaths.
 Cataract in glass-workers.¹
 Telegraphists' cramp.
 Eczematous ulceration of the skin produced by dust or liquids, or ulceration of the mucous membrane of the nose or mouth produced by dust.

Description of Process.

Any process in which nickel carbonyl gas is evolved.
 Handling of arsenic or its preparations or compounds.
 Handling of lead or its preparations or compounds.
 Any process in the manufacture of articles from *Gonioma Kamassi* (African boxwood).
 Any process involving the use of chromic acid or bi-chromate of ammonium, potassium, or sodium, or their preparations.
 Handling or use of pitch, tar, or tarry compounds.
 Chimney-sweeping.
 Mining.
 Care of any equine animal suffering from glanders; handling the carcass of such animal.
 Any process carried on in compressed air.
 Mining.
 Mining.
 Mining.
 Mining.
 Processes in the manufacture of glass involving exposure to the glare of molten glass.
 Use of telegraphic instruments.

COMMERCIAL TRAVELLER AND MOTOR VEHICLES. *See*
MOTOR VEHICLES AND THE COMMERCIAL TRAVELLER.

COMMERCIAL TRAVELLERS AND THE RAILWAYS.—As a rule, it is not until a man has spent some time "on the road" that he gains any knowledge worth possessing of the rights of railway travelling, and usually it takes years for him to learn—at no small cost—what are his precise relations to the railway companies, and their relations to him. This should not be, for obviously a commercial traveller should know exactly how he stands as an employer of the railway companies—for actually that is his position—when he first starts out, and the object of this article is to impart such knowledge to the tyro as will stand him in good stead. Incidentally, it may interest—if not assist—the experienced.

Luggage Rates and Conditions.—To begin with, we will give the rates for the carriage of travellers' luggage by passenger train—the usual method

¹ Compensation in this case is limited to a maximum of six months in all, or, if the man has not undergone an operation for cataract, four months.

of conveyance—and the conditions of transit as set out in the companies' time tables. They are as follow, and these, in general, are common to all the railway companies:—

Commercial Travellers are permitted to take with them, except by Road Motor Cars or Omnibuses, free of charge, such a quantity of their business effects as with their personal Luggage will amount to 3 cwt. for each First Class Passenger, or 2 cwt. for each Second Class Passenger, and 1½ cwt. for each Third Class Passenger, and in respect of any weight in excess of the above, will be charged, except by Road Motor Cars or Omnibuses, One-half the ordinary Excess Luggage Rate, *i.e.*:—

For distance not exceeding 50 miles	½d. per lb.	} No excess charge will be made unless amounting to One Shilling or upwards
Above 50 and not exceeding 150 „	¾d. „	
„ 150 „ „ 300 „	1d. „	
„ 300 miles	1½d. „	

but this privilege is, however, allowed only on the express condition that the Company *will not be liable under any circumstances for any loss, injury, or delay to such effects (other than personal luggage) as are carried free, howsoever caused, nor to such as are the subject of an excess charge, unless proved to have been occasioned by the neglect or default of the Company's servants.*

The under-mentioned articles will not be conveyed as Commercial Travellers' Luggage, but must be paid for at the same rates as are charged to ordinary Passengers:—

- | | |
|---|--|
| Aerated Water-making Machines. | Neophones. |
| Art Furniture. | Oil Stoves and Utensils. |
| Automatic Penny-in-the-Slot Pianos. | Orchestraphone Cases. |
| Automatic Clean Towel Machines. | Ornamental Wooden Clock Cases. |
| Bass Viols. | Patent Folding and Rocking Chairs not packed in cases. |
| Bicycles (complete). | Patent Corking Machines. |
| Bicycle Stands. | Patent Revolving Mat Frames. |
| Cash Registering Machines. | Patent Scrubbing Machines. |
| Children's Mail Carts. | Perambulators. |
| Chair Backs or Legs. | Pianos and Harmoniums. |
| Chairs wrapped in Canvas Covers. | Pictures and Picture Frames. |
| Electric Danite Interest Promoter Cabinets. | Phonographs. |
| Engines for generating Acetylene Gas when not charged with Gas. | Polyphons. |
| Forms (School Furniture). | Rotary Neostyle Duplicators. |
| Gas Engines (small). | Sausage-making Machines. |
| Gas Stoves. | Sewing Machines. |
| Gramophones. | Steel Wire Scrapers. |
| Ham-cutting Machines. | Symphonium. |
| Harps. | Tricycles. |
| Manufactured Table Legs. | Typewriting Machines. |
| Mechanical Piano Players. | Violoncellos. |
| | Washing Machines. |

Parts of Bicycles, *e.g.* Bicycles with Handle-bars, Pedals, and Saddles removed, may be taken by Commercial Travellers as samples. This does not apply to Motor Cycles.

Commercial Travellers' Luggage in Bulk in Company's Vans is charged 6d. per Truck per mile (Station to Station), at Owners' Risk; 25 per cent.

additional at Company's Risk. Minimum charge, 10s. No greater weight than 50 cwt. is allowed on any one Truck.

Commercial Travellers are allowed to make one payment to free their Luggage for the day through from the Station whence they start to the Station at which their day's journey is to end, whether the journey be a return one or otherwise, and although they may have occasion to stop during the day at intermediate Stations; but the issue of these Excess Luggage Return Tickets is restricted to Stations on the Company's System. The destinations on Branch Lines intended to be visited during the day are included in the mileage calculations, but the Excess Luggage Ticket must be produced when demanded.

Vans weighing more than 50 cwts. and Furniture Vans will not be carried by Passenger Trains.

The Companies' Liability.—It will be observed that the companies give notice (in the first part of the foregoing conditions printed in italics) that they "will not be liable under any circumstances for any loss, injury, or delay to such effects (other than personal luggage) as are carried free, howsoever caused . . ." but it has been held that these conditions are null and void and of no account. Their legality—or the legality of rules of this kind—was tested in *Wilkinson and another v. Lancashire & Yorkshire Co.* (1907, K. B. 222), and the decision arrived at herein is so important to all commercial travellers, in that it is the leading case on the point, as to warrant the facts being given somewhat at length. They are as follows:—

The plaintiffs were commercial travellers in the cigar trade, travelling in the ordinary course of their business, and were so to the knowledge of the defendant company. The plaintiffs took third-class and saloon return tickets from Huddersfield to Belfast. At Fleetwood the defendant company took charge of two square wood boxes, two cane travelling cases, and one skip, of which the plaintiffs were the owners. The plaintiffs went on to the boat for Belfast, leaving with one of the defendant company's servants the above-mentioned articles to be brought from the railway to the boat. On arriving at Belfast the skip was not delivered to the plaintiffs, and they were informed by the defendant company that it had been dropped into the sea. The skip contained articles to the value of £52, 1s. 8d., which was the amount claimed by the plaintiffs. The contract between the plaintiffs and the defendant company was contained in the railway ticket and the time-book issued by the defendant company. Page 165 of the said time-book contained the following notice: "Passengers' Luggage.—Commercial travellers . . . are allowed to take with them free of charge the under-mentioned quantities of luggage, viz. first class, 3 cwt.; second class, 2 cwt.; third class, 1½ cwt. per passenger, on the condition that the company is relieved from all liability for loss, damage, misdelivery, or delay."

It is provided by section 7 of the Railway & Canal Traffic Act, 1854, that—

"Every such company . . . shall be liable for the loss . . . of any articles, goods, or things in the receiving, forwarding, or delivering thereof, occasioned by the neglect or default of such company or its servants. . . . Provided also that no special contract between such company and any other parties respecting the receiving, forwarding, or delivery of any . . . articles, goods, or things shall be binding upon or affect any such party unless the same be signed by him or by the person delivering such . . . articles, goods, or things respectively for carriage ;"

and as the plaintiffs had not signed any such agreement, the County Court judge gave judgment in their favour. But the company appealed against this decision, arguing that they were under no obligation to carry the luggage which had been lost by passenger train, as it was not personal luggage. It was carried by passenger train by virtue of the special contract entered into between the parties. If that contract had been in respect of goods which the company were under an obligation to carry by passenger train, then section 7 of the 1854 Act would apply, and the conditions of the contract would be void, apart altogether from any question of reasonableness, because the contract was not in writing signed by the plaintiffs. But section 7 only applied to goods which the company were under an obligation to carry either at common law as common carriers or by section 2 of the 1854 statute, which had extended the obligation of the company. The company was under no obligation to carry these particular goods by passenger train. They were exempted from that obligation by their Act of 1892 (and other railway companies had obtained the same exemption), and were only under an obligation to carry them by goods train. It was further argued, on behalf of the company, that the plaintiffs could not approbate and then reprobate. They must, it was said, accept the contract in its entirety, or not at all.

But the Court of Appeal held otherwise, and in giving judgment Mr. Justice Kennedy said:—

“It is clear that the company is not bound to carry the goods in question by passenger train. Is there anything in the statute to show that if the company is not bound to carry them by passenger train, then section 7 has no application. I find nothing. I think there is really no force in the argument that any decision except that for which the company asks would involve that which the law abhors, a party taking advantage of a contract, and then reprobating so much of it as imposed a liability upon him by the other party from whom he had accepted some advantage. If the company had offered to carry the goods of these commercial travellers at a cheaper rate, and had submitted a contract for them to sign, with terms, and they had refused to sign the contract, I do not see any obligation upon the company to carry the goods. They may say, ‘We are not bound to carry them; we only carry them upon certain terms. If you refuse to sign the contract which will give us a defence under section 7, we will not carry your goods.’ The railway company chose to take these goods without doing that which the statute says must be done. They therefore cannot claim the benefit of the special contract they have made, and this appeal must be dismissed with costs.”

From this it is clear that unless the traveller signs a contract expressly relieving the company of liability, he can claim compensation if his luggage is lost or damaged during transit.

Stored Luggage.—Luggage not required for immediate use at the journey's end should be placed in the cloak-room, and so place the responsibility for its safe custody upon the shoulders of the company itself. Then there is no question as to who is liable should a claim arise—though it must be borne in mind that a railway company cannot be held responsible for the loss of a parcel, even when so deposited, if the value thereof exceeds £10, unless a declaration to that effect be made at the time of the deposit, and additional insurance paid.

The rate for storing commercial travellers' luggage is one-half the ordinary charge, with a minimum of one penny per package. Books of cloak-room tickets for commercial travellers' luggage (each containing thirty tickets) are on sale at the principal stations at a charge of 2s. 6d. per book. The tickets are issued in this way for the convenience of commercial travellers to enable them to send their packages to the cloak-rooms from their hotels, &c., and obtain possession of the packages on arrival at the station.

Concerning Tickets: Seasons.—Ordinary season tickets are granted by the majority of companies at the following scale:—

SCALE OF CHARGES FOR ORDINARY SEASON TICKETS

Miles.	FIRST CLASS.			SECOND CLASS.			THIRD CLASS.			Miles.
	12 Months.	6 Months.	3 Months.	12 Months.	6 Months.	3 Months.	12 Months.	6 Months.	3 Months.	
1	£ 5 0 0	£ 2 10 0	£ 1 10 0	£ 3 15 0	£ 2 0 0	£ 1 5 0	£ 3 0 0	£ 1 12 0	£ 1 0 0	1
2	5 0 0	2 10 0	1 10 0	3 15 0	2 0 0	1 5 0	3 0 0	1 12 0	1 0 0	2
3	5 5 0	3 0 0	2 0 0	3 15 0	2 5 0	1 10 0	3 0 0	1 16 0	1 4 0	3
4	6 5 0	3 15 0	2 5 0	4 15 0	3 0 0	1 15 0	3 16 0	2 8 0	1 8 0	4
5	7 10 0	4 10 0	2 10 0	5 15 0	3 10 0	2 0 0	4 12 0	2 16 0	1 12 0	5
6	8 10 0	5 5 0	3 0 0	6 10 0	4 0 0	2 5 0	5 4 0	3 4 0	1 16 0	6
7	9 10 0	5 15 0	3 5 0	7 5 0	4 10 0	2 10 0	5 16 0	3 12 0	2 0 0	7
8	10 10 0	6 10 0	3 15 0	8 0 0	5 0 0	2 15 0	6 8 0	4 0 0	2 4 0	8
9	11 10 0	7 0 0	4 0 0	8 15 0	5 10 0	3 0 0	7 0 0	4 8 0	2 8 0	9
10	12 10 0	7 10 0	4 10 0	9 10 0	6 0 0	3 5 0	7 12 0	4 16 0	2 12 0	10
11	13 10 0	8 5 0	4 15 0	10 5 0	6 10 0	3 10 0	8 4 0	5 4 0	2 16 0	11
12	14 10 0	8 15 0	5 5 0	11 0 0	7 0 0	3 15 0	8 16 0	5 12 0	3 0 0	12
13	15 10 0	9 10 0	5 10 0	11 15 0	7 10 0	4 0 0	9 8 0	6 0 0	3 4 0	13
14	16 10 0	10 0 0	6 0 0	12 10 0	8 0 0	4 5 0	10 0 0	6 8 0	3 8 0	14
15	17 10 0	10 10 0	6 5 0	13 5 0	8 10 0	4 10 0	10 12 0	6 16 0	3 12 0	15
16	18 10 0	11 0 0	6 15 0	14 0 0	9 0 0	4 15 0	11 4 0	7 4 0	3 16 0	16
17	19 5 0	11 10 0	7 0 0	14 10 0	9 10 0	5 0 0	11 12 0	7 12 0	4 0 0	17
18	20 0 0	12 0 0	7 5 0	15 5 0	9 15 0	5 5 0	12 4 0	7 16 0	4 4 0	18
19	20 15 0	12 10 0	7 10 0	15 15 0	10 5 0	5 10 0	12 12 0	8 4 0	4 8 0	19
20	21 10 0	12 10 0	7 15 0	16 5 0	10 10 0	5 10 0	13 0 0	8 8 0	4 8 0	20
21	22 10 0	12 10 0	8 5 0	17 0 0	11 0 0	5 15 0	13 12 0	8 15 0	4 12 0	21
22	23 5 0	12 10 0	8 10 0	17 10 0	11 0 0	6 0 0	14 0 0	8 15 0	4 16 0	22
23	24 0 0	12 10 0	8 15 0	18 5 0	11 0 0	6 5 0	14 12 0	8 15 0	5 0 0	23
24	24 15 0	12 10 0	9 0 0	18 15 0	11 0 0	6 10 0	15 0 0	8 15 0	5 4 0	24
25	25 0 0	12 10 0	9 5 0	19 5 0	11 0 0	6 10 0	15 8 0	8 15 0	5 4 0	25
26	25 0 0	12 10 0	9 15 0	20 0 0	11 0 0	6 15 0	16 0 0	8 15 0	5 8 0	26
27	25 0 0	12 10 0	10 0 0	20 10 0	11 0 0	7 0 0	16 15 0	8 15 0	5 12 0	27
28	25 0 0	12 10 0	10 5 0	21 5 0	11 0 0	7 5 0	17 10 0	8 15 0	5 16 0	28
29	25 0 0	12 10 0	10 10 0	21 15 0	11 0 0	7 10 0	18 5 0	9 2 6	6 0 0	29
30	25 0 0	12 10 0	...	22 0 0	11 0 0	...	19 0 0	9 10 0	...	30

In addition to the above, 5 per cent. is charged on 1st and 2nd Class Tickets for Government Duty.

But, of course, each case is dealt with on its merits, and special reductions are made when the circumstances warrant it, e.g. 10 per cent. on two tickets, and 15 per cent. on three or more tickets.

Traders' Season Tickets.—The rates for traders' season tickets are much lower, they being usually issued in accordance with the scale shown hereunder:—

SCALE OF CHARGES FOR TRADERS' SEASON TICKETS

Distance up to	FIRST CLASS.		SECOND CLASS.		THIRD CLASS.		Distance up to
	12 Months.	6 Months.	12 Months.	6 Months.	12 Months.	6 Months.	
Miles.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Miles.
30	13 0 0	7 5 0	11 10 0	6 10 0	10 0 0	5 13 0	30
35	14 5 0	8 0 0	12 14 0	7 4 0	11 0 0	6 4 0	35
40	15 10 0	8 14 0	13 18 0	7 17 0	12 0 0	6 15 0	40
45	16 15 0	9 8 0	15 2 0	8 10 0	13 0 0	7 6 0	45
50	18 0 0	10 2 0	16 6 0	9 3 0	14 0 0	7 17 0	50
55	19 5 0	10 16 0	17 10 0	9 17 0	14 18 0	8 8 0	55
60	20 10 0	11 10 0	18 14 0	10 10 0	15 16 0	8 18 0	60
65	21 15 0	12 4 0	19 18 0	11 4 0	16 14 0	9 8 0	65
70	23 0 0	12 18 0	21 2 0	11 17 0	17 12 0	9 18 0	70
75	24 5 0	13 12 0	22 6 0	12 10 0	18 10 0	10 8 0	75
80	25 10 0	14 6 0	23 10 0	13 4 0	19 6 0	10 17 0	80
85	26 15 0	15 0 0	24 10 0	13 16 0	20 2 0	11 6 0	85
90	28 0 0	15 14 0	25 10 0	14 7 0	20 18 0	11 15 0	90
95	29 5 0	16 8 0	26 10 0	14 18 0	21 14 0	12 4 0	95
100	30 10 0	17 2 0	27 10 0	15 10 0	22 10 0	12 13 0	100
105	31 15 0	17 16 0	28 10 0	16 2 0	23 4 0	13 2 0	105
110	33 0 0	18 10 0	29 10 0	16 12 0	23 18 0	13 10 0	110
115	34 5 0	19 4 0	30 10 0	17 3 0	24 12 0	13 18 0	115
120	35 10 0	19 18 0	31 10 0	17 14 0	25 6 0	14 5 0	120
125	36 10 0	20 10 0	32 5 0	18 3 0	26 0 0	14 13 0	125
130	37 10 0	21 0 0	33 0 0	18 12 0	26 12 0	15 0 0	130
135	38 10 0	21 12 0	33 15 0	19 0 0	27 4 0	15 6 0	135
140	39 10 0	22 2 0	34 10 0	19 8 0	27 16 0	15 13 0	140
145	40 10 0	22 14 0	35 5 0	19 16 0	28 8 0	16 0 0	145
150	41 10 0	23 4 0	36 0 0	20 5 0	29 0 0	16 6 0	150
155	42 10 0	23 16 0	36 15 0	20 14 0	29 10 0	16 12 0	155
160	43 10 0	24 6 0	37 10 0	21 2 0	30 0 0	16 18 0	160
165	44 10 0	24 16 0	38 0 0	21 8 0	30 10 0	17 3 0	165
170	45 10 0	25 6 0	38 10 0	21 13 0	31 0 0	17 8 0	170
175	46 5 0	25 16 0	39 0 0	21 18 0	31 10 0	17 14 0	175
180	47 0 0	26 6 0	39 10 0	22 4 0	31 18 0	18 0 0	180
185	47 15 0	26 16 0	40 0 0	22 10 0	32 6 0	18 4 0	185
190	48 10 0	27 6 0	40 10 0	22 16 0	32 14 0	18 8 0	190
195	49 5 0	27 16 0	41 0 0	23 1 0	33 2 0	18 12 0	195
200	50 0 0	28 4 0	41 10 0	23 6 0	33 10 0	18 16 0	200
205	50 10 0	28 8 0	41 18 0	23 11 0	33 16 0	19 0 0	205
210	51 0 0	28 14 0	42 6 0	23 16 0	34 2 0	19 4 0	210
215	51 10 0	29 0 0	42 14 0	24 0 0	34 8 0	19 7 0	215
220	52 0 0	29 5 0	43 2 0	24 5 0	34 14 0	19 10 0	220
225	52 10 0	29 11 0	43 10 0	24 9 0	35 0 0	19 14 0	225
230	53 0 0	29 16 0	43 18 0	24 14 0	35 6 0	19 17 0	230
235	53 10 0	30 2 0	44 6 0	24 18 0	35 12 0	20 1 0	235
240	54 0 0	30 8 0	44 14 0	25 3 0	35 18 0	20 4 0	240
245	54 10 0	30 13 0	45 2 0	25 7 0	36 4 0	20 7 0	245
250	55 0 0	30 19 0	45 10 0	25 12 0	36 10 0	20 11 0	250
255	55 10 0	31 4 0	45 18 0	25 16 0	36 16 0	20 14 0	255
260	56 0 0	31 10 0	46 6 0	26 1 0	37 2 0	20 17 0	260
265	56 10 0	31 16 0	46 14 0	26 5 0	37 8 0	21 1 0	265
270	57 0 0	32 1 0	47 2 0	26 10 0	37 14 0	21 4 0	270
275	57 10 0	32 7 0	47 10 0	26 14 0	38 0 0	21 8 0	275
280	58 0 0	32 13 0	47 18 0	26 19 0	38 6 0	21 11 0	280
285	58 10 0	32 18 0	48 6 0	27 3 0	38 12 0	21 14 0	285
290	59 0 0	33 4 0	48 14 0	27 8 0	38 18 0	21 18 0	290
295	59 10 0	33 9 0	49 2 0	27 12 0	39 4 0	22 1 0	295
300	60 0 0	33 15 0	49 10 0	27 17 0	39 10 0	22 4 0	300

Traders' season tickets are granted at these low rates to those firms, for their private use or the use of their representatives, whose carriage accounts with the companies amount to not less than £300 per annum. By the above scale it will be seen that a traveller can obtain one of these (third class) tickets covering a distance of 300 miles, for £39, 10s. per annum, or 2s. 8d. per day!

Week-end Tickets.—These, of course, are charged for at various rates, it all depends on the distance. The companies are not over-strict as to their use, provided there is no intent to defraud. For instance, in *L. & S. W. Railway Co. v. Magniac*, the defendant took a cheap week-end ticket from London to Longparish. Instead of returning on the Sunday, Monday, or Tuesday following, as the regulations permitted, he travelled back to town on the day of issue, but all that the Company claimed was the difference between the ordinary and the excursion fare.

To conclude. When a dispute arises—if, for instance, a certain charge, known or believed to be wrong, is enforced—the amount should be paid *under protest*, and a receipt asked for, and then the matter should be reported to headquarters at once. In this way redress can be speedily obtained.

GEO. B. LISSENDEN.

*Author of "Railway Matters and How to Deal with Them,"
and "The Railway Passenger's Handbook," &c.*

COMMERCIAL TRAVELLING AS A CAREER.—Success in commercial travelling is largely a matter of temperament. Many qualities are necessary to ensure a satisfactory income, but the aspirant to success upon the road must first of all be well assured that he possesses certain essentials. One of these is the ability to take a rebuff without taking offence. Buyers are busy people and often much harassed. With them a great deal of business has often to be transacted in a very limited time. They frequently contract a sharp manner which at first seems discourteous or overbearing. The traveller must take such things with good humour, and hope for better fortune on his next visit. After a time, he becomes acquainted with buyers, and then the percentage of rebuffs grows smaller. The greatest difficulties come at the start. The really strong man is rather glad of this, for it makes his services the more valuable in the market.

A man of retiring disposition would be much handicapped upon the road, unless particularly well introduced at the start. Even then, such a man would shrink from seeking new business among strangers. Self-confidence without assumption is desirable. The ability to meet men on terms of respectful equality means a great deal. Many people cannot become friendly without being familiar, and such would lose business without knowing it. An even temper is of prime importance, and a man who is naturally hasty will hardly be likely to build up a large business.

To some men it is a pleasure to seek out and to make the acquaintance of other men. There are others who would dislike having to call upon people who had no desire to be interviewed, and whom they themselves would far sooner leave unmolested. Temperament will therefore be seen to play a most important part.

It is nearly useless to start out to sell goods of which one has a poor knowledge. Competition in most lines is keen, and it is well to know more

of a subject than one's competitor. Expert knowledge of the goods handled is always valuable, even when one's employers are leaders. Since every traveller cannot work for a leading house, it behoves the great majority of them to learn every possible detail so as to successfully compete with those travelling men whose employers have the greater prestige. A cheerful disposition, with the desire to be pleasantly obliging, will carry a representative a great way, but it is too late in the day to rely entirely upon such advantages. One of the great demands of the present day is for exact information, and the successful representative on the road is generally an expert in his own particular line.

The necessary knowledge of goods to be sold is generally obtained in an inside position with a house employing travellers. As a business grows, employers are naturally looking around for a young man who could be trusted with the reputation of the house. It does not always happen, however, that the ideal indoor man becomes an ideal traveller. The contrary often proves to be true, although it always does an indoor man good to be put upon the road for a time, so that he may have a due sense of the difficulties met with there, when, as sometimes happens, he applies to be reinstated in his former position.

Sobriety is a valuable quality. The days of heavy drinking are happily past, and the closest attention to business and economy of time are now demanded. Good health is necessary to the commercial representative's success. Generally he will have a list of firms whose buyers must be seen upon a given day, and in almost every case there will be the need for keeping appointments punctually. If a day's work has to be slurred over occasionally on account of physical unfitness, it is very difficult to catch up with the arrears and something has to be neglected. Some constitutions are better adapted than others to withstand an outdoor life in which one cannot pick and choose in the matter of weather, but have to make journeys at all times of the year. Notable cases are on record of weakly men and even cripples who, by dint of sheer pluck, have fought their way to success on the road, but they are the exceptions which prove the rule.

There is no need to emphasise the necessity for absolute integrity, because it is self-evident. It is quite customary nowadays to insist upon the guarantee of a society undertaking such matters, largely because such societies make the closest possible inquiries before issuing a bond, going minutely into the antecedents of the applicant and calling upon him to agree that his personal belongings shall be held forfeit in the event of his backsliding.

It is out of the question to define the kind of ability required to make a successful commercial traveller, for one man will know a great deal about the goods and be quite unable to sell them, and another will sell large quantities, while knowing comparatively little about the details of the line handled.

If one is not naturally industrious, one had better not go on the road, for there is opportunity for scamping work when nobody is around to watch. The man who cannot be trusted to work unwatched is out of place in commercial travelling. Industry is the last quality to which attention need

here be called, for enough has been written to show that the intending commercial man needs to be a high-grade individual.

The incomes made by commercial travellers are widely divergent. One man, as the result, maybe, of years of hard work, may seem to make his five hundred pounds a year without effort, whilst another will be working hard to secure a third of that sum. From eighty pounds a year to ten times that amount represent the most usual extremes in the commercial travelling profession. To put the matter in a nutshell, there is a great demand for really successful men, those with a great record behind them, whilst there is little demand for men who cannot produce evidence of having done well before. As in other professions, there is a corner which one must turn, after which the rest is comparatively plain sailing. To change the metaphor, there is always room at the top. It is at the foot of the ladder where the crush takes place.

As a rule, the larger salaries carry a proportionately larger allowance for expenses. It is not high-grade business, however, to reckon upon increasing one's income by making a profit upon the expense allowance. Firms who make a good allowance like their men to appear prosperous, and cheeseparing on expenses may land the economist in deep water when it gets to the ears of the house.

To the employer, the most important thing about a traveller is the amount of business he produces. The ambitious commercial representative must therefore be always studying how to improve his turnover. Results only count, and excuses for lack of business fall upon unwilling ears. Many firms figure out what percentage of turnover should be consumed in obtaining the business. As time goes on, exact data are available for each district covered, and then there is no escape for the shirker and the incompetent. On the other hand, the really capable man is rated at his proper value, and the houses who really know what it costs to secure their business are the first to admit that the man who can draw the most money does so because he is worth it, and because he is the cheapest man in the end. Large incomes have been and are being made by a minority of travelling men who sell one particular article, and the matter is dealt with elsewhere.

There is much difference between order-taking and order-getting, and that accounts to a great extent for the disparity in the incomes secured by commercial travellers. Great importance attaches to the connection which a traveller is able to create, and with good reason, since the connection established compares with the goodwill of a shop. It is somewhat indefinable, but extremely valuable. In many cases, business would be done with a certain travelling man, almost regardless of which firm he happened to represent, largely because he has such a personality that buyers like to see him come round. He inspires confidence, is cheery, does not over-sell very often, and gives a square deal. Such a man secures so great a hold upon the trade in his own particular district, that his employers will do anything within reason to retain his services for themselves.

A traveller is often required to enter into an agreement restraining him from soliciting business from customers of his employers in the event of his leaving their service. This is a point about which a good deal of controversy rages, and it is not possible in this article to do much more than refer to the

matter. Such a clause in an agreement seems generally to hold water only in the event of the period of time and the area of operation being circumscribed, so that ample opportunity is still left to the traveller to secure a living in his profession.

The competition from other houses in the same trade is a source of anxiety to the average commercial representative, and calls for continual watchfulness. It is advisable to associate oneself with a rising house rather than with one which is living upon its past reputation, and which is regarded in the trade as being a "back number." One cannot pick and choose at first, and will probably be glad to get upon the road for the house with whom one has picked up inside knowledge. After having made a success, it behoves one to look around and make certain that one is engaged with the right firm before settling down to make a lifelong job of it. It is rather distressing to meet a traveller well past middle age, whose house is unable to give him the proper backing, whether in quality of goods, prices, or up-to-date methods of business.

Continual study will do more than anything else to combat competition in normal cases—study of trade conditions, markets, details of manufacture, the satisfaction of the purchaser. The traveller is required to hold the scales fairly and impartially as between his employers and their customers. It is not always easy to meet the wishes of the customer whilst studying the interests of the employer, yet it has to be done, or as nearly as possible.

The continual intercourse with other men, the study of human nature presented, the philosophical acceptance of defeat, and the pleasure of closing a good deal, all combine to render the lot of the travelling man a fairly happy one, provided (and it is a most important provision) that he is the right man in the right place. By many competent to judge, the selling of goods is regarded as one of the most important professions of the near future. Commercial travelling is well worthy of the closest consideration as a promising profession, where the right kind of temperament and a good deal of natural ability are already present.

One great drawback to commercial travelling is the enforced absence from home which occurs in the majority of cases. This is a matter which is seldom taken into consideration by the enthusiastic beginner, but which counts for a great deal with many men as they advance towards middle age. It is sufficient to mention it here as a point which should certainly be taken into consideration more often than it is. *See also* articles under SALES-MANSHIP AND SALESMEN.

COMMISSION BASIS OF PAYMENT FOR SELLING-MEN.—

Commercial travellers handling staple products of never-ending consumption have settled down to payment by salary and expenses plus, in most cases, a small commission on turnover. The commission usually becomes payable only when a certain minimum turnover has been passed, and in any event the commission pertaining to an individual deal of ordinary magnitude would in such a case amount to a somewhat insignificant sum. The total amount earned by a first-class commercial traveller is, of course, a nice income, but the commission portion of it does not add any great incentive for unusual effort.

In selling lines of goods which are not staple, and for which repeat orders

are not often placed, such as fixtures for use in a shop, or labour-saving appliances for use in an office, a custom has grown up of paying largely by commission upon results. In this country salesmen fight shy of a total commission basis, feeling that the employer has no right to expect that a man will go into a new district and do a great deal of preliminary work, only to find that at the end of the month, or at the end of three months, there is very little money coming to him. The salesman feels that such failures form a business risk which the employer should shoulder, whilst the latter feels that after an investigation of the goods, a salesman has no right to monopolise a district unless he knows that he can sell them.

The situation is partly got over by advancing salesmen a weekly draw against commission which they will supposedly earn in the future. In some cases, however, a less rate of commission has been paid on account of this accommodation, a step which has been greatly resented as an injustice. It certainly amounts to charging a rate of interest for the use of one's own money, which would amount to a very high percentage per annum, since the rate has in such cases been reduced by as much as $2\frac{1}{2}$ per cent.

Employers tend to take the view that salesmen who have been successful in the past should have capital by them to tide over the first few months in a new business. Salesmen themselves know that the most skilful of their fraternity often save no money at all.

Payment on a wholly commission basis is fair, because every extra sale produces a greatly increased income. If two good sales a week are required to pay expenses, a third sale is clear profit, and to that extent the salesman is in business for himself and works harder in consequence.

The greatest number of difficulties are overcome by paying new salesmen a weekly salary for a guaranteed period, say three months, with the option of changing to commission basis at any time the employee desires by giving written notice. Such notice cannot be retrospective, and can only come from employee to employer. At the end of the guaranteed period the employee is compelled to go upon the commission basis. If he has "made good" in the three months, he will be glad to change over; and if he has not, the firm will see that he does change over or let him go.

Such a compromise is only necessary in a country like Great Britain, where very few selling men understand the advantages of working entirely upon commission.

COMPLAINTS: How to Deal with them.—In the modern retail business, a special feature is made of dealing with the complaints which arise from day to day from customers who have grievances. More and more it is realised that success in the retail trade depends on keeping faith with the customer. Mr. John Lawrie, the manager of William Whiteley's Limited, goes so far as to say that the great storekeepers, such as the Bon Marché in Paris, Wertheim's in Berlin, Wanamaker's of America, and Whiteley's of Westbourne Grove, have built up their reputations practically on this simple fact alone. It certainly is a fact that in dealing with Whiteley's, the man or woman who has bought there and has a complaint to make, gets prompt redress which very often is more than generous from the customer's point of view. The great store, in redressing grievances, takes the broad attitude that one purchase is not the end and aim of its trading, and is always open to promote

the continued goodwill of a customer by generous treatment. The directors of these great enterprises argue that to lose a customer over one unsatisfactory transaction is bad business conduct from every point of view. They regard each customer as a purchaser who may support the particular enterprise they direct for years, and each transaction is conducted on the basis of permanently securing the goodwill of the customer. Briefly, such firms do not count loss on one unsatisfactory transaction where they promptly redress the grievance, possibly at the expense of the store, but they consider what it would cost to lose the customer for ever. In the big stores which Mr. Lawrie names this point of view is always kept in mind, and it is undoubtedly true that the reputation of these great firms is built up on a scrupulous desire to deal fairly by each patron. Even when the unreasonable customer comes along, as he must do in every large business, the aim of these great departmental stores is to see that he is thoroughly satisfied, even if it means temporary loss. Experience has taught them that it is worth while to see that every one who comes into contact with their store is satisfied with the treatment he gets there.

The smaller trader, on the other hand, is somewhat lax in dealing with his complaints. Precisely in so far as he is lax in this respect he is at a disadvantage with his larger competitor. In every business, large or small, where customers are constantly going through the place, transactions must arise which are not entirely satisfactory from the customer's point of view. In the majority of cases the unsatisfied customer does the dangerous thing to the store: he keeps the cause of his dissatisfaction to himself. This is perhaps the greatest danger in front of the retail shopkeeper, because where the customer remains silent about his grievance there is no opportunity of giving him satisfactory redress. Such a customer, man or woman, simply notes the unsatisfactory transaction, and frequently, as a consequence, abstains from purchasing again at that particular shop. It is therefore important that the selling policy of every store should make it perfectly clear that the firm stands behind every transaction in protecting the interests of a customer.

This can only be done by a prompt and tactful adjustment of every grievance that is made known to the management. Many big firms maintain a special department to deal with complaints. The bigger the firm, as a rule, the prompter this department is to act, and frequently it goes out of its way to prove the anxiety of the store to make good the transaction over which a grievance has arisen. A letter to such a firm will bring either a speedy reply by post or a prompt call on their behalf by a representative. In such cases, there is little dispute, as the store is bent on pleasing at almost any reasonable cost to itself. The discussion is not prolonged by negotiations on the part of the store, but the item is settled to the satisfaction of the customer.

The smaller trader, on the other hand, regards every single transaction from the profit and loss point of view, and when a grievance arises and there enters into the question the matter of the return of the goods or compensation for damages incurred at some particular stage of the transaction, the great aim is to explain the difficulty away satisfactorily without any expense to the business. Some small businesses entirely ignore complaints; other businesses attend to complaints in a dilatory and half-hearted fashion; while

a third class of business may attend to the complaint promptly, but centres all its efforts on closing the discussion of the grievance without a loss on the transaction involved. All these methods of dealing with complaints are short-sighted policy which ultimately results in loss to the firm. When people take the trouble to complain to a business, the grievances of which they speak are usually real, and if their grievances are not removed, they are not predisposed in favour of further transactions with the same firm. It should be remembered that people who make complaints about storekeeping methods only do so as a rule under a great sense of injustice. They probably dislike complaining, and when they have complained they are seldom inclined to pursue the matter until they have got entire satisfaction. The store which goes on the lines of giving the least compensation has a very easy task, and is often tempted to close down with an offer which involves the least amount of trouble and expense to itself. The majority of people who complain are usually prepared to take the first offer that is made, and the average store is tempted to take advantage of this indulgence. No store manager who has an insight into character should make this error. People who make complaints, while they may have them redressed in a half-hearted manner by the manager of the store, and may express their satisfaction at the result of the negotiations, are not necessarily satisfied. They know exactly how far they have suffered in an unsatisfactory transaction, and if the compensation or redress offered to them falls short of their ideas, while they do not press the matter, they are quite conscious of the discrepancy. They say, "This is the quickest and pleasantest way out of the difficulty;" they see that the store does not wish to adjust the matter to their satisfaction; and they end the negotiations with as little trouble to themselves as possible. But the injustice of the transaction, when there is a real grievance, remains, and possibly operates against subsequent purchases on behalf of the maker of the complaint.

The up-to-date store should maintain a department for dealing with complaints which should be under the direct supervision of the manager, so that where departments are at fault there should be no tendency to hush up or hide the details of any transaction where a grievance has arisen. The matter should be taken up as promptly as the complaint is made, and if the customer is within reasonable distance a representative should be immediately dispatched to inquire into the details of the unsatisfactory transaction. He will usually find the customer is pleasant, not very aggressive, and apparently not very solicitous in protecting his own interest; he should therefore refrain from closing the negotiations with the least possible offer on the part of his store. The best attitude to adopt on the part of a negotiator of these difficulties is to stand in the place of the customer, to hear the details of the grievance, and to decide the merits of the dispute from the customer's point of view, and if he has a single doubt about the matter to err on the side of generosity in the matter of a settlement. A grievance settled along these lines favourably impresses the customer; a grievance settled on ungenerous lines remains to rankle perhaps for years after the transaction itself.

The great stores in London, Paris, Berlin, and America deal with all complaints promptly along these lines and put themselves in the position of the customer at once, and they are not content until they have convinced the

buyer of their good faith in the transaction. A complaint department should, if possible, be under the supervision of the manager of the house, or under the direction of a man whose tact is unquestioned; and failing the direct interview, which is always the most satisfactory, complaints should be dealt with through the post with equal promptitude. Even when the complaint is unjust and can be so demonstrated, it is better to close it to the complete satisfaction of the customer. The unjust complaint is only one here and there in many sincere complaints, and frequently, when he is generously treated, such a customer is more enthusiastic in his expressions of satisfaction.

The adjustment of complaints should be carefully studied by the manager of every retail business, and particularly the smaller ones. The big store usually takes care of its own interests in this matter in a satisfactory manner, and it is no uncommon thing to hear a customer say that he would sooner deal with a big store for this reason than go to a small retailer. When unsatisfactory business has been done by the small trader he is too apt to get out of his difficulty with as little trouble and expense as possible to himself, which does not contrast favourably with the bigger store who defends the consumer at the expense of the business.

CONFERENCE IN BUSINESS.—Of the many factors that make for success in business, none, in my opinion, is more important than the hearty and earnest co-operation of the staff in that business. It is indeed a trite saying this phrase: "Hearty co-operation of the staff." It has been quoted and preached from time immemorial; it is the stock sentiment of the head of the firm at every annual staff dinner; it is in fact quoted so often and so thoughtlessly that it has become almost meaningless through sheer reiteration. But surely it is not because it has ceased to be a real force in business, but rather because so many principals and heads of business firms have not learned to give practical demonstration of the theory so often preached, that the term has become a mere platitude.

The annual dinner, the summer outing, the yearly increase in salary are not sufficient in themselves to secure the "hearty co-operation" which is admittedly so necessary: they will secure goodwill, but when you are fighting against numerical superiority, a strong arm is worth more than mere goodwill. Co-operation is something tangible; it stands for activity combined with goodwill as against mere complacency; and how best to secure that active interest is a problem that every man "in charge" should set himself religiously to solve—be he director, manager, departmental head, or whatever his position in authority. Now I do not claim to have solved the entire problem to the full satisfaction of the head of every class of business—conditions vary—but I do suggest that the one thing that is calculated to achieve the object in view is the bringing together of the various members of the staff at frequent intervals for the discussion of those things that make for the development of the business and the advancements of its interests.

From observation and from rather extensive experience it appears to me that far too many businesses are composed of what I might term water-tight compartments, and the larger the business the greater the number of water-tight compartments become. It is all very well to argue that

a business properly organised will run more or less automatically on the "wheel within wheel" theory—that each little piece of mechanism, provided it is properly constructed and kept in working order under strict supervision, will render efficient service to the whole; but I would point out that a commercial concern is not made up of inanimate matter. An organisation on such lines might and probably would work smoothly, but it would not work intelligently; and what is of far greater importance, it would not *develop*. It would not of its own volition throw out the branches designed in due course to bear fruit—to extend the necessary tentacles to grasp the rapidly passing opportunities that make for commercial prosperity and greatness. Something more than organisation is required for this—it is creating the body and starving the soul.

Nature herself has provided an object-lesson: man is a delicately constructed and beautifully poised machine, the various parts designed to do a certain work. Under reasonably favourable circumstances the complicated human machinery works automatically and well. But we are not content with the automatic perfection of nature. We take the brain of the child and encourage it to think; we train the hands to attain a certain cunning—the legs to move quickly—the eye to see more clearly and with intelligent appreciation. So it should be with a business organisation—the various units of it must be trained and encouraged to do their work intelligently and to give the best that is in them to the greater efficiency of the whole.

This desideratum can be attained, I think, by instituting the conference. Conferences, *if well governed*, are fruitful in the extreme of ideas, and are a fertile source of inspiration. They take nothing from the strength of a strong man—on the contrary, they add to it. They enlarge the scope of his vision, increase his powers of attack and resistance, exalt him in the esteem of his *confères*, and render his position and influence more secure. The conference provokes goodwill, generates confidence and zeal, stimulates genius, incites ambition, and tends to educate and develop the faculty of judgment. Above all, the conference leads to unity of endeavour, breaks down the water-tight compartment, or rather tends to make it impossible. How often in a big business is not the left hand in ignorance of what the right hand is doing. How often is not one department for its own ends working to the prejudice of another, all unconsciously.

Where there are no conferences between principal and staff it is almost certain that there will be no sure understanding of the mind of the chief; and where there is ignorance there must be waste effort, misuse of time, discouragement, and failure. In the forgoing eulogy of conferences I used the words "if well governed." Naturally, like most theories, much depends on the application. The conference must be directed in the true spirit and literal meaning of the term. A conference that is *not* a conference, but merely an assembly of men overridden by a single individual, misses its object. It is not only a waste of time, but has the opposite effect to that intended. The domineering influence of the president (bearing in mind that the other members are junior as to position) destroys initiative, stills ardour, often unconsciously excites antagonism, and silences that free expression of opinion which is the essence of a conference. The oneness of

purpose and the earnest co-operation which a conference is designed to effect are not realised when the president assumes the attitude of a dictator.

Conferences should be held at such intervals as the nature of the business and circumstances permit. The principals of the firm should meet all the heads of departments. Heads of departments should meet those whose work they direct and supervise, and the acting head of the firm should take occasional opportunity to be present at the departmental conference.

Where travellers or canvassers are employed, a daily conference appears to me to be a necessity—it is not always possible to gauge the strength of a situation from written reports. The traveller is the firm's missionary—he is frequently the firm's eyes and nose as well. He it is—and often he only—who is in a position to accurately reflect the views and feelings of the firm's customers—to test the business air currents, to watch the movements of competitors. The principal should meet these men as often as possible—it is a truism that information loses something of its value the greater the number of channels through which it passes.

The conference should be so conducted that it is anticipated with pleasure by the members, and for this reason it is unwise to criticise overmuch. Anything like severe criticism or reproof should be done in the private office. The spirit of the conference should be one of sympathy and help. Encouragement should be extended to the younger members—it would be a mistake to ridicule or to comment slightly if the point of a suggestion made were not quite clear or relevant—younger members will be wanted presently to help run the business. The president will do well to leave most of the talking to the staff, asking such questions and making such observations as are likely to extract useful information. Opportunity should be taken on these occasions as may seem desirable to take the members into the confidence of the House as to any new lines of policy—my observations on the subject of water-tight compartments are equally applicable to principals.

Should it be necessary at any time to investigate the affairs of a department as a whole, the principal would be well advised to bring into the conference the members of its staff who are not usually invited; helpful suggestions and remunerative ideas are often found in unexpected places. The intelligent junior clerk has usually some faculties rather well developed. He probably has not had the temerity hitherto to make a suggestion, fearing perhaps that his motives might be misunderstood—the spirit of the conference may give him courage.

The fact must not be overlooked that the conference is called for the purpose of serious business, and that the members' time thus occupied represents something in pounds, shillings, and pence. The proceedings must not be allowed to degenerate into a communion of choice spirits for the purpose of mutual admiration, or into a session of a suburban debating society for the discovery and encouragement of oratorical effort—all desultory conversation must be also rigidly suppressed. It is quite likely that many of those present will be on thorns to get back to their duties, and unless the business on hand is strictly adhered to, they will in their innermost hearts vote the whole proceedings a waste of time and cease to have any respect for them.

If the conference is called for a specific purpose a definite conclusion should be reached. This should not be difficult, for it is largely a matter of concentration of mind backed by a proper preparedness for the conference in the way of figures and suggestions. A careful note of the decisions arrived at should be made, and a duplicate should be given to the departmental head or senior, as the case may be, in order that those decisions may be duly carried out—the president retaining a copy as a check and reminder.

I am led to commend the frequent conference, not alone because it seems theoretically sound and wise, but also because in my own experience its value has been abundantly proved. Perhaps one of the most successful businesses of modern times is that of the Associated Newspapers, Ltd., with its vast allied interests presided over by Lord Northcliffe. The concern owns some half-dozen important newspapers (the *Daily Mail* and others), fifty periodicals, and a great enterprise in Newfoundland for the manufacture of paper. During the course of an interview recently Lord Northcliffe gave it as one of the articles of his business faith that the conference is an absolute necessity to the running and development of any business, and to the system he traced the prosperity of his own. Every producing department in this great organisation has its daily conference—Editorial, Advertising, Circulation, and Business—whilst Lord Northcliffe himself and other executive directors preside over three or four weekly.

Consultations or conferences between principals and their staffs have a value and use beyond those already suggested. They bring, for example, into strong relief the abilities of individuals—abilities, it may be, which before had been unperceived and unrevealed. Many a capable man of distinguished gifts is thus discovered, and in determining whom to advance to positions of higher honour and of greater responsibility, or in the formation of new departments, or in any reorganisation of business management, the right men for the appointments to be made are already known.

The business that has an agency for discovering talent and ability, and which utilises the full strength of those who serve it, is better organised and conducted than the business which lets chance or circumstance bring the best men to the front. Not infrequently good men are lost to a business, to ally themselves to competitors. Such men feel that if not actually kept down, they are yet not being appreciated at their true worth and rewarded accordingly. To encourage and retain the interest and loyalty of workers, and in particular of good men, the frequent conference is a most excellent means.

The antagonistic attitude of many strong men to the business conference is a little difficult to understand. It may be because they are of masterful dispositions, and are tempted to dispense with the help and counsel of others. They possibly find co-operation irksome. The seeming weakness, slowness, or ignorance of others chafes them. And so they omit the conference—the interchange of ideas, the consultation over business affairs—between themselves and their co-workers. For a time their energies and resources of physical and mental strength may be equal to the demands made upon them, but it is too much to expect these to continue un-

diminished year in and year out. Exhaustion, partial or complete, is inevitable, and so abused Nature takes her revenge—she eventually robs the strong man of his might.

Neither is it good for any business to have the direction and control of its affairs repose absolutely in a single individual; for should he be removed from his post by death or other cause, there is no successor trained by him—the sharer of his views, the repository of his confidence—to continue his work without interruption or disturbance.

The strong man owes it to himself and the business, the welfare of which he is avowedly protecting and advancing, to safeguard the emergency of his own breakdown, or voluntary or compulsory withdrawal from his post of direction and influence, and this he can do in great measure by surrounding himself with equally zealous workers and making them his loyal lieutenants by admission to a common council. His burdens and responsibilities will be lessened by thus being shared, and the security and progress of the business assured.

WAREHAM SMITH.

Advertisement Director of the "Daily Mail" and other Journals owned by the Associated Newspapers, Ltd.

CONSIGNMENT ACCOUNTS.—There is a distinct difference between sending out goods on "Sale or Return" and sending out goods on "Consignment." In the former case the existence of *Agency* is not essential, although it may and very often does exist, whereas in the latter case the whole transaction depends on it.

The term Consignment may be defined as goods sent by one party to another for the purpose of sale on behalf of the sender. The party sending the goods is known as the consignor, and, except in special cases, the general property in the goods remains with him until the person who receives the goods, and who is known as the consignee, sells the same.

The consignee is essentially the agent of the consignor, and is expected to protect the goods consigned to him, and to exercise the same care and prudence as if they formed part of his own property; but so long as he takes proper and reasonable precautions and faithfully attends to the instructions of the consignor in respect of the goods, he is not usually liable for damage or loss sustained subsequently.

Further, the consignee is not generally a *del credere* agent, and consequently does not guarantee the solvency of the persons to whom he sells the goods consigned to him, and thus, if he incurs a bad debt, the loss will fall upon the consignor and not upon himself personally. In practice, however, the consignee frequently bears such losses himself in order to preserve friendly business relations with the consignor.

The goods are frequently invoiced to the consignee at an amount somewhat higher than cost price, in order to prevent him from knowing the actual profit or loss made in respect of the particular consignment, and also in some cases to encourage him to obtain a better price for the goods.

In the books of the consignor, however, the cost price only should be considered to enable the exact profit or loss on the transaction to be correctly ascertained. Thus the entries in the books of the consignor will be as follows:—

Consignor's Books.—A separate "Consignment Account" will be opened

for each particular consignment of goods, and this account will be debited with the exact cost price of the goods consigned. The corresponding credit entry will be made to a separate account called "Goods sent on Consignment." The Consignment Account will also be debited with any expenses incurred by the consignor directly in connection with the consignment, such as insurance, freight, &c., and cash or a personal account credited.

No account will be opened with the consignee until he has actually sold the goods, or some part thereof, for the reason, as indicated above, that he is merely holding the goods on the consignor's behalf, and at the same time endeavouring to find a purchaser.

If the consignee closes his books prior to the goods being sold, the balance standing to the debit of the "Consignment Account" will represent the exact cost of the goods and will be included in his balance sheet under the heading of "Stock on Consignment." If a loss is expected to be made on the consignment, this should be reserved for. The balance of the "Goods sent on Consignment Account" will be written off to the credit of the Trading Account.

It is particularly important to remember that under no circumstances whatever should these consignments be treated as sales and charged up to personal accounts, for until the sale has actually taken place no profit has been earned; and moreover, if the consignee fails to find a purchaser, he will unquestionably return the goods, and the expenses incurred thereby will, of course, fall upon the consignor.

As soon as the goods have been sold and an "Account Sales" rendered, a personal account with the consignee will be opened and debited with the gross proceeds of the sale, "Consignment Account" being credited. The consignee's account will be credited with any expenses incurred by him on the consignor's behalf, together with his agreed brokerage and commission, and Consignment Account debited.

The balance of the Consignment Account will then show the profit or loss on the particular transaction, and the balance of the consignee's personal account (if a debit balance) the amount for which he is accountable to the consignor.

The above entries can be curtailed to some extent by debiting the consignee's personal account and crediting Consignment Account merely with the net proceeds as shown by the Account Sales, and in many cases this is the better course to pursue, as full particulars of the details can always be obtained by reference to the original Account Sales, and a reduction in the number of entries in the books is generally welcome. At the same time it is useful to have full particulars of the transaction in the ledger in case by any chance the "Account Sales" was mislaid.

The following illustration shows the practical effect of the above remarks:—

On 1st March 1907, the "A" Mining Co. Ltd. consigns to B. Jones & Co. 180 tons of chrome ore, per ss. *Menelaus*, invoiced at £3, 10s. per ton. The cost of the ore at the mine was £200, and railway freight to the coast, £70, all other expenses being paid by the consignee. On 1st July 1907, B. Jones & Co. remitted an account sales showing gross weight 180 tons, and tare of bags 7 cwt., realised

at 80s. per ton. They deducted for ocean freight 20s. per ton, for dock dues, &c., £45; marine insurance, £7, 10s.; brokerage, 1¼ per cent., and commission, 2½ per cent., remitting cheque for the balance.

Show as they would appear in the consignor's books:—

- (1) The Consignment Account.
- (2) B. Jones & Co. (Consignees) personal Account.

Consignor's Books.

CONSIGNMENT ACCOUNT.

1907			1907		
Mar. 1	To Ore	£200 0 0	July 1	By B. Jones & Co. . . .	£718 12 0
"	" Railway freight	70 0 0			
July 1	" B. Jones & Co. :				
	Ocean freight	180 0 0			
	Dock dues	45 0 0			
	Insurance.	7 10 0			
	Brokerage, 1¼ per cent.	8 19 8			
	Commission, 2½ per cent.	17 19 4			
	" Balance, being profit.	189 3 0			
		<u>£718 12 0</u>			<u>£718 12 0</u>

B. JONES & Co. (Consignees).

1907			1907		
July 1	To Consignment Account :		July 1	By Consignment Account :	
	Gross proceeds of sale, as per Account Sales	£718 12 0		Sundry charges, as per Account Sales	£259 9 0
				" Cash	459 3 0
		<u>£718 12 0</u>			<u>£718 12 0</u>

Consignee's Books.—When the goods are received by the consignee he will enter particulars thereof in a Consignment Stock Book ruled for marks and quantities according to the particular nature of the goods consigned, and also having a column for the price at which the goods are invoiced to him. This book is, however, merely a memoranda book, and no entries whatever will be made in the financial books until a sale of the goods has taken place or expenses incurred in respect thereof, as the same do not in any way form part of the consignee's property, and must therefore be kept entirely distinct from his own stock.

As soon as the goods are sold the consignee will make the following entries in his financial books.

He will debit the personal account of the purchaser with the agreed price of the goods, and credit the consignor's personal account through a consignment sales journal, or in small cases through the ordinary journal. The consignor's account will be debited with any proper expenses incurred by the consignee on his behalf, such as duty, freight, insurance, warehousing, &c., cash or a personal account being credited with a similar amount. The account will also be debited with brokerage and commission at the agreed rate, but these entries are not usually put through the books until the Account Sales is prepared.

The balance of the consignor's personal account after all these entries have been made will represent the balance due by the consignee to the consignor, and the account is usually closed by draft or cash.

It frequently happens, however, that the goods consigned are not sold in one parcel, but are split up and disposed of on different dates and at different prices. In such cases if the consignor closes his books before the final sale takes place, he will bring down as a debit balance on the Consignment Account the stock still unsold on consignment at cost price, taking into account only the profit on those goods actually sold. If a loss has been sustained this will be charged to profit and loss account, and a proportionate reserve made in respect of the unsold balance.

Sometimes the consignee does not account for the exact balance on each sale when rendering his "Account Sales," but pays on account from time to time or accepts drafts drawn on him periodically by the consignor. This makes no material difference in the books of the consignor, the only account in any way affected thereby being the consignee's personal account, which is of course credited with each payment on account or draft remitted. It is usual, however, under these circumstances to keep a running account open between the parties, taking into consideration interest at an agreed rate on each item from the date thereof up to a date mutually fixed upon for a final settlement. Such an account is known as an "Account Current," and the following is an example showing the form usually adopted and the method of treating the various transactions.

Make out an Account Current to be rendered by A. to B. on the 1st July 1907, in respect of the following transactions :—

1907	
Jan. 1.	Consigned goods to B. invoiced at £2850.
30.	Received from B. account sales, showing net balance, £1500, representing sale of a portion of the goods.
Feb. 28.	Received cheque from B. for £800 on account.
Mar. 31.	Received further cheque from B. on account, £700.
„	Received account sales from B. showing net balance due, £1800, representing sale of the balance of goods consigned.
Apr. 30.	Received from B. on account cheque, £800.
June 30.	„ „ „ „ £850.
	Interest at 5 per cent. to be calculated in months instead of days.

In many cases where agencies are situated in different parts of the world for the sale of a firm's goods, it is not convenient to treat the goods sent out to such agents as consignments, and often even in cases of consignments proper, it is frequently found in practice that Consignment Accounts, as illustrated previously, are not used, but the items are dealt with in the manner now to be described.

Memoranda quantity stock accounts will be kept showing the amount of goods sent to the agent. No entry will be made otherwise than by way of memoranda when the goods are sent to the agent, but, when he renders his Account of Sales, sales account will be credited with the gross figure and the agent's personal account debited. Any expenses he may have incurred will be credited to his personal account and debited to the proper

expense accounts. In a similar way any expenses incurred by the firm will be debited to the proper expense accounts. The agent's personal account will be credited with monies remitted by him, and the balance thereof at any time will be the amount due by him for sales effected, nothing being included for stock in his hands, which is regarded as stock belonging to the firm and brought into their balance sheet at cost, plus expenses, or at a lower valuation if necessary.

The agent will send over quantity stock accounts at periodical times, which will be agreed with the similar accounts kept at the head office, and any differences in stock will be adjusted. See CONSIGNMENTS.

ERNEST EVAN SPICER, C.A.

ERNEST C. PEGLER, C.A.

CONSULAR REPORTS AND THE OFFICIAL COMMERCIAL INTELLIGENCE SYSTEM.—Within recent years an exceedingly valuable State Commercial Intelligence System has been organised in the United Kingdom.

In 1898 a Departmental Committee appointed to consider and advise upon methods of officially disseminating commercial information, suggested that an office should be established "whose function it shall be to meet the constantly increasing demand for prompt and accurate information on commercial matters, so far as it can be met by Government action," and that the duties of such an office should include the collection and focussing of information on subjects of commercial interest in such a way that it should become a centre at which information could be readily obtained by traders.

It was also recommended that the duty of advising the Board of Trade as to the work of this new office should be entrusted to a committee composed of representatives of commercial interests and of various Government departments, and that this committee should have placed at its disposal annually a sum to be utilised for the work referred to.

The suggestion was carried out, and the establishment of the "Commercial Intelligence Branch" led to a considerable stimulation of the commercial work of British Consuls, and to the great improvement and fuller use of the contents of consular reports. The system will be best understood if the commercial work of the British Consuls is first explained in detail.

Consuls and Trade.—Chief amongst the duties of a British Consul is the care of the commercial interests of his country. While he has important duties and functions relating to the Royal Navy, the protection of British subjects locally, the performance of marriages, cases of extradition, treaty rights, and so forth, he is very largely concerned with shipping, and trade, and commerce. Of late years, since the Report of the Select Committee on Commercial Intelligence already referred to, the Consul has been increasingly called upon to extend his commercial duties. His duties in respect of trade and commerce are now defined as follows:—

(1) To furnish immediate information with regard to changes in trade and credit.

(2) To deal promptly with trade questions addressed to him by either individual British traders or the Commercial Intelligence Department of the Board of Trade.

(3) To prepare and keep up to date, for the use of the Board of Trade, lists of the principal local dealers in various classes of goods.

(4) To furnish special reports on trade matters, either on his own initiative or on request of the Foreign Office.

(5) To prepare an annual report on the trade of his district.

Prompt Consular Information.—Great stress is now laid upon the supply of prompt information by Consuls. The matters in respect of which immediate reports are expected from them include contracts open to tender; changes in shipping or other local dues; state of crops; changes in credit; development of new means of communication or transport; new industries; new products; changes in method or sources of foreign competition. Where the nature of the case demands it, Consuls use the telegraph in advising the home authorities.

The information supplied by the Consul by post or telegraph is dealt with at discretion by the Foreign Office and the Board of Trade. The annual reports are published as small blue-books by the Foreign Office, and sold to the public at a price which varies according to size, but which rarely exceeds a few pence. With regard to general information, this is either published in the *Board of Trade Journal*, circulated to the newspapers, or communicated in confidence to chambers of commerce or other bodies or firms. The Consul, in forwarding information, states whether any part of it should not be published.

Consular Duties as to Foreign Contracts.—Consuls telegraph or post direct to the Board of Trade Commercial Intelligence Department (whose telegraphic address, it may be noted, is “Advantage, London”) advices as to important Government, municipal, or other foreign contracts open to tender. Details are promptly published or communicated direct to firms likely to be interested in a manner which will presently be described.

Consuls to Forward Samples.—It is part of the duty of Consuls to obtain samples of any new or little-known material, or other product of their district, likely to be of interest to British traders, and to state source, price, &c. They also send home samples of foreign articles competing with British goods, and state particulars of source, price, &c. They are authorised to spend a sum not exceeding £1 in respect of each such sample, and may get authority to spend more.

Consuls to answer Official Trade Inquiries.—The COMMERCIAL INTELLIGENCE Branch of the Board of Trade makes inquiries direct of the Consuls, and not through the intervention of the Foreign Office. The Consul is expected to answer inquiries on subjects of the nature of the following:—

- (1) Lists of importers, or probable importers, of British goods.
- (2) Lists of manufacturers.
- (3) Names of dealers, importers, brokers, agents, &c.
- (4) Information as to tenders invited.
- (5) Names and addresses of successful tenderers.
- (6) Openings for British trade and demand for goods.
- (7) Prices of articles.
- (8) Supply of trade or technical magazines or other publications from abroad.
- (9) Trade statistics.

- (10) Railway and shipping rates in specific cases.
- (11) Inquiries into various industries and use of new products.
- (12) Conditions and prospects of various trades and industries.

Consul's Duties in answering Inquiries by Private Individuals and Firms.—

Generally, it is the duty of a Consul to reply to private firms, individuals, or trade associations, who make inquiries directly of him relating to subjects of the nature of those mentioned in the above list. It is, however, distinctly not his duty to reply to questions from traders which manifestly relate to the business of competing British firms. The Consul uses his own discretion in replying to inquiries, and, if in doubt as to the propriety of an inquiry, he refers to the Commercial Intelligence Department of the Board of Trade before replying.

The Consul answers as completely as possible reasonable inquiries made with a view of promoting British trade and commercial interests generally. It is not part of his official duty to give opinions or to furnish confidential information as to the respectability, private character, or solvency of individual firms. It is important to note, however, that he may at his discretion make one of the following statements in reply to such inquiries from British traders :

- (1) That the firm is held in high repute, or is generally considered one of high standing ;
- (2) That, according to the best information, the firm is respectable, though not in a large way of business ;
- (3) That he regrets to be unable to furnish information on the subject.

Such statements, of course, are made without acceptance of responsibility.

Consuls to Forward Lists of Traders Abroad.—It is an important duty of Consuls to compile and keep up to date lists of the principal dealers in the various classes of goods in their district who are likely buyers of British goods. Copies of the lists they furnish to the Commercial Intelligence Department for a reason which will be explained in this article. The Consul also forwards to the Commercial Intelligence Department catalogues and price lists. Another important duty is to advise the department of local bankrupts and firms detected in fraudulent practices, that traders at home may be protected. When these are received, a notice such as the following appears in the *Board of Trade Journal* :

Caution to British Traders.—Information has been received at the Commercial Intelligence Branch of the Board of Trade relating to a certain foreign trader in Yokohama, which will be communicated in confidence to British traders who may apply personally at 73 Basinghall Street, London, E.C.

Special Consular Reports.—These reports are monographs on special subjects which the Consul may consider to deserve particular attention, or upon which he has been asked to report by the home authorities. Many valuable reports of this character have been issued. Recent instances include :

No. 659. Denmark—Report on the Danish System of Taxation.

No. 657. United States—Report on Liquor Traffic Legislation of the United States.

No. 653. Germany—German Ceramic Industries and German Trade in Ceramic Products.

No. 652. Germany—Report on Agriculture in the Rhenish Province.

No. 624. Germany—Memorandum on German Cement.

No. 650. Belgium—Report on the Arms Industry of Liège.

No. 635. Japan—Report on Japanese Paper-making.

No. 642. Germany—Report on the Paper Industry.

The general plan of these reports is to treat the subject from the point of view of the British trader or manufacturer in order that he may gather what progress is being made by his rivals, and what instruction he can gather from their methods.

Contents of Annual Consular Reports.—Every year the Consul sends a general report on the trade, commerce, and navigation of his district to the Foreign Office, and this is published as soon as possible. This annual report is designed to show the general movement of commerce. They are furnished not later than 31st March of the year following that with which they deal. If statistics are late, the report is forwarded lacking them, and the figures given in a subsequent supplementary report. When forwarding his annual report, the Consul includes or embodies reports from the Vice-consuls whom he superintends. The following is a general description of the nature of consular reports.

First, as to Trade and Commerce, the report shows:—

(a) The movement of trade in the articles in which British traders are principally interested. Should the trade in any article, though small and unimportant, appear capable of expansion or likely to expand considerably, information is afforded with regard to it.

(b) Openings for British trade, whether import or export.

(c) Comparative progress, if any, of foreign competition and the reasons for or causes of it.

(d) The difficulties which the law or custom of the particular country places in the way of trade, and the means to be adopted in order to meet them.

(e) Any regulations made with the view of facilitating commerce, or for the convenience of importing and exporting goods, either by land or water, are noticed.

(f) The productions of the locality, and how they are disposed of, are described, care being taken to distinguish raw from manufactured articles.

(g) New industries about to be established or new developments of those existing, changes in channels of business or in the financial condition of local trade due to legislative, monetary, or tariff alterations, or to such causes as the condition of crops, accumulation of stocks, development of new means of communication, state of public security and credit, and other similar matters are included.

The course of market prices of the staple commodities of trade is recorded. The export trade to the United Kingdom and British Colonies, industrial institutions, new inventions or appliances, are all matters which are noted as circumstances arise.

As to shipping and navigation, the report shows returns of British, foreign, and coasting ships, matters relating to ports and harbours, such as

alterations in dues, shipbuilding, opportunities for return freights, facilities for landing and embarking, average rates of freight, lights and lighthouses, and other details relating generally to shipping and navigation.

In the matter of population and industries and public health, all matters relating to mines and mining operations (including explosions and other mining disasters), factories, employment of the people, census results, rates of wages, and the public health, are embraced in this category. Some of the reports go very fully into these matters.

Full information is given as to any new harbour works, or improvements of a permanent nature in existing ports or harbours, as well as particulars respecting new railways, roads, canals, bridges, telegraphs, and generally as to improved means of communication. Information relative to industrial subjects of any sort is included. Consular officers in important agricultural districts furnish separate reports on matters of interest to the agriculturists of this country distinct from the trade reports.

Only such information as is suitable for general publication is included in the annual report. Other matters, as has been already explained, are communicated directly to the Board of Trade, and by them dealt with at discretion.

Improvement of Consular Reports.—The better use made of consular reports in recent years has undoubtedly served to encourage Consuls in making their reports more interesting and practical. An all round improvement is distinctly noticeable, and it cannot now be said, as it was some years ago, that British consular reports are far behind those of their foreign confrères in usefulness. The instructions issued to Consuls are now much more definite than of old, and this may be expected to have a marked effect.

It is not the province of this article to suggest improvements in the consular system itself, but one or two points may with propriety be mentioned here. The first is that we need Consuls of full rank at some inland towns of importance where now we have only Vice-consuls or merely unpaid "trading" Consuls, perhaps of foreign nationality. The following is a quotation from the Consular Report, No. 3819, of 1907, written by Colonel Brookfield, our Consul for the consular district of Dantzig, which comprises east and west Prussia, Posen, and Silesia, a district far too large for one Consul to handle. Colonel Brookfield says:—

"With regard to Silesia—which is what may be called Germany's 'Black Country'—I hope that in the near future it may be found possible to furnish a special report derived from authentic official sources. The province covers an area of 15,563 English square miles, has a population of nearly 5,000,000, and is the centre of enormous commercial activity. At present, the whole district being inland, there is no British authority except at Breslau, the capital, and the report which the Vice-consul at that place submits is necessarily confined to that particular sphere of observation, which is not the most important or interesting from the standpoint of British trade interests."

Undoubtedly we need more Consuls in the wide territory referred to.

It may be added that a better training for consular officers is also very necessary. It is in the highest degree desirable that a Consul should receive a thorough commercial training and be well acquainted with the laws and

commercial regulations both of his own country and of that to which he is appointed. Appointments in future must have regard to these essential matters if the commercial intelligence system is not to fail by reason of personnel. A Consul should, in the first place, be of British nationality, and, in the second place, be specially trained for his work. It is understood that in future all Consuls will be required to pass through the Commercial Intelligence Department before taking up their posts. It is a wise provision. Germany has attached trained commercial experts to many of her consulates with very satisfactory results. There are now ten such experts, one at each of the consulates of Buenos Aires, Calcutta, Constantinople, Johannesburg, New York, St. Petersburg, Rio de Janeiro, Shanghai, Sydney, and Yokohama, and more are to be appointed. Of agricultural experts there are nine in the service, as follows:—Consulates—Chicago, Copenhagen, London, Montreal, New York, and Paris, St. Petersburg (two), and one at the German Legation at Brussels.

It is not usually known that the great majority of British Consuls are unpaid officials who take up the work for the sake of the honour and importance of the position, and who, receiving no remuneration from the British Government, are allowed to trade. The increasing use made of the consular service will doubtless entirely eliminate the unpaid Consul in course of time. The growing importance of the work, and the onerous character of the responsibilities undertaken, are incompatible with the status of unpaid officials.

The Commercial Intelligence Branch of the Board of Trade.—This important department may now with advantage be described in detail. It is an offshoot of the commercial, labour, and statistical department of the Board of Trade, and its offices are in London, at 73 Basinghall Street, E.C. It was opened on October 23, 1899, as already indicated, for the purpose of carrying out the recommendations of the departmental committee, which reported on the dissemination of commercial information in 1898 (command Paper 8962 of 1898). Mr. Thomas Worthington, C.B., the Principal of the branch, has a great and well-deserved reputation.

It is to this department that British traders in need of commercial information should first apply.

Business of the Intelligence Branch.—The business of the commercial intelligence branch has been in part referred to above in connection with the duties of Consuls and the contents of consular reports. It is controlled by an advisory committee consisting of business experts and officials appointed by the Board of Trade. According to a report of this body issued in 1904, the following are among the principal subjects upon which inquiries are most frequently received by the intelligence branch:—

Trade statistics (British and foreign).

The names of firms abroad engaged in particular trades and industries.

Foreign and Colonial Customs tariffs and Customs regulations.

Openings for trade in the Colonies and foreign countries.

Foreign, Indian, and Colonial contracts open to tender.

Sources of supply, prices, &c., of trade products.

Forms of certificates of origin required by foreign and Colonial governments.

Regulations concerning commercial travellers.

General inquiries upon such subjects as these are readily answered by the branch, and British traders can often save much time by applying to it instead of writing direct to British Consuls or Colonial Agents. Many thousands of inquiries are answered annually, and the use of the branch, as the work of the officials is becoming known and appreciated, is increasing very rapidly.

“*The Board of Trade Journal*.”—The commercial intelligence branch has since its formation been responsible for that valuable publication known as *The Board of Trade Journal*, which is the official medium for communicating commercial information to the trading public. Prior to 1900 the *Journal* was issued monthly by the commercial department of the Board of Trade, but on the establishment of the branch a suggestion of the departmental committee of 1897–1898 to make it a weekly publication was acted upon, and the first weekly number appeared on the 4th of January 1900. A section in the *Journal* of practical value is that devoted to “Openings for British Trade,” in which information as to openings for trade abroad, and especially information relating to contracts open to tender, is brought under the notice of the commercial community. Prominence is regularly given in the *Journal* to the publication of new customs tariffs, both of foreign countries and of British possessions, and of notices relating to tariff changes. Since the incorporation of the *Imperial Institute Journal* with the *Board of Trade Journal*, which took place at the beginning of 1903, a quarterly supplement has been issued under the title of *The Imperial Institute Bulletin*, which contains particulars of the work carried out by the scientific and technical department of the institute as to the economic value of various products.

In addition to the preparation and publication of the *Journal* the branch also issues the “Monthly Accounts Relating to the Trade and Commerce of certain Foreign Countries and British Possessions,” commonly known as the “Board of Trade Returns,” which are the actual work of the Custom House.

The *Board of Trade Journal* was for some time issued at the price of one penny weekly. In 1906, however, the price was raised to threepence weekly, and at the same time a special advantage was offered to subscribers which is described in the important paragraph which follows. To this particular attention is directed.

Confidential Trade Information—How to Obtain It.—It was explained in connection with the commercial duties of Consuls that commercial information is sent home to be dealt with at discretion by the Board of Trade, and that the commercial intelligence branch has been in the habit of forwarding to Chambers of Commerce for the confidential use of their members, but not for publication, information to which it has appeared desirable in the interests of British trade to draw attention confidentially.

In 1906 this plan was greatly extended, and in order to reach all British manufacturers or traders interested, it was decided, on the recommendation of the commercial intelligence committee, to supplement the existing system by opening, on the 1st of January 1907, a register at the commercial intelligence branch, 73 Basinghall Street, E.C., of British firms who desire to receive confidential information relative to their respective trades.

Admission of firms to this important register, and retention upon it, are at the discretion of the Board of Trade. No charge is made for information supplied, but every firm admitted to the register is required to become a subscriber to the *Board of Trade Journal* and register as such with the publishers, Messrs. Wyman & Sons, Ltd., Fetter Lane, London, E.C., in order to ensure that those who wish to receive confidential information should first be in possession of all the official information relating to their particular trade which is published in that journal.

The scheme is officially stated to be provisional and experimental, and its continuance and future development will depend on the results of experience, but so far it seems to have worked well, and it is believed that a great deal of practical business has been done through its adoption.

The annual subscription to the *Board of Trade Journal* is 15s. 2d., which includes postage. For this small sum traders receive fifty-two weekly copies of the *Journal* and regular advices during the year on subjects connected with their particular trade.

Digested Consular Reports.—The intelligence department has done useful work also in extracting from a large number of consular reports and publishing in a separate form information on certain trades. For example, the volume on “Leather” issued in 1902 gives extracts relating to that trade only, and is exceedingly useful to the trade concerned. In 1903 a similar publication dealing with “Coal” was issued. Other special publications which deserve mention for their practical value are a memorandum relating to commercial travellers’ licences abroad, the “Annual Index to the Consular Reports,” giving a key to each trade and a memorandum on that difficult subject, “Certificates of Origin.”

The following extract from one of the “Annual Indexes to Consular Reports” will show how readily available the officials now make the information received from Consuls:—

Silver production of Japan.

„ tenders for, in Sweden.

Smokeless powder materials, tenders for, in Spain.

Soap, &c., used for wool-washing, rebate of duty on, in Natal.

„ opening for, in China.

Soaps, tariff classification of, in Bulgaria: revised regulations.

South Africa. *See* AFRICA.

South Australia. *See* AUSTRALIAN COMMONWEALTH.

Spain:

Agricultural and industrial exhibition at Valladolid.

Iron ore district, new.

Malaga: British trade.

This is part of the general alphabetical index. There is also a subject-index, so that references to any particular article can readily be made.

Exhibition of Samples, &c.—The Intelligence Branch exhibits the samples from time to time sent home by our Consular officers. Usually there can be seen at 73 Basinghall Street a considerable number of foreign articles sold in competition with British goods, new, raw, and other products, &c., such as the following:—

Linen and union goods selling in competition with British in certain South American markets.

Linen and cotton ticking and duck selling in competition with British goods in South African markets.

Chinese-made footwear.

Copper from the Besshi mines (Japan).

Wool felt hats, made in Italy, selling in Abyssinia, Jamaica, Trinidad, and British Guiana.

“Canhamo Braziliensis Perini” fibre from Brazil.

Cotton grown in the Argentine Chaco.

Beer bottles made in Chile.

Woollen hosiery sold in the markets of China and Japan.

Continental plate-glass sold in Japan.

Jams sold in Spain under labels suggesting British origin.

In 1907 the branch organised, in conjunction with the British Cotton Growers' Association, a valuable exhibition of British cotton grown under the auspices of the British Cotton Growing Association. The exhibits comprised samples of cotton from all parts of the Empire—India, Ceylon, West Indies, West Africa, East Africa, and Queensland—and specimens of articles manufactured from cotton.

List of Buyers of British Goods.—The practical value of the Consular work in collecting, and of the Intelligence Department in disseminating, the names of likely buyers of British goods will be understood from the following example, quoted from the *Board of Trade Journal*:—

“LIST OF POSSIBLE BUYERS OF BRITISH GOODS ABROAD.

“Attention is now called to a list which has recently been prepared, containing names supplied by H.M. Consular officers in the Netherlands, and dealing with the following towns:—Amsterdam, Arnhem, Enschede, Groningen, Haarlem, Harlingen, Den Helder, Leeuwarden, Nijmegen, Utrecht, Ymuiden, Zutphen, and Zwolle, all in the Consular district of Amsterdam; Rotterdam, Breda, Dordrecht, Eindhoven, Flushing, The Hague, s'Hertogenbosch, Leyden, Maastricht, Schiedam, and Tilburg, in the Consular district of Rotterdam. Amongst the classes of goods dealt with in this list are agricultural machinery, alimentary products, beer, bicycles, biscuits, boots, brushes, building materials, candles, chemical, photographic, and pharmaceutical goods, cement, chemicals, coal, cutlery, fish, furniture, haberdashery, hosiery, hats, and textiles generally, hardware, india-rubber, leather, pianos, pottery, china and glassware, sanitary appliances, spirits, sporting articles, stationery, tobacco, &c.”

The advantage of receiving such lists regularly will be readily appreciated.

Private Advices and Chambers of Commerce.—The business advices sent by the Board of Trade to Chambers of Commerce are handled in many ways, varying, of course, with the intelligence and enterprise of those who receive them. When a Chamber of Commerce publishes a “Journal,” it is a simple matter to notify members of the items of intelligence received. Thus in the *Manchester Chamber of Commerce Monthly Record* of June 29, 1907, we find the following notice:—

“CONFIDENTIAL COMMUNICATIONS.

“Various letters have been received from the Department during the last month which the Chamber is not permitted to publish. They are, however, open to inspection by members of the Chamber. Openings for business are suggested,

Sometimes particulars are given with a view to tenders for foreign contracts. The tenor of these communications will be gathered from the following list:—

- “(1) Abo.—Building of yachts and motor launches; extension of harbour works.
- “(2) Alexandria.—Supply of electricity for cranes, hoists, &c.
- “(3) Bilbao.—Trade in drugs and chemicals; opening for motor cars and waggons in that district; a line (double track) from Bilbao to Las Arenas to be electrified.”

Fifteen other items follow, relating to as many places and things. One of them is a useful warning received from the Board of Trade as to the practices of “long firms” at Smyrna.

Commercial Attachés.—For some time past there have been appointed to some of our embassies and legations abroad commercial attachés, whose duty it has been to watch commercial developments, safeguard commercial treaties, and promote British trading interests. It should also be mentioned that in the period 1900–1907 experiments were made in the direction of appointing “commercial agents” in various countries to report upon and promote British commerce. In the *Board of Trade Journal* for May 2, 1907, it was announced that these arrangements were to be modified.

The Commercial Attachés (save those of remote countries, such as China, where they remain unchanged) are in future (as from July 1, 1907) to have their headquarters in London and divide their time between special investigations abroad, work in the Foreign Office and Board of Trade, and visits to the manufacturing districts in the United Kingdom. Thus the Commercial Attaché disappears from the legations of the chief countries and is practically abolished. At the same time the posts of the experimental commercial agents who were appointed on trial in Switzerland, the United States, Russia, and Central America are abolished.

The commercial business at embassies and legations will now be transacted by a member of the diplomatic staff, known as the “Secretary in Charge of Commercial Matters.”

The abolition of the Commercial Attachés has been accompanied by a strengthening of the staff of the consulates in the countries concerned.

In connection with their revised duties it has been arranged for periodical visits of these Commercial Attachés to be paid to the great centres of industry in the United Kingdom. It is hoped that these tours will serve to make the attachés of greater service by posting them in the difficulties encountered by our traders, and by bringing them into direct touch with those whose interests they are appointed to foster. The future position of these Commercial Attachés was thus described by Lord Edmund Fitzmaurice at a banquet of the London Chamber of Commerce early in 1907:—

“The Commercial Attaché would therefore become a national commercial traveller, and would be able to devote the whole of his time to extending his experience of home and foreign conditions, the routine portion of his present occupation being left to the specially responsible commercial secretaries in the foreign missions and to the consuls.”

Lord Fitzmaurice stated further, that by the new system of Commercial Attachés information will be furnished on all commercial matters, all tariff

questions, and other subjects would be watched, and though it would not be possible to push the interests of any private firm, substantial assistance would be given to the interests of all British subjects in relation to foreign trade.

Some of our consuls are enterprising enough to go beyond their official duties. Thus, early in 1907, Mr. A. T. Waugh, our consul at Constantinople, then on leave of absence, visited some of the manufacturing centres in Great Britain in order that he might be in a better position to examine and report on commercial matters. Mr. Waugh arranged a number of conferences in various districts with firms in the Turkish trade. It would appear to be worth the while of the Foreign Office to arrange for special leave of absence for such consular visits.

Colonial "Consuls."—The need of establishing in our various colonies a system of commercial agents corresponding to our Consular system in foreign countries has just been further recognised by the Government. In the House of Commons, on June 28, 1907, Mr. Lloyd-George, President of the Board of Trade, announced that the Government "as a result of what passed at the Colonial Conference, were about to set up a system of commercial agents who would correspond with the consuls we had in foreign countries and attend to the interests of trade in our colonies." He went on:—

"We shall thus have reported to us what is going on in the colonies, which are such valuable markets to us, and the colonies will be kept informed of markets to which they can send their goods in this country. I trust it will be to the mutual advantage of the colonies and ourselves to have representatives of this character, who will be doing their best for the development of our trade with them and their trade with us."

The work of these colonial commercial agents will, it is understood, be dealt with in precisely the same way as that of foreign consuls. By the agency of annual and special reports, through the Commercial Intelligence Department, through the *Board of Trade Journal*, and through private advices to chambers of commerce and traders themselves, every endeavour will be made to promote inter-Imperial trade. Lists of these colonial official commercial agents can be obtained from the Commercial Intelligence Department of the Board of Trade, 73 Basinghall Street, London, E.C.

The Government as Business Agent.—The system described in the foregoing pages is, it will be realised, as to a great part of very recent development. The rapid widening of the idea of Government interference in trade will doubtless lead to further extensions in our Consular system, and to an even more active policy on the part of the Board of Trade or of the Ministry of Commerce which is bound to succeed it. But, merely to take the system as it is, a considerable amount of practical work has already been accomplished. It is undoubted that in many instances contracts have been made by firms who have promptly followed up the official advices. The State has thus become an agent for its traders, working without commission and without favour, simply seeking to make known to its men of business where profitable openings are to be found. It is true that, in ultimate analysis, the people as a whole pay as taxpayers for services which are directly enjoyed by export or import traders only, but our external commerce is of such vital importance to these islands that the policy of the Commercial Intelligence Department is unlikely to meet with

serious objection on the part of the taxpayer. Positive action on the part of the State is extending all along the line, and the historian will probably see in this particular form of Government effort but one phase of a far-reaching social and industrial movement.

To the go-ahead business man the new work of the Board of Trade presents manifold opportunities. He has the call upon disinterested and capable servants who hold themselves ready to serve him without charge of any kind. As has been shown, they will put him in touch with foreign or colonial importers or exporters, advise him whether a particular line of endeavour is worth pursuit, give him early intimation of new openings for trade, caution him in matters of credit, post him in tariff or customs technicalities, counsel him as to the advisability of despatching a commercial traveller or establishing an agency, and so forth. The policy of the Board of Trade, as at present developed, is to make the Commercial Intelligence Department a thorough and business-like agency, and every firm doing an import or export business will do well to keep closely in touch with it.

Addresses of Consuls.—It should always be made the rule to address consuls by their title and not by their name. This precaution is advisable that delay may not occur through a personally-directed inquiry being forwarded on to a consul on leave. The official advice runs, "To avoid delay in communicating with British Consular officers, they should be addressed not by name but by their official description, *i.e.* British Consul-General, Consul, Vice-Consul, or Consular Agent, at —."

List of British Consulates.—The following list shows in what countries and places British Consulates are established. The following abbreviations are used:—

C.-G.—Consul-General.
C.—Consul.
V.-C.—Vice-Consul.
C. A.—Consular Agent.

Places where Consulates-General are established are distinguished by being printed in capitals.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Aalborg	Denmark	V.-C.	Algeria	Spain	V.-C.
Aarhus	Denmark	C.	ALGIERS	Algeria	C.-G.
Abidjeau	Ivory Coast	V.-C.	Alicante	Spain	V.-C.
Abo	Russia	V.-C.	Almeria	Spain	V.-C.
Acapulco	Mexico	V.-C.	Amoy	China	C.
Adalia	Turkey	V.-C.	Amapala	Honduras	C.
ADIS ABABA	Abyssinia	C.-G.	Amiens	France	V.-C.
Adra	Spain	C. A.	Amsterdam	Holland	C.
Adrianople	Turkey	C.	Ancona	Italy	V.-C.
Aguilas	Spain	V.-C.	Ancúd	Chile	V.-C.
Ahwaz	Persia	V.-C.	Antananarivo	Madagascar	C.
Aidin	Turkey	V.-C.	Antioch	Turkey	V.-C.
Aivali	Turkey	V.-C.	Antofagasta	Chile	V.-C.
Ajaccio	Corsica	C.	ANTWERP	Belgium	C.-G.
Alcazar	Morocco	C. A.	Apalachicola	U.S.A. . . .	V.-C.
Aleppo	Turkey	C.	Apia	German Samoa	V.-C.
Alexandretta	Turkey	V.-C.	Aracaju	Brazil	V.-C.
Alexandria	Egypt	C.			

Town or Place.	Country.	Status of Consul.	Town or Place.	Country	Status of Consul.
Arcachon	France	V.-C.	Borgá	Russia	C. A.
Archangel	Russia	V.-C.	Borgholm	Sweden	C. A.
Arecibo	Porto Rico	V.-C.	Boston	U.S.A.	C.
Arendal	Norway	V.-C.	Boulogne	France	V.-C.
Arequipa	Peru	V.-C.	Bourgas	Bulgaria	C. A.
Arica	Chile	V.-C.	Braila	Roumania	V.-C.
Arroyo de Guayama	Porto Rico	V.-C.	Brake	Germany	V.-C.
Arzeu	Algiers	V.-C.	Bremen	Germany	V.-C.
Arzila	Morocco	C. A.	Bremøhaven	Germany	V.-C.
Astoria	U.S.A.	V.-C.	Breslau	Germany	V.-C.
Asuncion	Paraguay	C.	Brest	France	V.-C.
Athens	Greece	V.-C.	Brindisi	Italy	C.
Aux Cayes	Hayti	V.-C.	Bronwershaven	Holland	C. A.
BAGDAD	Turkey in Asia	C.-G.	Bruges	Belgium	V.-C.
Bahia	Brazil	C.	Brunswick	U.S.A.	V.-C.
Bahia Blanca	Argentina	V.-C.	Brussa	Turkey	V.-C.
Baku	Russia	V.-C.	Brussels	Belgium	V.-C.
Báile	Switzerland	V.-C.	Bucharest	Roumania	C.
Balek Paffau	Borneo	V.-C.	BUDAPEST	Hungary	C.-G.
Baltimore	U.S.A.	C.	Buena-Ventura	Columbia	C.A.
Bam	Persia	V.-C.	Buenos Aires	Argentina	C.
BANGKOK	Siam	C.-G.	Bunder Abbas	Persia	C.
BARCELONA	Spain	C.-G.	Burriana	Spain	V.-C.
Bari	Italy	V.-C.	BUSHIRE	Persia	C.-G.
Barletta	Italy	V.-C.	Cadiz	Spain	C.
Barranquilla	Columbia	C.	Caen	France	V.-C.
Bastah (Bussorah)	Asia Minor	C.	Caghari	Italy	C.
Bastia	Corsica	V.-C.	CAIRO	Egypt	C.-G.
Batavia	East Indies	C.	Calais	France	C.
Batoum	Russia	C.	Calamata	Greece	V.-C.
Bayonne	France	V.-C.	Caldera	Chile	V.-C.
Beira	Portugal	C.	Caleta Buena	Chile	V.-C.
BEIROUT	Syria	C.-G.	CALLAO	Peru	C.-G.
Belem	Portugal	V.-C.	Cameroons	German Africa	C.
Belgrade	Servia	V.-C.	Campana	Argentina	V.-C.
Bengazi	N. Africa	C.	Candia	Crete	V.-C.
Benguella	Portuguese S. Africa	V.-C.	CANEA	Crete	C.-G.
Bergen	Norway	V.-C.	Cannes	France	V.-C.
BERLIN	Germany	C.-G.	CANTON	China	C.-G.
Berne	Switzerland	C.	Cape Verd Islands		C.
Biarritz	France	V.-C.	Capri	Italy	C. A.
Bilbao	Spain	C.	Carácas	Venezuela	V.-C.
Biloxi	U.S.A.	V.-C.	Cardenas	Cuba	V.-C.
Birket-es-Sab	Egypt	C. A.	Carlsrona	Sweden	V.-C.
Bitlis	Turkey in Asia	V.-C.	Carril	Spain	V.-C.
Bizerta	Tunis	V.-C.	Carrizal Bajo	Chile	V.-C.
Björneborg	Russia	V.-C.	Cartagena	Spain	V.-C.
Bluefields	Nicaragua	V.-C.	Carthage	Columbia	V.-C.
Bocas del Toro	Panama	C. A.	Castellamare	Italy	V.-C.
Bodo	Norway	V.-C.	Castro Urdiales	Spain	V.-C.
BOGOTÁ	Columbia	C.-G.	Catania	Italy	V.-C.
Boma	Congo	C.	Cavalla	Turkey	V.-C.
Bône	Algiers	V.-C.	Cayenne	French Guiana	C.
Bordeaux	France	C.	Ceará	Brazil	V.-C.
Bordighera	Italy	V.-C.	Cebu	Philippines	V.-C.
			Cephalonia	Greece	V.-C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Cerro de Pasco	Peru	C. A.	Dar-al-Baida	Morocco	C.
Cette	France	V.-C.	Dardanelles	Turkey	V.-C.
Chañaral	Chile	C. A.	Darien	U.S.A.	V.-C.
Changsha	China	C.	Davos	Switzerland	V.-C.
Chantilly	France	V.-C.	Dedeagatch	Turkey	V.-C.
Charleroi	Belgium	V.-C.	Denia	Spain	V.-C.
Charleston	U.S.A.	V.-C.	Denver, Colorado	U.S.A.	V.-C.
Chefoo	China	C.	Derna	Turkey	V.-C.
Chemnitz	Germany	V.-C.	Diarbikir	Turkey	V.-C.
Chemulpo	Corea	C.	Diego Suarez	Madagascar	C. A.
CHENG TU	China	C.-G.	Dieppe	France	V.-C.
Cherbourg	France	C.	Diré Dawa	Abyssinia	C. A.
Chicago	U.S.A.	C.	Dordrecht	Holland	V.-C.
Chiangmai	Siam	C.	Drama	Turkey	V.-C.
Chihuahua	Mexico	V.-C.	Drammen	Norway	V.-C.
Chinanfu	China	C.	Dresden	Germany	C.
Chinde	Portuguese E. Africa.	V.-C.	Duluth	U.S.A.	V.-C.
Chinkiang	China	C.	Dunkirk	France	C.
Christiania	Norway	C.	DUSSELDORF	Germany	C.-G.
Christiansand	Norway	V.-C.	Egersund	Norway	V.-C.
Christiansted	Danish W. Indies	V.-C.	Elsinore	Denmark	V.-C.
Christiansund	Norway	V.-C.	Emden	Germany	V.-C.
Chungking	China	C.	Enos	Turkey	V.-C.
Chienfuegos	Cuba	V.-C.	Ensenada	Mexico	V.-C.
Ciudad Bolivar	Venezuela	C.	Erzeroum	Turkey in Asia	C.
Civitavecchia	Italy	V.-C.	Esbjerg	Denmark	V.-C.
Cologne	Germany	C.	Esmeraldas	Ecuador	V.-C.
Colon	Panama	V.-C.	Eupatoria	Russia	C. A.
Concepcion	Chile	V.-C.	Faro	Portugal	V.-C.
Concordia	Argentina	V.-C.	Fayal	Azores	V.-C.
Congo Colony	French Africa	C.	Fécamp	France	V.-C.
CONSTANTINOPEL	Turkey	C.-G.	Fernandina	U.S.A.	V.-C.
Constantza	Roumania	V.-C.	Fernando Po	Gulf of Guinea	C. A.
Copenhagen	Denmark	C.	Ferrol	Spain	V.-C.
Copiapo	Chile	C. A.	Fez	Morocco	C.
Coquimbo	Chile	C.	Figueira	Portugal	V.-C.
Corcubion	Spain	V.-C.	Fiume	Hungary	C.
Cordoba	Argentina	V.-C.	Elekkefiord	Norway	V.-C.
Cordova	Spain	V.-C.	Flensburg	Germany	V.-C.
Corfu	Greece	C.	FLORENCE	Italy	C.-G.
Corinto	Nicaragua	C. A.	Flores	Azores	V.-C.
Coronel	Chile	V.-C.	Flushing	Holland	V.-C.
Corumba	Brazil	C. A.	Foochow	China	C.
Corunna	Spain	C.	FRANKFORT-ON- MAIN	Germany	C.-G.
Croix	France	V.-C.	Fray Bentos	Uruguay	V.-C.
Cronstadt	Russia	V.-C.	Fredrickshamn	Russia	V.-C.
Curacao	Caribbean Sea	C.	Fredrickshald	Norway	V.-C.
Curityba	Brazil	V.-C.	Fredrickshavn	Denmark	V.-C.
Cuxhaven	Germany	V.-C.	Fredrickstad	Norway	V.-C.
Dairen (Dalny)	Manchuria	V.-C.	Fredricksted	Danish W. Indies	V.-C.
DAKAR	Senegal	C. G.	Frontera	Mexico	V.-C.
Damascus	Turkey in Asia	C.	Funchal	Madeira	C.
Dantzic	Germany	C.	Gabes	Tunis	C. A.
			Galatz	Roumania	V.-C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Gallipoli	Turkey	V.-C.	Husum	Germany	V.-C.
Galveston	U.S.A.	C.	Hyères	France	V.-C.
Gandia	Spain	V.-C.	Ichang	China	C.
Garrucha	Spain	V.-C.	Iloilo	Philippines	V.-C.
Gaza	Turkey	C. A.	Ineboli	Turkey	C. A.
Gefle	Sweden	V.-C.	Inhambane	Portuguese E. Africa	V.-C.
Geneva	Switzerland	C.	Innsbruck	Austria	V.-C.
GENOA	Italy	C.-G.	Iquique	Chili	C.
Gerba	Tunis	C. A.	Iquitos	Peru	C.
Ghent	Belgium	V.-C.	Ismidt	Turkey	C. A.
Gijon	Spain	V.-C.	ISPAHAN	Persia	C.-G.
Gioja Tauro	Italy	V.-C.	Iviza	Spain	V.-C.
Gotland (Wisby)	Sweden	V.-C.	Jacksonville	U.S.A.	V.-C.
Gottenburg	Sweden	C.	Jaffa	Turkey in Asia	V.-C.
Granada	Spain	V.-C.	Janina	Turkey	V.-C.
Grand Bassam	French W. Africa	V.-C.	Jeddah	Arabia	C.
Gravelines	France	V.-C.	Jerez	Spain	V.-C.
Grenoble	France	V.-C.	Jerusalem	Turkey in Asia	C.
Greytown	Nicaragua	C.	Juin	Chili	V.-C.
Groningen	Holland	V.-C.	Kalmar	Sweden	V.-C.
Guadeloupe	West Indies	V.-C.	Kansas City	U.S.A.	V.-C.
GUATEMALA	Guatemala	C.-G.	Karbala	Turkey	V.-C.
Guantanamo	Cuba	V.-C.	Kastrup	Denmark	V.-C.
Guayaquil	Ecuador	C.	Kedah	Siam	C.
Guaymas	Mexico	V.-C.	Kerman	Persia	C.
Guinea	Venezuela	C.	Kermanshah	Persia	C.
Hague	Holland	V.-C.	Kertch	Russia	V.-C.
Haiffa	Turkey in Asia	V.-C.	Key West	U.S.A.	V.-C.
Hakodate	Japan	V.-C.	Khoms	Tripoli	V.-C.
Halmstad	Sweden	V.-C.	Kieff	Russia	C.
HAMBURG	Germany	C.-G.	Kiel	Germany	V.-C.
Hammerfest	Norway	V.-C.	Kissingen	Germany	V.-C.
Hangchow	China	C.	Kiukiang	China	C.
HANKOW	China	C.-G.	Kiungchow	China	C.
Hanoi	French Indo-China	C.	Kobé (Hiogo)	Japan	C.
Hanover	Germany	V.-C.	Koh-i-Malik Siah	Persia	V.-C.
Harburg	Germany	V.-C.	Kolding	Denmark	V.-C.
Harlingen	Holland	V.-C.	Konieh	Turkey	V.-C.
Harrar	Abyssinia	V.-C.	Konigsberg	Germany	V.-C.
Haugesund	Norway	V.-C.	Korsor	Denmark	V.-C.
HAVANA	Cuba	C.-G.	Kragerö	Norway	V.-C.
HAVRE	France	C.-G.	LABUAN	Borneo	C.-G.
Helder	Holland	V.-C.	La Ceiba	Honduras	V.-C.
Helsingborg	Sweden	V.-C.	La Guaira	Venezuela	V.-C.
Helsingfors	Finland	C.	Laguna	Mexico	V.-C.
Hernösand	Sweden	V.-C.	Landscrona	Sweden	V.-C.
Hodeidah	Arabia	V.-C.	La Palma	Canary Islands	V.-C.
Honda	Colombia	V.-C.	LA PAZ	Bolivia	C.-G.
HONDURAS	C. G.	C. G.	La Plata	Argentina	V.-C.
Honfleur	France	V.-C.	Laraiche	Morocco	V.-C.
Honolulu	Sandwich Islands	C.	La Rochelle	France	V.-C.
Hudiksvall	Sweden	V.-C.	Lattakia	Turkey	V.-C.
Huelva	Spain	V.-C.	La Union	Salvador	V.-C.
Humaçao	Porto Rico	V.-C.	Laurium (Ergasteria)	Greece	V.-C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Laurvig	Norway	V.-C.	Marmagao	Portugal	C.
Lausanne	Switzerland	C.	Marsala	Italy	V.-C.
Leghorn	Italy	V.-C.	MARSEILLES	France	C.-G.
LEIPZIG	Germany	C.-G.	Marstrand	Sweden	V.-C.
Leixões	Portugal	V.-C.	Martinique		C.
Lemberg	Austria	V.-C.	Matanzas	Cuba	V.-C.
Lemvig	Denmark	V.-C.	Mayaguez	Porto Rico	V.-C.
Leopoldville	Congo	V.-C.	Mazagan	Morocco	V.-C.
Libau	Russia	V.-C.	Mazarron	Spain	C. A.
Libreville	French Congo	V.-C.	Mazatlan	Mexico	V. C.
Licata	Italy	V.-C.	Mazzara	Italy	V. C.
Liège	Belgium	V.-C.	Medellin	Colombia	V.-C.
Lille	France	V.-C.	Mehdia	Tunis	C. A.
LIMA	Peru	C.-G.	Memel	Germany	V.-C.
Limoges	France	V.-C.	Mentone	France	V.-C.
Linares	Spain	V.-C.	Mersina	Turkey	V.-C.
Lisbon	Portugal	C.	MESHED	Persia	C. G.
Lissa	Austria	C. A.	Messina	Italy	V.-C.
Levingston	Guatemala	V.-C.	Mexico	Mexico	C.
Loanda	Portuguese Africa	C.	Milan	Italy	C.
Lofoten Islands	Norway	V.-C.	Milazzo	Italy	V.-C.
Lorient	France	C. A.	Milo	Greece	C. A.
Los Andes	Chili	C. A.	Mitylene	Turkey	V.-C.
Los Angeles	U.S.A.	V.-C.	Mobile	U.S.A.	V.-C.
Lota	Chili	V.-C.	Mogador	Morocco	V.-C.
LOURENCO MAR-QUES	Portuguese Africa	C.-G.	Mohammerah	Persia	C.
Lovisa	Russia	V.-C.	Molde	Norway	V.-C.
Lubeck	Germany	V.-C.	Mollendo	Peru	V.-C.
Lucerne	Switzerland	V.-C.	Monaco	Monaco	C.
Lulea	Sweden	V.-C.	Monastir	Tunis	C.
Lyons	France	C.	Monrovia	Liberia	C.
Maassluis	Holland	C. A.	MONTE VIDEO	Uruguay	C. G.
Macao	China	V.-C.	Monterey	Mexico	V.-C.
Macassar	Celebes	V.-C.	Montreux	Switzerland	V.-C.
Maceio	Brazil	V.-C.	Morocco City	Morocco	C. A.
Madrid	Spain	V.-C.	Morro Velho	Brazil	V.-C.
Magdeburg	Germany	V.-C.	Moscow	Russia	C.
Majunga	Madagascar	V.-C.	Mosjoen (Vefsen)	Norway	V.-C.
Malaga	Spain	C.	Moss	Norway	V.-C.
Maldonado	Uruguay	V.-C.	Mosul	Turkey	C. A.
MANAGUA	Nicaragua	C.-G.	Mozambique	Port East Africa	V.-C.
Manaos	Brazil	V.-C.	MUKDEN	China	C. G.
Mandal	Norway	V.-C.	Munich	Germany	C.
Manfredonia	Italy	V.-C.	Muscat	Arabia	C.
MANILA	Philippines	C.-G.	Nagasaki	Japan	C.
Malmö	Sweden	V.-C.	Namsos	Norway	V.-C.
Mannheim	Germany	C.	Nanking	China	C.
Mansourah	Egypt	C. A.	Nantes	France	V.-C.
Manzanillo	Mexico	V.-C.	NAPLES	Italy	C. G.
Maracaibo	Venezuela	V.-C.	Narva	Russia	V.-C.
Maranhham	Brazil	V.-C.	Neuchatel	Switzer-land	V.-C.
Marbella	Spain	V.-C.	Newchwang	China	C.
Marin (Port of Pontevedra)	Spain	V.-C.	New Orleans	U.S.A.	C.
Marinopol	Russia	V.-C.	Newport News	U.S.A.	V.-C.
			NEW YORK	U.S.A.	C. G.
			Nice	France	C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Nickerie	Dutch		Ponce	Porto Rico	V.-C.
Nicolaieff	Guiana	V.-C.	Pondicherry	India	C.
Nicolaistadt (Wasa)	Russia	V.-C.	Porman	Spain	C. A.
Ningpo	Russia	V.-C.	PORT-AU-PRINCE	Hayti	C.-G.
Norfolk	China	C.	Portimão	Portugal	V.-C.
Norrköping	U.S.A.	V.-C.	Portland	Oregon	C.
Noumea	Sweden	V.-C.	Port Limon	Costa Rica	V.-C.
	New Cale-		Port Mahon	Spain	V.-C.
	donia	C.	Porto Alegre	Brazil	C.
Novorossisk	Russia	V.-C.	Porto Empedocle	Italy	V.-C.
Nuremberg	Germany	V.-C.	Porto Rico	W. Indies	C.
Nyborg	Denmark	V.-C.	Port Royal	U.S.A.	V.-C.
Nykoping	Sweden	V.-C.	PORT SAID	Egypt	C.-G.
Odense	Denmark	V.-C.	Port St. Mary	Spain	V.-C.
ODESSA	Russia	C. G.	Port Soudan	Egypt	V.-C.
Oland	Sweden	V.-C.	Port Tampa	U.S.A.	V.-C.
Omaha (Neb.)	U.S.A.	V.-C.	Port Townsend	U.S.A.	V.-C.
Omoa	Honduras	C.	Poti	Russia	V.-C.
Oporto	Portugal	C.	Pozzallo	Italy	V.-C.
Oran	Algiers	V.-C.	Prague	Austria	C.
Ornsköldsvik	Sweden	V.-C.	Prevesa	Turkey	C. A.
Orotava	Teneriffe	V.-C.	Progreso	Mexico	V.-C.
Oruro	Bolivia	V.-C.	Providence	U.S.A.	V.-C.
Oskarshamn	Sweden	V.-C.	Puerto Barrios	Guatemala	V.-C.
Ostend	Belgium	V.-C.	Puerto Cabello	Venezuela	V.-C.
Paita	Peru	V.-C.	Puerto Gallegos	Argentine	
Pakhoi	China	C.		Republic	C. A.
Palamos	Spain	V.-C.	Puerto Mexico		
Palermo	Italy	C.	(Coatzacoalcos)	Mexico	V.-C.
Palma	Spain	V.-C.	Puerto Plata	Dominican	
Panamá	Panamá	C.		Republic	V.-C.
Panderma	Turkey	C. A.	Puerto Tablas	Venezuela	C. A.
Papenburg	Germany	V.-C.	Punta Arenas	Chile	V.-C.
Pará	Brazil	C.	Quelimane	Port, East	
Paraiba	Brazil	V.-C.		Africa	C. A.
Paramaribo	Dutch		Quezaltenango	Guatemala	C.
	Guiana	C.	QUITO	Ecuador	C.-G.
Paraná	Argentine		Rabat	Morocco	V.-C.
	Republic	V.-C.	Randers	Denmark	V.-C.
PARIS	France	C. G.	Reggio	Italy	V.-C.
Patras	Greece	C.	Reims	France	V.-C.
Pau	France	V.-C.	Resht	Persia	V.-C.
Pauillac	France	V.-C.	Rethymo	Crete	V.-C.
Paysandu	Uruguay	V.-C.	Réunion	Indian	
Pedregal	Panamá	C. A.		Ocean	C.
PEKING	China	C. G.	Reval	Russia	V.-C.
Pemba	Zanzibar	C. A.	Reykjavik	Iceland	C.
Pensacola (Fla.)	U.S.A.	V.-C.	Rhodes	Turkey	V.-C.
Perené	Peru	V.-C.	Richmond	U.S.A.	V.-C.
Pernambuco	Brazil	C.	Riga	Russia	C.
Pernau	Russia	V.-C.	RÍO DE JANEIRO	Brazil	C.-G.
Philadelphia	U.S.A.	C.	Rio Grande do Norte	Brazil	V.-C.
Philippville	Algiers	V.-C.	Rio Grande do Sul	Brazil	V.-C.
Philippopolis	Bulgaria	V.-C.	Rio Marina	Elba	V.-C.
Pillau	Germany	V.-C.	Risór	Norway	V.-C.
Piræus	Greece	C.	Rodosto	Turkey	V.-C.
Pisagua	Chile	V.-C.	Rome	Italy	C.
Pisco	Peru	V.-C.	Rónne (Borrholm)	Denmark	V.-C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Rosario	Argentine Republic	C.	Santiago	Chile	V.-C.
Rostock	Germany	V.-C.	Santiago de Cuba	Cuba	C.
Rostov	Russia	C.	Santo Domingo	Dominican Republic	V.-C.
Rotterdam	Holland	C.	Santorin	Greece	C. A.
Rouen	France	C.	Santos	Brazil	C.
Roustchouk	Bulgaria	V.-C.	Saragossa	Spain	V.-C.
Sabine Pass	U.S.A.	V.-C.	Sarajevo	Bosnia	C.
Sables d'Olonne	France	C. A.	Sassari and Porto Torres	Italy	V.-C.
Safed	Turkey	V.-C.	Savannah	U.S.A.	C.
Saffi	Morocco	V.-C.	Savona	Italy	V.-C.
Saigon	Cochin China	V.-C.	Scala Nuova	Turkey	V.-C.
St. Brieuc	France	V.-C.	Scio	Turkey	V.-C.
St. Denis	Réunion	V.-C.	Scutari	Turkey	V.-C.
St. Gall	Switzerland	V.-C.	Seattle	U.S.A.	V.-C.
St. Louis	U.S.A.	V.-C.	Sebastopol	Russia	V.-C.
St. Malo	France	V.-C.	Seistan	Persia	C.
St. Michaels	Azores	C.	Senggora	Siam	V.-C.
St. Moritz	Switzerland	C.	SEOUL	Corea	C. G.
St. Paul (Minn.)	U.S.A.	V.-C.	Seriphos	Greece	C. A.
St. Paul	Portuguese S. Africa	V.-C.	Setubal (St. Ubes)	Portugal	V.-C.
St. Petersburg	Russia	C.	Seville	Spain	V.-C.
St. Thomas	Danish West Indies	C.	Seydisfjord	Iceland	V.-C.
Salaverry	Peru	V.-C.	Sfax	Tunis	V.-C.
Salerno	Italy	V.-C.	SHANGHAI	China	C.-G.
Salino Cruz	Mexico	V.-C.	Shimonoseki	Japan	C.
SALONICA	Turkey	C.-G.	Shiraz	Persia	C.
Salto	Uruguay	V.-C.	Sidon	Turkey	V.-C.
Samarang	Java	V.-C.	Skelleftea	Sweden	V.-C.
Samos	Turkey	V.-C.	Skienfjord (Pors- grund)	Norway	V.-C.
Samsoon	Turkey	C. A.	SMYRNA	Turkey in Asia	C. G.
San Diego	U.S.A.	V.-C.	Soconuseo (San Benito)	Mexico	V.-C.
San Felin de Guixols	Spain	V.-C.	Soderhamn	Sweden	V.-C.
SAN FRANCISCO	U.S.A.	C.-G.	SOFLA	Bulgaria	C.-G.
SAN JOSÉ	Costa Rica	C.-G.	Sourabaya	Java	V.-C.
San José	Guatemala	V.-C.	Spa	Belgium	V.-C.
San Juan	Porto Rico	V.-C.	Spezia	Italy	V.-C.
San Lucar	Spain	V.-C.	Stanleyville	Congo	V.-C.
San Marino	San Marino	C.	Stavanger	Norway	V.-C.
San Nicolas	Argentine Republic	V.-C.	Stettin	Germany	C.
San Paulo	Brazil	V.-C.	Stockholm	Sweden	C.
San Pedro Sula	Honduras	V.-C.	Stromstad	Sweden	V.-C.
San Pietro	Italy	V.-C.	Stuttgart	Germany	C.
San Remo	Italy	V.-C.	Sucre	Bolivia	V.-C.
San Roque	Spain	V.-C.	Sulina	Roumania	V.-C.
SAN SALVADOR	Salvador	C.-G.	Sultanabad	Persia	V.-C.
San Sebastian	Spain	V.-C.	Sundsvall	Sweden	V.-C.
Sandakan	Borneo	C. A.	Surinam	British Guiana	C.
Santa Catherina	Brazil	V.-C.	Susa	Tunis	V.-C.
Santa Cruz	Teneriffe	V.-C.	Svendborg	Denmark	V.-C.
Santa Fé	Argentine Republic	V.-C.	Swatow	China	C.
Santa Martha	Columbia	V.-C.	Swinemünde	Germany	V.-C.
Santander	Spain	V.-C.	Syra	Greece	C.

Town or Place.	Country.	Status of Consul.	Town or Place.	Country.	Status of Consul.
Syracuse	Italy	V.-C.	TUNIS	Tunis	C.-G.
TABREEZ	Persia	C. G.	Turbat-i-Haidari	Persia	C.
Tabriz	Persia	V.-C.	Turin	Italy	V.-C.
Tacoma	U.S.A.	V.-C.	Tuxpam	Mexico	V.-C.
Taganrog	Russia	V.-C.	Uddevalle	Sweden	V.-C.
Tahiti	Society Islands	C.	Uleaborg	Russia	V.-C.
Tainau	Formosa	C.	Umea	Sweden	V.-C.
Talcahuano	Chile	V.-C.	Uscub	Turkey	V.-C.
Taltal	Chile	V.-C.	Vadso	Norway	V.-C.
Tamatave	Madagascar	C.	Valdivia	Chile	V.-C.
Tammenfors	Russia	V.-C.	Valencia	Spain	V.-C.
Tampico	Mexico	V.-C.	VALPARAISO	Chile	C.-G.
Tamsui	Formosa	C.	Van	Turkey in Asia	V.-C.
TANGIER	Morocco	C.-G.	Vardo	Norway	V.-C.
Tantah	Egypt	C. A.	Varna	Bulgaria	V.-C.
Taormina	Italy	V.-C.	Venice	Italy	C.
Tarragona	Spain	V.-C.	Vera Cruz	Mexico	V.-C.
Tegucigalpa	Honduras	C.	Vianna	Portugal	V.-C.
TEHRAN	Persia	C.-G.	Victoria	Brazil	V.-C.
Temuco	Chile	C. A.	VIENNA	Austria	C.-G.
Tenedos	Turkey	V.-C.	Vigo	Spain	V.-C.
Teneriffe	Canaries	C.	Villa Constitucion	Argentine Republic	V.-C.
Têngyueh	China	C.	Villa Real de San Antonio	Portugal	V.-C.
Terneuzen	Holland	C. A.	Vivero	Spain	V.-C.
Terranova	Italy	V.-C.	Vladivostock	Siberia	C. A.
Tete	Portugal	V.-C.	Volo	Greece	C.
Tetuan	Morocco	V.-C.	Vourlah	Turkey	C. A.
Theodosia	Russia	V.-C.	Warberg	Sweden	V.-C.
Thisted	Denmark	V.-C.	WARSAW	Poland	C.-G.
Thorshavn	Faroe Island	C.	Westervik	Sweden	V.-C.
TIEN-TSIN	China	C.-G.	Wiborg	Russia	V.-C.
Tocopilla	Chile	V.-C.	Wilmington	U.S.A.	V.-C.
Togoland	Germany	C.	Windau	Russia	V.-C.
TOKIO	Japan	C.-G.	Wismar	Germany	V.-C.
Tomé	Chile	V.-C.	Wuchow	China	C.
Tonga	South Pacific	C.	Wuhu	China	V.-C.
Tonnay-Charente	France	V.-C.	Yap	Marshall Islands	V.-C.
Tonning	Germany	V.-C.	Yezd	Persia	V.-C.
Toulon	France	V.-C.	Ymuiden	Holland	V.-C.
Toulouse	France	V.-C.	YOKOHAMA	Japan	C.-G.
Traigven	Chile	V.-C.	YUNNAN-FU	China	C.-G.
Trapani	Italy	V.-C.	Ystad	Sweden	V.-C.
Trebizond	Turkey	C.	Zag-a-Zig	Egypt	C. A.
Treport	France	V.-C.	Zante	Greece	V.-C.
Trieste	Austria	C.	ZANZIBAR	Zanzibar	C.-G.
TRIPOLI	Tripoli	C.-G.	Zea	Greece	C. A.
Tromsø	Norway	V.-C.	ZURICH	Switzerland	C. G.
Trondhjem	Norway	V.-C.			
Truxillo	Honduras	C.			
Tumaco	Columbia	C. A.			

L. G. CHIOZZA-MONEY.

Author of "British Trade and the Zollverein Issue," &c.

CO-OPERATION: Protective Precautions for Retailers.—We shall consider, in the article CO-OPERATION AND THE RETAILER, various aspects of the keen competition between the retailer and the Co-operative

Society, and make some suggestions. Summing up the arguments and facts adduced, we believe that victory rests with the retailer, provided that he thoroughly equips himself for the contest. In these days of technical literature he can have little reason for remaining ignorant of matters affecting his business. Every week he can digest the best market and other reports, appreciate the record of the signs of the times, and increase his knowledge of the technical side of his trade. Unfortunately there are still many traders who neglect these opportunities. Valuable technical magazines and journals regularly knock at their door for admission, but fail to secure an answer. When challenged they often make reply that there is nothing they do not know about their own concern. They cling to the old-fashioned methods of their fathers, brought up in the days of stage-coaches, who had no desire to go faster than those lumbering vehicles. Wholesale firms with new ideas and more modern goods are not even allowed to show their selection, though their travellers make persuasive appeals.

A new spirit, however, has now come over the majority of retailers. The last ten years' experience has convinced them that a shop in the High Street is not an easy living. They know that they must plan and work with determination and intelligence in order to retain their foothold. The large increase of Chambers of Trade has proved of great benefit in accelerating this spirit of educational progress and efficiency. At the same time the Chambers have also fostered the beginning of an *esprit de corps* which is all to the good.

An important lesson learnt by the trader is that which emphasises the value of producing or selling some speciality. A grocer and provision merchant has specialised in sausages, a baker in cakes, a draper in millinery, and so on. Each has endeavoured to sell the best article for the price in the locality. In scores of instances a valuable advertisement has been secured minimising many of the apparent advantages of the Co-operative Store. They have found that if they sell a superior article required by the people, even the Co-operative Society cannot hold back its members, for the general public is usually a good judge of quality and price.

Enterprise and brains must of necessity provide the foundation for any effective campaign against co-operative trading. Illustrations can be given from many parts of the country of the success that has attended the efforts of retailers in meeting this kind of competition by specialisation. In large centres the ordinary stationer and bookseller has been badly hit by the discount shop. It is difficult, if not impossible, for him to live to-day by the sale of literature. He needs to specialise in leather goods, articles for presents, and toys. Where he has given close attention to the markets, knows where to buy and how to sell advantageously, he can reach and maintain his customers. Again, let him specialise in stationery and not remain content simply to sell the ordinary goods, but offer lines that he knows are required and will be welcomed. Many stationers can afford to cut dies for nothing if a certain quantity of notepaper and envelopes is purchased. By the use of improved machinery there is little or no waste, whilst by a succession of orders the machines are kept always at work. Many instances are known of stationers who in this way secure customers from districts far outside their own immediate area, and gradually build up a clientele that is valuable for other things than stationery.

Next to specialisation must be mentioned the value of an Intelligence Department. This may prove of quite an elementary character in the case of many traders, but even in its simple form it proves invaluable. The first condition is a list of customers, whether cash or credit, and the approximate amount of their expenditure at the particular establishment during the quarter or six months. By such a system the retailer is able to see at a glance where he has gained or where he has lost. He may lose Smith's custom and secure Brown's, or he may discover that his cash trade is leaving him, but that he has received some compensation on the credit side of his concern. Again, the slightest evidence of general falling off will be evident. He will know whether the Co-operative Society is killing him, and if so he will take steps to counteract the competition as far as possible. The knowledge thus gained will also indicate other effects of competition. Supposing with his limited resources he finds himself unable to circumvent the store, then he would recognise that failing trade must be met by other methods. Instances could be cited of men who in this dilemma have cut their losses and developed another kind of business. At any rate, the Intelligence Department, if properly worked, would enable traders to appreciate their position with accuracy. To the keen business man it has also frequently meant suggestions for new trade.

Attention to effective window display is an excellent weapon against the Co-operative Society, especially as their managers do not as a rule exhibit much skill or fertility of resource in this matter. This is a point worth noting, because the Co-operative Societies are already showing signs of improvement in this respect. Upon window fittings the directors of Co-operative Stores are usually content to preserve strict economy. As a consequence the drapery side of their concern suffers heavily. By comparison, therefore, the ordinary tradesman reaps a distinct advantage, and it is instructive to note the fine art of window display in enterprising districts. In backward towns much leeway has yet to be made up, and the trader has still to learn the lesson that to show his goods effectively always invites new customers. Moreover, where the Co-operative Society is strong, he is proving his business superiority in an unmistakable degree, if the show in his windows offers an index to the goods he has on sale.

As a rule also a private trader appreciates the duty of keeping his wares in a good condition. Whether he is grocer, draper, or shoe factor, he endeavours to preserve his stock from deterioration. It is but a truism to say that a good stock-keeper sells the best article. His system of business does not permit damaged or out-of-date goods to encumber his fixtures. Effective display and efficient stock-keeping are allied. It is impossible to ensure the one quality without the other. Up-to-date traders are keen on these matters, and it only needs a more general adoption, especially in working-class districts, in order to provide a stronger weapon in the competition against the stores.

CO-OPERATION AND THE RETAILER.—Sixty years ago co-operation was in its birth throes. In the interval this movement has grown to such an extent that to-day 2,500,000 members possess a share capital of £32,000,000 sterling, and their profits alone for 1906 realised £19,000,000. Few centres are without the Co-operative Store; and by combination in the Wholesale Society, soap, cocoa, boots, clothing, and other articles are manufactured, so that not only the retailer but the wholesaler is affected by the

steady and substantial growth of the movement. In numbers of towns grocers, bakers, and other traders have perforce closed their doors on account of the competition they have experienced primarily from the Co-operative Store, and also secondarily from the branch shop of some large company. It is difficult to estimate the exact proportions of this combined competition, but as a rule the grocer feels most that of the Co-operative Society, for he loses as a consequence his most regular and profitable customers. In addition to the grocer, the draper, outfitter, boot retailer, and baker are also experiencing the strain, not to the same extent as the grocer, but quite sufficient to cut off a good slice of satisfactory business.

Now it is important to note that no specific claim is made by co-operators that their goods, whether grocery or drapery, are better than those of the average shopkeeper. They would probably assert that these were "just as good." Obviously co-operators are at a disadvantage here. The public need a good bit of convincing that the Wholesale Co-operative Society's soap and cocoa are "just as good" as that supplied by well-known firms whose names are household words. It is really an unthinkable proposition to an average purchaser. Such great producers have for years been perfecting their manufactures under ideal conditions for the workers and with the markets of the world at their disposal. The same remark applies to other household articles where the Wholesale Society attempts the policy of "substitution." As a matter of fact the co-operative members are not yet convinced by the Society's statements on these points, and despite urgent entreaties to buy the Wholesale Society's goods, fight shy of the invitation. Therefore, the point must not be forgotten by the ordinary shopkeeper that co-operators have never substantiated the argument that the quality of their articles is superior. Not only have they not proved their superiority in such a comparison, but it may be questioned whether they are entitled to the term "just as good." As regards the bulk of their articles, the expert would undoubtedly declare that they cannot substantiate this claim, and even where such is the case enhanced prices are charged.

Careful inquiries prove that the price list of the Co-operative Society is higher than that of the ordinary retailer. The accountant and secretaries of the Birmingham Traders' Association say: "It is a well-known fact that goods sold at the Co-operative Stores are inferior in quality and about 20 per cent. dearer than from private traders; and even after they have received a dividend of 10 or 15 per cent. back, they have paid a penalty of 5 to 10 per cent. excess charge, and that for inferior goods, for the privilege." A large North of England firm has on more than one occasion issued comparisons of prices, and the statements have never been disputed. For the same parcel of groceries and provisions the Co-operative Society charged 19s. 10d. as compared with 16s. 2d. by the private traders. Deducting the usual bonus of 2s. in the pound, there is still 1s. 8d. to the credit of the retailer, or to take another parcel of household necessities, the Co-operative Society charges 7s. 0½d. for that which is priced 5s. 11½d. by the private trader. If further proof were necessary that the Co-operative Society charge more for their articles, it can be supplied by the co-operators themselves who admit the fact. They claim the bonus as a set off. Probably it is, but why raise prices fictitiously in order to pay a bonus? Some of the Rochdale Co-operative prices may be given as an illustration. Butter,

1s. 3d., as compared to private trader, 1s. 1d. Eggs, 12 for 1s.; private trader, 14 for 1s. Irish roll bacon, 1s. per lb.; private trader 11d. Flour (20 lbs.), 2s. 6d., 2s. 8d., 2s. 10d., 3s.; private trader, 2s. 2d., 2s. 4d., 2s. 6d., 2s. 8d. Again at a branch of the City of Bradford Co-operative Society, Ltd., goods amounting to 9s. 10½d. were purchased which could be obtained at the ordinary retailer's for 7s. 9½d. Deducting the bonus of 2s. 10d. in the pound, there is a clear saving of 1s. 4d. or 6¼ per cent.

Co-operators have achieved their success through financial reasons. Summed up in a sentence: they provide an easy way by which the artisan can save. First of all, he is a shareholder: that is the first condition. Therefore he becomes a part of the concern and spends all that is possible for him to do at the store. At the end of the quarter he secures his bonus. Supposing he spends on an average £1 per week, his 10 per cent. bonus at the end of the quarter is £1, 6s. Four bonuses in the year make his savings—at least this is what he calls them—a little over £5. That five-pound note is the solid argument for Co-operative Societies. It is not perhaps the only one, but it appeals most strongly to thousands of co-operators. What can the ordinary retailer do with such competition? He cannot afford to be banker as well as shopkeeper, for the whole of the risk attaches to him.

In view of these facts, the duty of the retail trader is clear and emphatic. Whilst it is true he has been badly hit by the Co-operative Store, his possibilities are not exhausted, nor can the country dispense with his services. Napoleon taunted us with being a nation of shopkeepers, and the statement is true. But the taunt is robbed of its sting when we remember what the commercial and civic life of the country owes to the ordinary retailer. First, then, the retailer must make a strong and well-directed attack against some of the features of co-operative trading. In many cases Chambers of Trade as well as the larger retailers have informed the public that they inevitably pay more for the privilege of receiving a bonus. Also, that the quality of the articles supplied is not superior to those on sale at the private shop, whose principal is able to buy in the best market. Education on these lines has already proved effective, but much more can be done in similar directions. Wherever the store is capturing trade from the shopkeeper, let him rouse himself to the necessities of the situation. The local press, a well-directed advertising campaign, as well as personal canvassing, may all be pressed into the service, not perhaps at the same time, but in regular order.

Secondly, Trade Alliances are possible and desirable. This may take the form of an advertising campaign. For instance, four or five traders whose interests are not antagonistic may agree to run an advertisement scheme. By pooling their money they secure larger spaces and better display, with a correspondingly improved result. Four men might divide a page of the local newspaper between them, and each one share in the benefits of big advertising that could not possibly be associated with a quarter of a page. Again, what is to hinder a joint manual for the use of customers and the benefit of business? In size and appearance it will be four times more serviceable than that of the single firm, whilst the cost remains exactly what the retailer would, under ordinary circumstances, agree to spend. Co-operation is combination. Why should the ordinary trader maintain his isolation if he can secure bigger and better results in another way?

More substantial forms of combination are possible under schemes of

(*a*) alliance buying, and (*b*) a Retailers' Wholesale Store. Shopkeepers are aware that, ordering by themselves, it is quite impossible to secure such favourable terms as the large companies with their couple of hundred branch establishments. To buy on the lines of the latter organisation would simply stock them for a dozen years ahead. This is unthinkable for them, not to say mad-cap trading. But suppose a grocer wanted cheese and promised himself a consignment say of English cheddar, why could he not secure a dozen other grocers in his county to assist him in the purchase of a big consignment? It is done already in some cases, but the virtues of such an arrangement have yet to be appreciated by grocers generally. A dozen grocers or provision merchants would require a total bulk of any specified article as would make it worth the while of a manufacturer to give special terms. If their cash resources proved equal to the occasion they would also be able to obtain an extra discount for a seven days' settlement. The manufacturer would not suffer. He would neither pay traveller's commission nor expenses, and with a minimum of trouble and book-keeping could carry through a good order. Cheese is not the only article to be bought in this way. In recent years farmers have increasingly turned their attention to fruit culture and jam making. If the farmer knew that he could dispose of the whole of his home-made jam to some such alliance without the trouble of setting in motion all the allied machinery of trade, he could embark on a paying proposition, and the respective traders would, all things being equal, prefer the home-made article—the desideratum of every housewife.

Under the heading (*b*) a Retailers' Wholesale Store, we consider a scheme that is sure eventually to be carried through. The retailer wants to know how he can meet the strong and effective organisation of the Co-operative Society. What is true of the advantages possessed by the co-operators is abundantly true of the branch store proprietor. Either he must own defeat or sell at a loss, and this latter policy is unfortunately too well known at the present day. Whilst he is starving, metaphorically speaking, he realises that his payments maintain expensive travellers and all the upkeep of the large middleman. If he could secure only one-half of his proportion of the middleman's profit he would realise a practical advantage. The drapery trade is considering a somewhat ambitious scheme along these lines. But there is no reason why it should stop at the draper. A less pretentious and more practical arrangement would consist in the combination of two or three score boot retailers in various parts of the country, or the same number of clothiers and outfitters. These trades seem to possess opportunities for such an experiment, but there are probably others that will occur to individual readers.

Such an enterprise would consist briefly in securing (1) an organisation to provide for the best selection of the goods on the market in that particular trade; and (2) best possible cash terms. Both conditions are at the root of the proposal. In every possible way traders must be encouraged and trained to sell the best article on the market, not necessarily the highest in price, but that offering the best value, in style, material, and general quality, for their own circle of customers. The policy of offering good stock at satisfactory prices is one of the surest ways of combating the stores.

COPY (ADVERTISING). See PRESS ADVERTISING AND ADVERTISEMENT WRITING AS A CAREER.

CORRESPONDENCE.—The theory of a business letter used to be defined as conversation at a distance, but the coming of the telephone has caused us to seek another definition. Not that this aid to despatch has done away with the need of written or typed communications. It has affected the speed of business rather than decreased its correspondence. But the business letter has entered upon a new era. Our forefathers used to write letters to *arrange* business. Nowadays we write letters to *create* business. Hence we define a business letter as one which arranges or creates commercial transactions. There are three principal questions to be considered: (1) How should letters be written, (2) despatched, and (3) filed? The object in view, of course, decides the length, wording, tone, and general character of any letter we may have to write. Certain qualities, literary and ethical, should be present in every letter. Brevity and clearness assume an important place. Sometimes circumstances require lengthy explanations, or detailed stipulations, and these can safely be left to the judgment of the writer. But a perusal of buff copies in several lines of activity assures us that letters are usually lacking in conciseness. This applies more particularly to correspondence about orders, answers to complaints, and the like. Where a whole page is used, a half could be used better. Hence arises the need to study clearness. Courtesy in personal expression, and dignity in tone, are happily noticeable qualities in the letters of nearly all large houses. Apparently the small firm, and the man in business for himself, are the chief sinners against good taste. "Never lose your temper pen in hand" is a wise motto. Tact is always required in dealing with complaints. Put away the fighting spirit. Correspondents are doubtless often unreasonable, sometimes positively rude; frequently vindictive. But you have nothing to gain by using his weapons. In no part of a business is it more true than in its correspondence, that "a soft answer turneth away wrath." Look at the matter from the customer's point of view; endeavour to agree with him so far as may be; regret your mistake and learn your lesson. The complainer is often your best friend. The cool-tempered man grumbles to himself, and punishes you by trading elsewhere.

Were we to look through the letter-books of half-a-dozen totally different businesses, we should find a distressing plenitude of stereotyped phrases. "Soliciting your further orders"; "Trusting same will be satisfactory"; "Assuring you of our best attention"; and "Your favour to hand," are cases in point. Substitutes are not difficult to find, and every correspondence clerk should aim at creating variety. Why should every letter be a "favour," and why this unliterary use of "same"? Evidently the beginnings and ending of letters present great difficulties in the way of originality; but instead of opening thus: "Your favour to hand; you say you received the goods on the 6th," and closing with the stilted "assurance of best attention at all times," it would be better to begin thus: "In your letter of the 14th inst., for which we thank you, we observe that you received the goods on the 6th inst.," and ending by affirming the hope that no inconvenience has arisen from the omission of sending an advice note. Good sense, good will, and a little study of the art of expression are the chief ingredients in all letters relating to business details. It is when we sit down to write letters that are to create business that we face the real problems of correspondence. Such letters

are really postal travellers. They "represent" the firm, and should be constructed with a view to a good appearance, and a good story to tell which is not spoiled in the telling. The qualities required in the writer are a knowledge of human nature; ability to select and describe invitingly the best features in the article to be sold; literary skill in making up the letter; and a sense of adaptation in applying general business principles to particular cases. The human element should always come first. Imagine a man you know, and write just the kind of letter you think would appeal to him. Then take another man, altogether different, and address him in the same way. Work up half-a-dozen such letters. Finally, seek out the human features in the six epistles that are common to all. In *these* you may be sure you have the true basis on which to work. Next, analyse the merits of your goods. True, you know them already, but you want to get the right *order*. Suppose there are three important facts about them, and three not so important. Use one of each in the first letter, reserving the others for later letters. The same method should be employed when addressing people who respond to your advertisements; the only difference in the point of view is, that having secured attention, you can afford to dilate a little more on the goods you sell. In both cases the letter should have a heading or statement of subject, as attractive as you can make it. How long should the letter be? Just long enough to awaken interest and give the reader a clear idea of what you offer him. Write a *good* letter, and the length is not so important. Still, don't fire away all your ammunition at once. You need something for your follow-up system (*q.v.*). And where your epistles are uninvited, as in list names, you do no good by imposing a two page document on a man who has not asked you for anything. Mr. Sherwin Cody, an American authority, is of opinion that you may write a long letter to a farmer, a woman, or an inquirer. This is sound sense. In towns and cities where the rush of life is great, there is no time for the letter of ten paragraphs: reduce to five, and even then keep them for country addresses where people have more leisure. Change your form-letters periodically. Letters become stale just as advertisements do. You cannot, of course, lightly cast aside a good business bringer, but the best of them wear out in time. Six months is long enough even for a "puller." If James Phillips of Bristol receives the identical type of letter you sent his neighbour a year ago, you get a smile instead of an order. Go through your "forms" every two months. Ask yourself, "Is there not a better way?" "What are my competitors saying?" "How can I use current events to advantage?"

One or two practical matters must be dealt with before leaving this section. Open your post early and sort carefully. Every manager or correspondence clerk should glance through all letters before replying to one of them. To begin with the first, and go right through, only to find at 12 noon, and at the very bottom, an urgent order belonging to another department, is the reverse of good method. First answer letters that need despatch; next the easier ones; and lastly, those demanding inquiry or much reflection. When a customer changes his address, be careful that the books of each department are rectified. Have a printed slip giving the old and new address, and require each clerk to initial the change. The present writer once notified a firm three times about a change of address, and letters

went to the old address regularly for three years. It is a much prevailing weakness. Supervise your letter-books or buff copies. Set apart a day a fortnight for inspection purposes. If you fail in this, you will find letters going out to Lord Walker addressing him as "Dear Sir," and occasionally, also, a lady of title is addressed as "Dear Sir." Bad typing, bad copying, and other irritations creep into every correspondence that is not carefully watched. Are you likely to retain a customer whom your clerks address as "The Rev. W. W. Wanks, Esq."?

The despatch of letters is a section which we may conveniently open with some remarks on paper and envelopes. Notepaper of a good quality, tastefully designed, neither overcrowded with matter nor over-decorated, is an absolute business necessity. Plain envelopes are to be preferred, at any rate, in cases where you send letters uninvited. Some people are extremely particular on matters of this kind, and you have little to lose, and much to gain, by having no printed matter on your covers. As to the addressing, folding, and stamping of letters, much depends on the way the office staff is drilled. Most addressing is now done by the typewriter, and the office boy's execrable scrawl is seen no more. But he is seldom taught the art of folding. We have opened circular letters, well composed, and well got up, and containing suitable enclosures, but thrown together in a manner that could not but create a bad impression. Under-stamping, especially in the case of foreign letters, calls for watchfulness, and the clerk in charge of the postal department of a firm should have a minute acquaintance with the Post Office Guide.

In dealing with the keeping correspondence records, one naturally turns to the question of card systems. The object of a card system is to preserve in handy form the name and address of your correspondent, the date of his letters to you, and yours to him, and a record of his orders. To rule a card for such a purpose is an easy matter, and infinitely preferable to the old system which gave the first letter a number, and filed it accordingly. But even the most up-to-date card system must be worked accurately to be a real success. No card should be removed from the cabinet without the permission of the responsible person, and a duplicate should be immediately put in its place. No card should be destroyed. If a letter is returned marked "Refused," write "Refused" across the card and keep it in its place. Otherwise, when using another list, you may write that man again, to your mutual annoyance. The best method of preserving outward letters is still a debated subject. Some firms cling tenaciously to the letter-book. This system, however, is open to grave objections. All letters outward are in one place, and all letters inward in another. Should you wish to find the correspondence referring to any particular firm, you would have to instruct a member of the staff to spend an hour or two in searching through perhaps twenty or thirty files, the letters being put away in data order; and if, by any chance, a letter has been wrongly filed, a still greater amount of time is consumed in following up "guesses" at the name under which it may be found. When the inward letters are complete, you have still to find the outward letters, necessitating a prolonged examination of your letter-books. Presuming the indexes have been correctly entered up, your letters to the firm in question can only be read by going through specified pages in a stack of letter-books

two or three feet high. This is not exaggeration; and it is significant that big firms with a large correspondence are gradually leaving the letter-book system for the more modern practice of taking buff copies. At one time these buff copies used to be taken in the ordinary way, by means of a rotary copying press, but the simpler and more economical method is to take a copy at the same time the letter is typed on the typewriter. The advantages of this method are so perfectly obvious, that one can only marvel that it is not used where correspondence assumes anything like large proportions. There are no expensive letter-books; there is no time spent in copying; your inward and outward correspondence is fastened together, and there is no hunting for old letters among the dust and cobwebs.

Closely associated with the question of copying letters, is the method of filing them; a change in one means a change in the other. Presuming that all inward and outward correspondence relating to one firm, or one matter, is to be filed together, it is necessary to use what is called a "Folder." As the name implies, it is simply a case with mechanical devices for holding letters, and also for filing them in proper order in a cabinet, and after a system arranged for the purpose. These "Folders" are numbered consecutively, and filed in numerical order. A card index is used to trace the names from the numbers; or, if it is desired that correspondence should be filed in alphabetical name order, the card index may be dispensed with, although this course is not recommended. As distinct from this vertical method of filing, as it is called, there is the flat-filing system, where letters are put away in a horizontal fashion. "The equipment consists of a drawer or a number of drawers arranged in cabinets or sections, each of which is equipped with an alphabetical index, the papers being placed between its leaves in the proper order. This index is so arranged that the alphabet is divided and subdivided to suit the number of drawers to be indexed, each drawer having twenty-five subdivisions, in addition to four extra spaces, which may be devoted to special purposes." There is a good deal to be said in favour of this system, as it lends itself to individual adaptation, and may be recommended to the consideration of small firms who wish to be orderly in their correspondence, without going to great expense in the way of office furniture.

It has been said that English business correspondence is still in bondage; that it is afraid to take its liberty; and that, sooner or later, like other departments of trade, it will become Americanised. This we do not believe. We know that we are slow to change, but that is because business men do not think-changes are acceptable to the public generally, and not because they object to change. That the American style of business communication has had, and will continue to have, an effect on English correspondence, we do not doubt. But Englishmen are shrewd enough to know what is suitable to Chicago may be a rank failure in London.—And *see* FOLLOW-UP SYSTEMS; LETTERS.

T. SHARPER KNOWLSON.

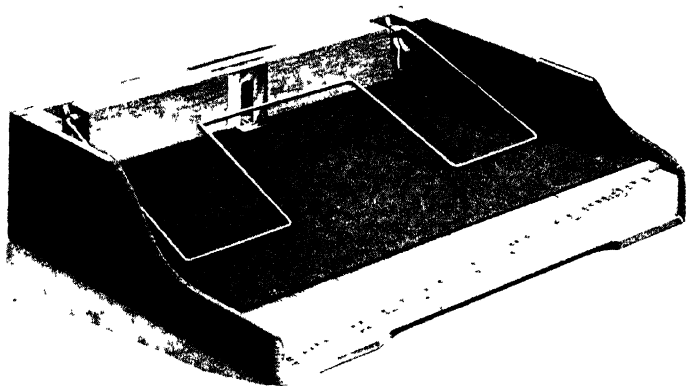
Author of "The Art of Success," "Business Talks," &c.

COST ACCOUNTS.—Cost accounts may be defined as a system of recording in accounts the materials used and labour employed in the manufacture of a certain commodity or on a particular job.

During recent years English manufacturers have begun to realise the



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necessity for some adequate system of costing, and the many advantages to be gained by framing their cost accounts on a practical and scientific basis, although in this branch of accounting the American manufacturers are, without a doubt, far ahead.

The object of any system of cost accounts is primarily to show—

- (1) The prime cost or cost of production, so that the manufacturer may know either the profit or loss on the article or job; or, if not sold, the selling price he should charge.
- (2) The analysis of such cost.

The secondary objects being as follows:—

- (1) To obtain reliable records of work done for future reference.
- (2) To detect waste of material or loss of time.
- (3) To act as a check on managers and others in authority.
- (4) To enable monthly or other periodical returns to be prepared.

In some businesses, as for example an electro-plate and cutlery manufacturer, only departmental results are required showing the cost of goods manufactured in each department; whilst in the case of an undertaking producing but one class of article, such as a colliery or brewery, it is the average cost per unit of each stage of manufacture that is needed.

If the transactions can be divided into distinct contracts, the cost accounts should show the separate result of each contract; and in the case of undertakings which manufacture a number of different articles, each undergoing several processes, both the cost of each process and the ultimate cost of each article should be obtained.

It will be understood, therefore, that the system of cost accounts to be adopted depends entirely on the requirements of each particular case, and only when this fact has been fully recognised is it possible to formulate any satisfactory method.

The cost of any article or job may be classified as follows:—

- (1) The prime cost or cost of production, consisting of the expenditure on raw materials, direct wages, and other expenditure directly chargeable.
- (2) Shop expenditure or general charges. This includes wages of foremen, power, tools, upkeep, and all expenses incidental to production.
- (3) Establishment expenses or expenses of distribution and administration, including office salaries and expenses, travellers' salaries, &c.

Where separate results of each contract are desired, the aim of the costing system is to charge each order with the exact cost of the time expended and material used, and to distribute the other expenditure equitably over the whole of the jobs, so that the actual profit or loss on each may be ascertained.

In order that this may be accomplished, a separate account for each contract must be opened in a cost ledger, and debited with the actual cost of time and materials employed on the job.

The following is a convenient form of cost ledger:—

COST LEDGER.

No. of Job _____

Customer's Name _____

Address _____

WAGES.						MATERIALS.					
Date.	No. of Time Card.	Workman's Name.	Particulars.	Hours.	Rate.	Time Value at Cost.	Date.	Requisition No.	Description	Materials Book Ref.	Amount at Cost.
						£ s. d.					£ s. d.

Another useful ruling being as follows:—

COST LEDGER.

Name _____

Address _____

Date.	Particulars.	Wages.			Direct Materials.		Stores.		Expenses.		Remarks.
		Fo.	Hours.	Amount.	P. J. Fo.	Amount.	Req. No.	Amount.	C. B. Fo.	Amount.	

We have first to consider the sources from which the particulars shown in the cost ledger are ascertained, and the method of recording the time spent and materials used on each job in the subsidiary books.

Direct Wages.—Each workman should enter the time spent by him on each job, with particulars of the work done, on a time sheet which he receives from the timekeeper each morning on “checking in,” and hands in at night on “checking out.”

The total time must agree with that recorded in the timekeeper's book for which he is paid.

This time, calculated at cost price according to the rate paid to each workman, is posted to the account in the cost ledger, to which it is chargeable.

Sometimes the posting is made direct from the time sheet, the total being entered in a summary book, so that the amount charged may be agreed with the wages paid. As these time sheets are generally badly written,

the particulars are often copied into a time summary book, full details being there shown, whilst another method is to enter the amounts only in the summary book, and post the weekly total to the cost ledger, thus obviating a lot of clerical work, although, on the other hand, no details of the work can be shown in the cost ledger if this form be adopted—

WAGES SUMMARY for Week ending _____

Order No. . .		Order No. . . .		Order No.		Order No.		Order No.		Order No.		Summary.		
Time Sheet.	Amount.	Time Sheet.	Amount.	Time Sheet.	Amount.	Time Sheet.	Amount.	Time Sheet.	Amount.	Time Sheet.	Amount.	Order No.	Cost Ledger Fo.	Amount.
£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.				£ s. d.

The amount shown on the Time Sheet is entered each day in the Summary, and the weekly total posted to the Cost Ledger.

Unchargeable time, time spent on repairs, cleaning up shop, &c., are all recorded on the time sheets and charged to cost ledger accounts so headed, hence it necessarily follows that the total direct wages charged each week to the cost ledger accounts through the medium of the wages summary book must agree with the actual direct wages paid.

Materials.—Materials used may be divided into three classes—

- (1) Goods and materials purchased direct for a job.
- (2) Goods and materials out of stock.
- (3) General stores, such as nuts, screws, &c., of which no proper record can be kept.

It is very desirable that proper stores accounts be kept in every manufacturing business, and material required for an order only issued on receipt of a proper requisition note for the same.

These requisition notes should then be entered in a materials issued book, and the amounts posted to the cost ledger from this source.

MATERIALS ISSUED BOOK.

Date.	Req'n. No.	Description of Stores Issued.	Job No.	Weight.	Rate.	Amount.	Cost Led. Ref.	Analysis of Goods.
				T. c. q. lb.		£ s. d.		

If desired, the posting can be made direct from the requisition note, the totals being entered in a summary book, or a materials summary book ruled similarly to the wages summary (*supra*) can be adopted.

Materials purchased direct for a job need not be entered in the materials issued book if an analysed purchase journal be used, the posting to the cost ledger being made from that source.

For small stores of which it is not possible to keep any record, an entry is made in the materials issued book when the order is completed and the amount posted to the cost ledger account.

In this way a record is obtained of the total cost of the materials used on the various jobs for which accounts have been opened in the cost ledger, any stores returned being entered in red ink and deducted from the amount charged.

Oncost.—We have now to consider how the fixed charges usually known as shop expenditure and establishment expenses, or shop oncost and office oncost, are to be apportioned to the various jobs. The amount to be charged is dependent on past experience, and a certain turnover must be assumed to arrive at the percentage required. Many different methods of apportioning the oncost over the various jobs are employed, but, speaking generally, the shop oncost is usually based on the wages paid, the amount added for establishment expenses being calculated on the shop cost. When the job is completed, the columns for wages and materials in the cost ledger are added, the oncost entered, and the cost ledger account ruled off, the amount charged the customer being entered in a sales journal ruled as follows:—

SALES JOURNAL.

Date.	Copy Invoice No.	Name.	Particulars.	Led. Ref.	Amount to be Debited.	Contract Work.											
						Cost Book Ref.	Time.	Materials.	Expenses added.	Total Cost.	Profit.	Loss.					
						£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.					

The *cost* of time expended and materials used, as shown by the cost ledger, is entered in the respective columns provided, together with the oncost added, the total cost being then extended, and the profit or loss on the job shown. In practice, it is the custom to add a further percentage to the actual oncost, which amount is known only to the management, in order that the office staff may not learn the actual profit made on each order.

To now review the system described, we find *firstly*, that all time spent by the workmen has been charged up to various accounts in the cost ledger,

such accounts consisting of jobs for customers, unchargeable time, time on repairs, &c. *Secondly*, that all materials used have been similarly charged. *Thirdly*, that *completed jobs* for customers have been transferred through the sales journal to the debit of the customer, after adding oncost and profit. *Lastly*, that the only balances remaining in the cost ledger are those recording time and materials on uncompleted work, unchargeable time, repairs, &c.

In order to reconcile the cost books with the financial books, and also to test their clerical accuracy, a work in progress account should be prepared, this account really being the turnstile through which the various particulars contained in the cost ledger are brought into the ordinary trading account of the concern.

WORK IN PROGRESS ACCOUNT for Month ending _____ 190

190..			Time.		190		Time.		
			£ s. d.	£ s. d.			£ s. d.	£ s. d.	
	To Time and Materials on Work in Progress at beginning of Month					By Cost of Completed Work as per Sales Journal			
	" Wages paid	C.				" Repairs to Plant	P		
	" Materials used as per Materials Day Book	N.L.				" Additions ditto	Jul.		
	" Materials charged direct	N.L.				" Unchargeable Time, &c &c.	"		
	" Direct Payments	N.L.				" Uncompleted Work as per list chargeable to Customers	C.		
			£	£				£	£
190	To Time and Materials on Work in Progress	C.							

Two columns are provided for time and materials. The first entry shows the time and materials on work in progress at the beginning of the month. The *wages paid*, which have been debited to the cost ledger through the time summary book, are transferred from wages account in the nominal ledger. *Materials used out of stores* are credited to stores account, and *materials charged direct*, and *direct payments*, are credited to accounts in the nominal ledger, to which the expenditure under these heads has been debited. Therefore all the debits in the work in progress account have been credited to some nominal ledger account, the particulars being obtained from the cost books. The first entry on the credit side is the cost of time and materials on completed jobs, as shown by the sales journal, which amount is debited to trading account. The repairs, unchargeable time, &c., credited to work in progress account, are transferred by means of a journal entry to their proper accounts in the nominal ledger, and the balance, which must correspond with the outstanding balances in the cost ledger, is brought down and treated as an asset on closing the financial books. A monthly return can then be prepared as follows, the trading account at the end of the period being in similar form.

CONTRACT WORK.

MONTHLY RETURN for Month ending _____ 190

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Cost of Completed Work:—							By Sales and Work for Month charged to Customers						
Wages													
Materials													
Direct Expenses													
„ Profit as per Sales Journal £													
Less Loss													
Add Oncoast Charged before arriving at above Profit													
				£							£		
To Shop Charges—estimated at							By Gross Profit brought down						
„ Establishment Expenses—estimated at							„ Work in Progress:—						
„ Net Trading Profit for Month							Wages £						
				£			Materials						
											£		
				£									

In the case of an undertaking such as a colliery or steel manufacturer, the object in view is to prepare a cost sheet showing a detailed analysis of the labour employed or materials used, calculated on a fixed unit. A special form of cost sheet should be prepared. An abstract should then be prepared showing the cost per ton of the general charges and establishment expenses, and the actual net profit on each ton raised.

The subject of cost accounts covers so wide an area, that it is impossible to touch upon more than the bare outlines in the present article. The examples here given afford, however, a general idea of the principles and theory of costing. The secret of all systems of cost accounts is to institute a practical, workable method, applicable to the requirements of each particular business; and once this has been accomplished, the results obtainable will fully compensate for the small amount of time and trouble involved in carrying out the system.

The use of cards for factory accounting has considerably minimised the clerical work in many cases, and has much to recommend it, provided due care is taken that the cards are handled in a systematic manner. See MANUFACTURERS' ACCOUNTS.

M. WEBSTER JENKINSON, C.A.

CREDIT INQUIRIES.—Credit is, of course, absolutely indispensable in business. It is neither convenient nor possible for the buyer of goods always to give value in exchange at the time of each purchase, and the merchant has therefore no alternative but to take a certain amount of risk with a great many, if not the majority, of his sales. This risk, however, need not be great—not such as to cause excitement or alarm—especially if caution is exercised in the first instance at the opening of the accounts. But that care and foresight which prudence demands is often not used. Credit is given to Tom, Dick, and Harry without due and proper investigation into their respective records, and hence it is that so much is lost every year by

way of bad debts. Nevertheless, success in business is attainable in spite of any amount of credit-giving, and it is with the method by which such success can be assured that we are here concerned.

Of those who ask for credit there are several kinds. There is the man who, understanding the requirements of trade, sends his references with his first order and invites the manufacturer to investigate them before despatching the goods. There is, too, the man who, not having this knowledge, omits to give the manufacturer the necessary information. And there is the man who, with sinister designs, writes out his order with a studied indefiniteness and obtains credit wherever he can. With the first of these, the honest and intelligent business man, it is very easy to deal, and it is a pleasure to have dealings with him; number two, the man ignorant of the rules of business, requires tactful handling; whilst number three, the schemer, must either be shunned altogether or treated in a summary way. But let us consider them more fully, each in his turn.

When a man who is desirous of opening a new account encloses with his first order the names of two firms to whom application can be made for a trade reference, the first thing to be done is to submit an inquiry to the firms named without delay. This can be done either by letter or by a stereotyped form. The former is the prevailing fashion, but the writer recommends the latter, for the very good reason that it is more convenient and less expensive. Here is a specimen designed to meet the needs of the case:—

SPECIMEN TRADE INQUIRY

Counterfoil. No. 1.

TRADE INQUIRY
FROM
Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

To M.....

Address.....

Re.....

Date.....

TRADE INQUIRY No. 1.
FROM
Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

Date.....

To M.....
Address.....

DEAR SIR,

We have been referred to you by.....
.....for a trade
reference. Will you therefore be good enough to fill in
the annexed form, and return the same to us at your
earliest convenience?

Any time we can perform a like service for you we
shall be happy to do so.

Yours faithfully,
MARTIN, LEE, & Co.
per.....

Is the party named a male or female?.....
Under or over 21 years of age?.....
Known to you personally or not?.....
Had an account with you since?.....
And in your opinion is worthy of credit?.....
To what extent?.....
Additional particulars.....

Signed.....
Date.....

Obviously it takes less time to fill in one of these forms than to type a letter embodying the same or similar questions.

The replies to these inquiries enable the merchant to make a pretty accurate, though not absolutely true, estimate of the character of the party to whom they refer. Sometimes an unscrupulous firm will give a trader a good reference so that he can get into debt elsewhere, and thus be able to pay their (the recommending firm's) account, especially if he be considerably indebted to them. Hence, when there is the slightest suspicion of an ulterior motive or lack of thoroughness in the recommendations, further inquiries should be made privately and independently through a Trade Protection Society, an Inquiry Agency, a traveller located in that district, a bank, or the like.

So much, then, concerning the man who courts investigation. Now as to the second on our list—the uninitiated. We will assume that the trader who omits to say to whom he would have the merchant refer acts in ignorance. To such it is best to send a *pro forma* invoice, with a polite note to the effect that the usual terms in business are cash with order from strangers, or two approved trade references prior to opening an account. And this will probably bring a reply enclosing cash to cover the amount of the invoice, and a request that credit may be allowed. He cannot supply the necessary trade references, because, he may say, he has only recently set up in business.

Now one must be particularly cautious when dealing with such a gentleman, for although he may be perfectly honest, he may, nevertheless, be a failure as a business man. Honesty and business acumen do not always go together. It is therefore necessary to obtain from him such particulars as are essential to the purpose in hand. Here is a form the like of which he may be asked to sign :—

SPECIMEN FORM FOR OBTAINING CREDIT PARTICULARS

Counterfoil.

APPLICATION FOR A CREDIT ACCOUNT

TO

Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

Form sent to Mr.....

Address.....

Date.....

APPLICATION FOR A CREDIT ACCOUNT

TO

Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

Full Christian and Surname of applicant.....

Address.....

Previous address.....

Length of credit required, weekly or monthly account.....

To what extent.....

Names and addresses of two persons }
or firms to whom application }
for references can be made }

Additional particulars.....

Date.....

If it be explained to him that these particulars are required for the purpose of opening the account, and also to ensure him being given the very best terms offerable, it is highly improbable that he will hesitate to supply them.

Directly his reply is received it can be followed up with an inquiry of this description :—

SPECIMEN FORM FOR SPECIAL INQUIRY

Counterfoil. No. 2.
TRADE INQUIRY
FROM
Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

TRADE INQUIRY No. 2.
FROM
Messrs. MARTIN, LEE, & CO.,
57 DUKE STREET, DUNDEE.

To M. Address

Re. Address

Date sent

Date
To M. Address

DEAR SIR,

Mr. of

is desirous of opening a credit account with us, and informs us that you will speak on his behalf. Will you therefore be good enough to answer the following questions, and return the same to us at your earliest convenience, and oblige,

Yours faithfully,
MARTIN, LEE, & Co.
per

How long have you known applicant?
Is he honest and industrious?
Can you confidently recommend him?
Additional particulars

Signed

Date

The replies to these inquiries will enable the merchant to decide whether he will grant the application or not.

The third type of customer is he who, whilst sending along a large order, writes in an indefinite way so far as he himself is concerned. If he resides in the country he may be asked to sign one of these "Application for a Credit Account" forms. Perhaps he will refuse to do so; probably he will. If he does, his action will betray him, and he may then be asked to send cash with order in each case. And if he resides in the town and he declines to fill in this form, he, in the same way, may be requested to pay cash on

delivery. No merchant can afford to open an account without a security of some sort. The risk is too great. And no tradesman who is honest and is desirous of doing business on the very best terms procurable will hesitate to give a guarantee. Nor is there anything contained in the form which he is asked to fill up that is at all likely to give offence. It is designed merely for the protection of the manufacturer, the man who is asked to trust a customer to a certain extent for a certain period, and the shopkeeper, the man who asks for such confidence to be reposed in him, will not decline to fill it up and sign it. It would be different if the document were at all inquisitive. And the possession of a signed statement of this character means so much to the creditor if by chance anything goes wrong, as every one with experience in County Court and bankruptcy work will admit.

A word in conclusion concerning another subject which is closely related to this, *i.e.* bad debt insurance. It is not a matter of common knowledge, but it is a fact notwithstanding, that a creditor can insure himself against excessive losses through bad debts—those losses, that is to say, which occur in spite of all precaution and through no fault of either party.

The Ocean Accident Guarantee Corporation, of 36-44 Moorgate Street, London, make a speciality of this class of insurance, and by insuring himself with this Company under their Excess Bad Debt System the creditor is guaranteed twenty shillings in the pound on every transaction concluded during the existence of the policy within its terms and conditions, and subject to a fixed loss to be first borne by the assured, which sum is based on a liberal reading of the assured's losses in the past few years.

The one great advantage of this system is this: the assured knows at the time from which his policy starts that, whatever losses he may make in the course of business, his *own* losses *cannot exceed* a certain moderate *given* figure, as beyond this the Company step in, and, under cover of their policy, take the place of the insolvent customer, and make such sums good to him. Thus it will be seen that by taking out such a policy the merchant can know at once the worst that can happen to him. Space forbids full details of the scheme being given, but that is it in brief.

GEO. B. LISSENDEN.

*Author of "Railway Matters and How to Deal with Them,"
and "The Railway Passenger's Handbook."*

CREDIT INSTALMENT BUSINESS AND ACCOUNTS.—During the past twenty years a practice has sprung up in most trades, of purchasing goods upon credit and paying for them by instalments. The method has much to commend it, although it has the one great disadvantage, that a person having ready cash at his disposal, can buy much more cheaply than upon credit, and he has a whole town for his market. Where he must buy on credit, he is in the position of wanting something that he cannot immediately pay for, and he must accordingly pay for the accommodation. Not only this, but by reason of bad debts, he is reckoned by the seller as being one in many, and the price is fixed so that, on the average of sales, the

seller will not lose money. The credit purchaser must therefore contribute something in respect of bad debts contracted with other buyers similarly placed. A great advantage to the seller is the probability that if the buyer wants further goods, he will come to the same firm for them; whereas if the transactions were for cash, the buyer would probably visit all the competing houses for the cheapest bargain.

On the other hand the advantages to the purchaser are many. He can get something he wants but cannot immediately pay for, he is able to make a respectable and effective show at his office or home, and he acquires habits of thrift, regularity, and economy, by having to meet certain instalments at fixed dates. If the article he buys does not please, he may return it with only the loss of his deposit or payments, and if he is in arrear, a respectable seller will accommodate him with an extension of credit on reasonable terms. The goods sold on the credit instalment system are usually of a substantial character, otherwise their defects would be apparent before the period of payment had elapsed.

Almost anything may now be bought on the credit instalment system, from a few books to an *Encyclopædia Britannica*, and from a small quantity of furniture to a complete house-full, including motors and carriages, and including even the house itself. The business is in remarkably few hands, owing principally to the very large amount of capital required for a growing trade. But a few hundred pounds will suffice to commence a business in a small way. It is, however, very inadvisable for any one to embark in the business without some financial support, for if the trade grows, capital must be constantly introduced. If the trader cannot pay cash for his purchases, he loses considerably in discount. In any case he must pay for his goods within a few months, whereas he stands out of his money for an average of twelve months before he has recovered even the cost price of the goods.

In the furniture credit instalment business, most firms have a factory of their own, the goods being bought in an unfinished state, principally from America, Canada, and Germany. Almost everything is machine-cut before being shipped, the various parts being stamped with numbers, and these are fitted together in the factory and polished, and made ready for the market. Very few articles are purchased from abroad ready for sale, as the freight is too heavy. It is much cheaper to buy the parts, which are packed closely together and shipped in cases.

Two points are essential to the success of a business—(1) a good position in a leading thoroughfare; (2) attractive advertising. Expenses vary very much, as in some cases a good display is effective with but little advertising, whilst in others it is necessary to advertise extensively, though this may be done cheaply and judiciously. Taking the average the gross profit should be 100 per cent. on the selling price, *i.e.* a thing costing £5 should be sold for £10, subject to 5 per cent. or 10 per cent. discount for cash. The percentage of profit would be much lower but for the capital standing out so long, and for the heavy risk of non-payment. The expenses, including advertising, should not exceed 25 per cent. of the nett sales, after deducting returns.

Usually a deposit is required of at least 5 per cent. of the amount of the purchase, with instalments of from 1 per cent. to 2½ per cent. per month.

It must be borne in mind that the hirer can at any time return the goods, under most agreements, without any further liability, and cease paying his instalments. This is sometimes a source of profit, but generally it results in a loss to the firm. Some firms make a practice of sending all forfeited furniture to the auction room, but generally if the furniture is still in first-class condition, it may be repolished and put back into stock, either as new or second-hand goods at half its estimated selling price, so as not to disturb percentages.

Where goods are returned the original entries should be reversed and carried to a forfeited or returned goods account, thus closing the customers' account in the ledger. The nominal account will be credited with the estimated price of the goods or the nett amount realised, if sold by auction, and the balance transferred to profit and loss account in one sum half-yearly.

Goods bought on the credit instalment system may be divided into two classes—(1) for business purposes; (2) for domestic use. In the former case the probability of their return is very remote, whilst in the latter it is not uncommon. To take the case of a gas-engine so purchased; it is usually secured by a concrete foundation, becomes attached to the freehold, and will be retained so long as the business continues. The latter remark applies also to the case of a man in business, as say a mantle-maker, purchasing say fifty sewing-machines, and taking large quantities of mantles from wholesale merchants, employing hands for the purpose, and furnishing them with his own machines. In such a case a very liberal discount is allowed on the machines, which a private person would not receive.

Let us assume that a man has a few hundred pounds capital, say £750. He opens a shop to sell both for cash and on the credit instalment system, but principally the latter. He naturally hopes to succeed. We will consider how he can best meet with success, how he can best lay out his capital so that he will not need to borrow money, or to suspend payment. His initial expenses are, say £100, reducing him to £650. He must purchase stock, and as a new beginner his credit will be limited. He will, however, have no difficulty in opening accounts with good wholesale houses, on paying half in cash, and the remainder at three months, less 2½ per cent. It will not be advisable for him to pay away more cash than £250. He must keep sufficient in hand for current expenses and replenishment of stock. Advertising may be a heavy item, and all newspaper advertisements should be paid for in advance, at prepayment rates. His shop should be in a leading thoroughfare, a locality of resort, suitable to the class of goods he will sell; and for illumination, electric light is preferable to gas. He should subdivide his shop into sections. At the front will be a good window display, and each section will contain an example of a furnished room. The position of the furniture should be changed weekly, and kept carefully polished and dusted.

On purchasing goods, he should see that they are carefully checked with the invoice, by a competent man, both as to quantity and quality, any defective articles being immediately returned. The invoice must be entered in the purchases book, and note made in a diary as to date due for payment. Returns should be at once entered in the returns book. Assuming him to have bought £500 worth of goods, for which he has paid £250 in cash, he

must pay the balance of £250 in three months. The full selling price of the goods will be at least £1000. As stock is sold it must be replaced, and it will be found on an average that the stock should be kept at between one-third and one-half of the amount of the yearly sales.

The trader will find it necessary to join the Hire Trades Protection Association of London, which will supply him with forms of agreement, guarantee, &c., and tender advice when necessary. All agreements for sale on hire or hire-purchase must be stamped with a sixpenny stamp if the selling price exceeds £5. The agreement must be properly signed and witnessed.

The trader must decide whether he will sell the goods to the customer on the hire-purchase system, or whether he is hiring them to the customer for a rent with an option to purchase. There are various forms of agreement, but those found in these pages, or those issued by the Association, will be found safest.

The goods should be delivered in good condition, and signed for. If there is any doubt as to the solvency of the customer, a guarantor should be pressed for. The amount of deposit, and of each instalment, should be clearly stated and understood. Where instalments are in arrear, notice should be sent at once, but it is not advisable to seize the goods and terminate the agreement if the customer be respectable. A little time should always be given, and customers will usually pay an extra 5 per cent. interest to avoid losing the furniture. It is as well for the trader to insure the goods against loss by fire, or get the customer to do so. In either case the customer should pay the premium.

Upon a sale being effected, and the goods delivered, a small book should be handed to the customer. This will contain spaces for entering each instalment, with full particulars as to amounts, dates, &c., and a copy of the agreement.

Collectors may be employed, or the customers may be required to come to the shop. Both plans have advantages. In the former the customer is inconvenienced; in the latter, the eye is attracted by some fresh article in the shop, and a further sale possibly results.

Where collectors are employed they should take with them counterfoil receipt books, which should be carefully checked by the cashier. The collectors should not be continually employed on the same round; changing the men to other districts will prevent fraud. Each collector, on receiving an instalment, should note the amount appearing as the balance owing, and compare it with the ledger. When a customer has paid the last instalment, the book should be retained, and a receipt given in full settlement. The books should be checked by the auditors, and cancelled.

The cash book should be ruled to suit the business. It should contain on the debtor side columns for date, particulars (including name of customer), number of each agreement, due date of instalment paid, ledger folio, deposits and instalments on account of hire or hire-purchase, cash, and amount paid into bank. If it is desired to make the ledgers (where several are kept) self-balancing, a separate column will be reserved for each ledger. The credit side of the book should contain at least columns as follows: Date, particulars of payment, paid to, ledger folio, receipt number, discounts, amount drawn

from bank, and cash. If a dissection or analysis cash book is desired, columns may be added at will, as follows: Ledger accounts, cash purchases, rent, rates and taxes, postages and stationery, stable expenses, factory, advertising, &c. The totals should be added daily, and cash in hand balanced at least once a week. Postings to the nominal ledger may be made either weekly or monthly. The bank column would be a copy of the bank pass-book, and the items need not be posted into the ledger. Receipts should be filed away in order of entry, and cancelled by some person other than the cashier.

The purchases or invoice book may have only one total column, or may have analysis columns. In the former case the ruling will provide for date, number of invoice, and name, ledger folio and amount. If analysis columns are used, and they are necessary if the accounts are to be kept upon a departmental basis, the columns will be headed as convenient, either distributed between the salesmen, or say, factory, wardrobes, chairs, washstands, dressing-tables, sundries, &c. In any case it is unnecessary to enter a copy of the invoices. These should be numbered consecutively, and either pasted in a guard book, or filed away in numerical order, the latter for preference. Each invoice should be checked by the department manager before entry for quantity, and by a clerk for retentions, additions, &c.

In some businesses where advertising is on a large scale and contracts are entered into, an advertising ledger may be kept, giving a brief summary of the contract, price, duration, &c., the contracts being filed away in order, and copies of the advertisement cut from each issue and filed in the same way. The advertising ledger should contain spaces for ticking off each issue as the advertisement appears.

A good ruling for a debtor's ledger will save much work. In some businesses an ordinary two columned ledger is used, but this is not convenient. A better ruling provides a heading which summarises the agreement, with columns for date, particulars, folio of sales book, amount, number of instalment, amount of each instalment, due date, date received, cash book folio, amount received, balance, remarks. In some cases cards are used, similarly ruled. If the ledger be kept on this plan, the bookkeeper can very quickly extract, monthly or half-yearly, the balance between the amount due and the amount paid, which gives the arrears, and the difference between the amount of the contract and the amount paid, which is the balance of the debt outstanding. It will be convenient in a large business to subdivide the ledgers, either as A. L. and M. Z., or a further subdivision as A. C., D. F., &c., with a separate one for country customers. Where the trade is in different parts of England, the ledgers may be subdivided into counties. Loose-leaf ledgers will be found convenient, and where used the folio of the ledger may be the same as the number of the agreement.

If the business is a large one, separate instalment cash books may be used, one for each ledger or group of ledgers, the total only being entered in the general cash book. Where separate cash instalment books and separate day-books, or columns for each, are used in respect of each ledger, it will enable the bookkeeper to speedily check the accuracy of any ledger balance. This will enable an error to be located into one book, and save an examination of all the books in case of a difference.

Where necessary a separate petty cash book could be used. If so, the petty cashier should be given a lump sum, say £10 or £20, and each week he would be given the amount of his payments, so that every Monday morning he would start with the same amount. His payments for the previous week would be entered in the general cash book in total, the items being extended in the analysis columns.

The creditors' ledger would be the usual one of two cash columns.

It is important to have a good system for the sales books. The sales may be entered in one book, or, what is better, a separate book may be used for each ledger. The columns should be: Date, number of agreement, name of customer, total, with analysis columns for each year during which the contract continues, so as to show the proportions payable in each future year. A returns book would be ruled similarly.

It is as well to keep a journal for any entries not passing through other books, but its use should be restricted, and as a rule it should be reserved for the auditor.

The nominal ledger should contain items for each department of expense as required by the business. As a rule the following will be sufficient: Stock, provender, coal, carriage in, carriage out, salaries, postages and stationery, agreement stamps, sundry expenses, catalogues and advertising, out commissions, rent, rates, taxes, telephone and insurance, gas and lighting, stables, fares and commissions, cash sales, credit sales, forfeited goods, returned goods, &c.

The books should be balanced monthly if possible, or at least half-yearly. Any excess of expenditure can then be quickly ascertained and dealt with before too late.

In some cases a stock book is kept, and generally each article is numbered. Where this is so, a book may be used, ruled somewhat as follows: Date received, number of article, description, received from, selling price, to whom sold, agreement number, folio of cash sales or returns book, and six columns for ticking the article off at each monthly stocktaking.

Cost accounts should show each item of expenditure, as per headings given for the nominal ledger, and parallel columns would give the expense of each month, together with its percentage of the sales. The principal can then follow month by month any excess, and at once get an explanation. Separate cost accounts for the factory would be on a similar basis.

Subsidiary books would be kept at the factory or warehouse, showing a record of all goods received and sent out, men's time upon each job, and a stock ledger. The factory or warehouse would be divided into departments on the same basis as the shop.

In many cases branch establishments exist, and it becomes necessary to watch these carefully. All purchases should be made by the head office and sent to the branch, in which case an extra column will be provided in the purchases book for each branch. All payments for goods should be made by the head office. It will be found more convenient to have a separate day-book for each branch, or a special column for each, the goods to be charged out at selling prices, so that the branch manager will not know the profit on each sale. The latter should be required to make a weekly return, which he will certify as correct, giving particulars of all goods received during the

week, all sold, with the original agreements, all cash received and paid, &c. Stock should not be kept at a branch for more than six months. If unsuitable, it should be returned to the factory or head office.

The plan discussed in the foregoing paper is not quite in accord with the views of many distinguished accountancy writers. The latter are disposed to treat the difference between cash selling price and hire price as being in the nature of interest, and suggest that elaborate calculations should be made as to how much can be properly allocated to the year of sales and how much to the remainder of the period of hire. Whilst very entrancing as an accountancy problem, this plan does not appeal to business men, who only desire to obtain given results in the shortest space of time and at the least cost, and the object here has been to meet that desire in a practical way that has stood the test of experience. The controversy between accountants and business men has generally centred round the point that it is improper to credit the period of sale with the whole of the profit arising out of the transaction, and in this the accountants are right and the business men wrong. If, however, the form of sales work here given is used, and a reserve is created out of profit and loss account of, say, 5 per cent. upon the balance outstanding at the end of the year, for each of the years during which the instalments are payable, the plan will be found acceptable to all.

Other persons go to the opposite extreme and draft their accounts upon a strictly cash basis, particularly when preparing accounts for income tax purposes. But this, again, is wrong, and will not be agreed to. The Commissioners for Inland Revenue will, however, pass an account where a reserve is created of 5 per cent. upon the balance owing for each of the years over which the balance is apportionable.

So far we have considered only the position of the seller, but where the goods are purchased for business purposes the position of the purchaser must also be dealt with. Purchases for business purposes usually include such things as waggons, gas-engines, and machinery. In some of these cases a specified sum is charged definitively as for interest, whilst in the case of goods for personal use the surplus charge is not so distinguishable. The buyer must separate, as far as possible, the charge for interest from the charge for the article. The former should be charged against revenue (profit and loss account) and the latter against capital (machinery, &c.). This is apart altogether from any question of depreciation upon the goods, which question affects only the amount properly chargeable to capital, and not the amount which has been charged against revenue. In the books of the seller or lender also the same distinction must be made. The treatment is of no importance to the customer who buys a house of furniture, but it becomes important if many hundred transactions are involved. The hirer, having only one transaction to record, can easily make exact calculations between capital and revenue, but the merchant with hundreds of transactions, all of a like nature, but at varying dates, will need a very large staff to do this, and therefore very few men make these calculations.

If the accounts are kept in the form suggested here, the merchant has a solid basis for accurately ascertaining the amount of his profit. Suppose that, instead of a single trader, the seller is a limited liability company, having dividends to pay to shareholders, which dividends must be declared

out of profit only, and not out of capital. The accounts must now be certified by auditors, and if an auditor passes a balance sheet and profit and loss account, showing a larger profit earned than is true, and the directors distribute such profit fully, the directors and the auditors may find themselves liable in an action for improperly paying dividends out of capital. The accounts as drawn will obviate this, and are based upon the assumption (except where a question of hire only is concerned) that an actual sale has taken place under the contract, and the amount of it is regarded as a loan, and interest in round figures at 5 per cent. is reserved against future instalments. It is quite clear that the whole of the profit on a transaction cannot be properly credited to the period in which the sale was effected.

But it is only fair to remember that the sale is the result of expenditure incurred before the sale took place, and in regard to future instalments two questions arise: (1) That an extra charge is made in consideration of postponed payments; (2) that there is the possibility of the goods being returned and the balance of debt cancelled. Whether the amount of reserve against balances under hire-purchase agreements is fixed at 5 per cent. or 6 per cent., or more, must rest with the directors and auditors. The American system usually limits an agreement to two years, and a specific charge is made for interest on the balances. The American trader invariably credits the whole of the sale to the month in which it occurred, and does not make any reserve against cost of collecting, or any provision for interest.

The system here described may be made applicable to any business by some slight modification of the forms used, the principle being the same in all. It is unnecessary to discuss elaborate systems where logarithms are in use.

Goods held by a customer under a hire or hire-purchase agreement are not, for that reason, protected from distress for rent. When a landlord distrains, it is usual for the firm to advance to the customer the amount of the rent, and to add it on to the agreement at 5 per cent. interest.

If the goods held under an agreement are in the way of his trade or business, they may come within the reputed ownership section of the Bankruptcy Act. But proof of a custom to hire goods in the particular trade may avoid the operation of the section. This clause does not apply to the household furniture of a trader. It has been proved a custom to hire pianos, also for hotel-keepers and boarding-house keepers to hire furniture. See HIRE PURCHASE SYSTEM; MAIL ORDER BUSINESS; FOLLOW-UP SYSTEM; BAD DEBTS; DEBT; DEBT COLLECTION.

DAVID P. DAVIES, F.S.A.A.

*Late Lecturer, School of Commerce, University of Liverpool,
Author of "Deeds of Arrangement."*

CUSTOMERS' LISTS.—In mercantile establishments, where a large business is done through the medium of the post, or where extensive advertising campaigns are from time to time desirable, it is essential that some method should be adopted so that a proper list of customers may be available at short notice. It is not too much to say, perhaps, that in almost every business, a permanent list of customers should be kept running, and brought continually up to date, because even the smallest trader at times must find it advantageous to put himself into communication with his customers in order to call their attention to certain specialities, or for one of the many hundred reasons which can be put forward after a few moments'

thought. While a current list of customers, therefore, would be of very great service from an advertising, or circularising point of view, it is still more valuable if it is so constructed as to enable a proper following-up method to be adopted. If, in addition to this, a list of customers is made so systematic as to constitute a record of the particular class of goods they buy, the financial status of each customer, the number of typed letters sent to each, or the class of literature posted, complaints which have been received from each customer, the competition which arises out of any particular business, and details of special terms and prices, it will be understood at once by even the most primitive trader that there is in being a record, the value of which cannot easily be described. Customers' lists should be so formed as to bring into modern business life the nearest approach to that old-world personal attention which is unfortunately impossible in these hustling days.

It would be absurd for the merchant or trader to sit down before several unwieldy-looking ledgers, and wade separately through them, picking out various bits of information with regard to each customer. Having, however, a list of customers prepared on systematic principles, recording those matters which are of importance, a few of which have been suggested above, the list can then be utilised without inconvenience, and without the loss of time and dislocation of business consequent upon a search through the business ledgers. Once the lists are made up, they can be dealt with in any manner desirable. For instance, all the customers in a certain part of the country may be kept on one list, and special attention may be devoted to the trading peculiarities of that locality. Literature suitable to the district may be poured into it, and it may generally be said that the customers will speedily recognise the efforts which are being made for their special benefit. Customers in other districts will be similarly treated, and indeed there is practically no limit to the extent to which this useful method can be applied.

Where a number of travellers are employed, lists of customers may be so framed as to show the total sales of each traveller per month, the special result of the pushing of any particular class of articles by individual travellers, and the extent to which the efforts of each representative are being appreciated. In these cases, of course, it would be necessary for the lists to contain the figures of the personal account of each customer in the ledger, and although this may seem to be a duplication of work, the value cannot be gainsaid. The record of customers can, in most cases, also be advantageously preserved by the use of cards, which are ruled to show name, address, members of firm, reports as to credit standing, reference to ledger folio, particulars as to credit allowed, terms of sale, special arrangements, and any other particulars which the trader may require. The cards are arranged in boxes or in drawers, so that they may be easily referred to, and index or guide cards are placed at intervals to facilitate these references. The arrangement of the guide cards, of course, depends very much upon the nature of the business. In some cases it may be that an alphabetical arrangement is all that is desirable. In other cases a geographical arrangement is made, and an alphabetical or numerical device follows as a subsidiary reference. The guide cards project from the ordinary edge of the card at a different place from those apportioned to the alphabetical arrangement.

Between the guide cards, of course, are arranged the ordinary cards, containing the information, which do not have projections. In order to save space, the front and back of each card may be utilised, and the size of each record may be left to the trader's wishes.

Where the card system is in force, it is very much more satisfactory to detail a clerk specially for this work, than to leave the record to be written up by all and sundry. At times of special pressure, of course, the cards may be distributed, in order that time may be saved.

D

DAILY STATEMENT.—The phrase "daily statement" hardly needs any explanation, for its meaning is self-evident. It may, however, be pointed out that periodical statistics from day to day would generally be confined to large concerns, where such a method would be the only means whereby responsible officers could keep in touch with the movements of the business.

In these cases there might be a daily statement as to the bank balance, cash sales, credit sales, cash purchases, credit purchases, and, where a running inventory is kept, stock in trade.

In bank accounts a daily balance may be brought down for interest purposes, and where an advertising campaign is in progress it is not unusual for daily results to be summarised. Such a statement is also of service where departments or branch establishments are carried on, and in some cases the costing department of a large manufacturing business would secure daily statistics as to running contracts, &c.

In some retail businesses, such as drapers, &c., where a large variety of articles are sold, a daily analysis of sales is most valuable both for stock purposes and as a check on the value of each assistant as a selling agent, especially if proper analysis be performed. *See* MONTHLY STATEMENT; PERIODICAL ACCOUNTS.

DAIRYKEEPERS' ACCOUNTS.—Although many, or indeed most, of the points arising in connection with the accounts necessary for a business of this character have been fully dealt with in the article entitled RETAIL SHOP ACCOUNTS, there still remain one or two matters which, being peculiar to this particular trade, require to be considered in a special rather than a general sense.

The perishable nature of the goods, the absence of fluctuations in price, and the barn gallon and imperial gallon measures must, of course, be borne in mind throughout, and such a system of accounting installed as will cover these important characteristics.

To take the question of goods received, first of all, the principal feature of the method of accounting specially applicable to dairies is the daily stock-book, which may be said in a measure to take the place of the goods received book, which it is recommended that all retailers should keep. Form A, while not intended to be at all arbitrary, will probably be found to cover the majority of the points involved.

It should be pointed out that the object of this record is to place a check on petty thefts, and, by disclosing the wastage from various causes, to ensure

Incomings.

Outgoings.

	Milk.		Cream.		Butter.		Eggs.		(B)		Milk.		Cream.		Butter.		Eggs.		
	Galls.	Qts.	Pts.	Pts.	Lbs.	Lbs.	Doz.	Doz.			Galls.	Qts.	Pts.	Pts.	Lbs.	Lbs.	Doz.	Doz.	
Stock on hand at commencement of day's business									Delivery Men:—	Round No. 1.	A.M.								
Goods received during day.									" "	" 2.	P.M.								
Details									" "	" 2.	A.M.								
1st Delivery.									Etc.		P.M.								
2nd Delivery.									Total Quantities										
Milk.									Shop Sales										
Returns by Delivery Men									Allowances										
Round No. 1.									Perished										
" "									Returned to Suppliers										
" "									Stock on hand at close of day's business										
Etc.									Deficiency										
(A)									(A)										

(A) These totals must agree.
 (B) Sundries column to be added if required.

proper supervision over those employees whose duty lies in handling the various commodities.

In a business of this character it is usual to divide the transactions into four main avenues, viz., "milk," "cream," "butter," and "eggs," with the all-embracing "sundries" to cover other small items, and it will be noticed that the form given covers these channels. Of course, where the goods dealt in include many other divisions, the transactions in such commodities may be kept separate by means of similar analytical columns, or they may be included in a general total under some appropriate heading, but the daily stock-book is only intended for perishable articles.

The form of purchase book differs somewhat from the ordinary pattern as sketched in **RETAIL SHOP ACCOUNTS**, as the rough plan of Form B will show.

It is intended to be used in an exactly similar way to that suggested in the article in question, and the details given will be found in practice to be an admirable adjunct to the daily stock-book.

As regards sales, the majority of these transactions will take place through the delivery men on their rounds, and the record kept by each man should be carefully entered from and into the daily stock-book, opportunity being taken to test the quality of the milk returned at the end of each round, in order to ascertain that adulteration has not been resorted to in order to cover theft.

Cash transactions over the counter or through the delivery men should be recorded through a cash register till, with appropriate analytical columns as indicated above when considering purchases, and in the manner more fully described in the **RETAIL SHOP ACCOUNTS** article.

The record to be kept by the delivery men hardly needs to be in any special form, so long as the customer's name and address, together with the quantities of milk, &c., supplied are clearly shown. These particulars are then used as a basis for the charge to be made to each customer in the customers' ledger, for which the ruling in Form C may prove helpful and suggestive.

This book is intended to have short leaves folding over as far as the name and address, so that once writing these two items of information serves for a month, or as may be desired.

The recording of the cash received and paid, and all the other details connected with a proper system of accounting, would be exactly on the lines laid down in the article on **RETAIL SHOP ACCOUNTS**, and it would be superfluous to repeat them here.

The reader, having made himself familiar with the principles applicable to the accounts of retailers, will have no difficulty in applying those principles to dairykeepers' accounts, with the help of the special points which have been discussed above.

It should, of course, be understood that where the accounts relate to a business of some magnitude, other points are involved, which hardly come within the scope of retailers' accounts, and, therefore, such articles as **BRANCH ACCOUNTS; DEPARTMENTAL ACCOUNTS, &c. &c.**, should be consulted.

BERNARD BAGNALL, C.A.

DELIVERY VEHICLES: Advertising Value of.—Most businesses have to use vehicles in connection with the delivery of the goods they supply, and with the growth of the advertising spirit they are more and more showing a tendency to make every vehicle they employ carry some suggestion of advertising value. In the old days this point about the vehicle was largely neglected, although there were not wanting traders who took great pride in their horse-flesh and made the animals themselves an advertisement for the prosperity of their businesses. Brewers, for instance, were great supporters of high-class horse-flesh, and the perfection of the brewer's turn-out was proverbial, while in almost every town of any size one could point to an enterprising trader here and there whose horses and carts were a standing advertisement of his business. To-day, however, the outdoor vehicle is changing, and is more and more being designed to carry some definite note of advertising value. Instances of this are frequently to be seen in London and the large cities. One of the first firms to see the significance of the outdoor vehicle were the manufacturers of Heinz Pickles, whose familiar vans, bearing large reproductions of the fruits used in their condiments, soon became a feature of nearly every thoroughfare of the metropolitan district. They have been followed by many other vehicles of a similar type. For instance, a brewery firm had a motor vehicle shaped exactly like one of its bottles; a well-known firm of pen manufacturers had a neat runabout motor-car with a famous ball-pointed pen of huge dimensions poised upon the top; a well-known manufacturer of motor tyres runs a series of vehicles which are practically models of a section of the tyre itself; one of the metal polishes had a very elaborate vehicle which indicated the value of the speciality by being made in highly polished brass, a standing advertisement as to the quality of the work achieved by the polish. Another illustration of the same idea was the Odol vehicle, which reproduced the characteristic bottle in the body of the car. Such types of vehicles, if they were collected, would run into a very lengthy list.

It is not suggested that every trader should consider the value of employing exactly this type of vehicle; they are only suited to certain specialities which make a particular appeal by their shape. The point of the whole matter is that a fully-employed vehicle, engaged in delivery, is up and down all sorts of streets, amongst all sorts of possible customers, and it might as well be contributing to its upkeep by carrying some advertising value. Smart horses (if the vehicles be horse-drawn); vehicles with well-painted panels, avoiding the obtrusive or garish method of decoration; neat motor runabouts, and even large vans, can all be made to carry an advertising value. Firms who pay attention to this simple extension of the advertising idea should also be alive to the importance of seeing attendants on such vehicles are smartly dressed in suitable uniforms. It is useless having a neat or effective turnout, disclosing its identity with a firm, if the man in charge is slipshod and down at heel.

Undoubtedly the motor vehicle is destined to take the place of the horse-drawn vehicle, and the motor vehicle itself is being rapidly developed to suit the purposes of the retail trader. The number of different shapes of smart motor vehicles, designed to be effective carrying machines as well as

attractive advertisements, is increasing almost every month, and from the tiny van useful for the delivery of small items to huge vans and lorries which will carry goods as bulky as a suite of furniture, it is seldom that one is seen where its owner has neglected to use it for its advertising value as well as for its carrying capacity.

On most vehicles good advertising depends largely on the coach-finisher and the man who does the lettering. It is possible to make the smartest vehicle look even a little smarter when it carries an advertisement, if the lettering employed be good. The difficulty is that traders who have not given attention to type forms are only too apt to have crude notions of what is good and what is bad lettering, and frequently one finds a vehicle plastered with words made ugly by the shape of the letters used. In nearly every case simplicity of design should be aimed at. It is as well to remember that the travelling advertisement can become an eyesore and a source of irritation. The trader who is studying this question of lettering his vans cannot do better than note some of the types used in lettering the stationery and the shop fronts of W. H. Smith & Son, and select from types submitted to him letters along these dignified lines. In many branches of trade it is possible to sacrifice profit to dignity, but in the matter of lettering well-designed vehicles a loss of dignity in the design drawn on the vehicle would not make for profitable publicity. Readers interested in advertising by vehicles will find an article on **MOTOR DELIVERY FOR RETAILERS** in this Encyclopædia, which works out the practical details of cost, &c., in a form which can be readily understood.

DENTIST: How to become a.—Since the regulations for the training and registration of dentists were undertaken by the General Medical Council, the time of preparation has grown longer and more expensive, and candidates with the necessary capital have not yet come forward in numbers sufficiently large. There is, therefore, exceptional opportunities in this profession, particularly when one remembers the growing esteem of the public for the class of service offered by the dentist. During the last few years people have begun to pay a great deal more attention to their teeth than they used to. With the profession not overcrowded, there is no difficulty in establishing sound practices.

Dental students must now register themselves as such in the same way as medical students, and at the same offices. Before they can register, they must have passed one of the same preliminary examinations as qualify for registration for the medical profession. A complete list of these preliminary examinations, which is too long to give here, may be found in the educational number of the *British Medical Journal* or *Lancet*, each of which appears early in September. Whichever examination is chosen, it must include certain subjects: English, English History, Geography, Latin, Mathematics, including Algebra to Quadratics, and the subject-matter of Euclid, I., II., and III., and either Greek or a modern language.

After registration a dental student must spend at least four years in the acquirement of professional knowledge. He must receive instruction in the same way as medical students in Chemistry and Physics, at an institution recognised as efficient. His two years' study of mechanical dentistry may be passed at a dental hospital, in the dental department of a hospital,

or as an apprentice to a registered dentist. The two years of mechanical dentistry may be taken wholly or partly before his registration as a dental student. He must take courses, extending over two years, in dental surgery, at a recognised dental hospital and school, or in the dental department of a general hospital. He must have performed dissections at a recognised medical school for at least twelve months, and he must attend during two winter sessions at a recognised hospital the practice of surgery and clinical lectures on surgery. He cannot present himself for the final examination for his diploma till he is twenty-one. Several of the above courses can be taken concurrently, but it is usual for students to spend five or even six years in preparation for their last examination, instead of the regulation four.

At the National Dental Hospital and College the cost of a two years' course in mechanical dentistry is £100, and the four years' course in general and dental surgery costs about £110. Books and instruments may cost £35, and the examination fees of the English Royal College of Surgeons amount to £21, including the preliminary Science Examination in Chemistry and Physics.

Diplomas are granted and special dental instruction provided by the following bodies amongst others:—(1) In London: Dental Hospital, Leicester Square; National Dental Hospital and College, Great Portland Street; Dental School of Guy's Hospital. (2) In the Provinces: University College, Bristol; Devon and Exeter Dental Hospital; and at schools connected with the Universities of Manchester, Birmingham, Liverpool, Leeds, and Sheffield. (3) In Scotland: Edinburgh Dental Hospital and School; St. Mungo's College, Glasgow; Anderson's College, Glasgow. (4) In Ireland: Dental Hospital of Dublin; Trinity College, Dublin.

Degrees B.D.S. and M.D.S., or B.Ch.D. and M.Ch.D., are obtainable at the Universities of Birmingham, Leeds, Liverpool, Manchester, Dublin.

Scholarships.—Dental students who enter for their courses at a general hospital can try for some of the scholarships already mentioned. Some are open to competition amongst dental students only: one of £30 at Charing Cross Hospital; one of £20 at Westminster Hospital; one of £35 at Owens College, Manchester; one of £40 and one of £20 at the National Dental Hospital, Great Portland Street, W.

The prospects of a really clever dentist are extremely good, though the new-comer must anticipate a preliminary number of lean years while he is acquiring experience and inspiring confidence. Many men act at first as assistants before buying a practice, or making one. The residential qualification is an important one, and, in commencing a new practice, time must be allowed for the new dentist to have an opportunity of making himself known amongst the people who are likely to become his clients. At present, few towns are overcrowded with competent dental specialists, while the public are more and more appreciative of skilled attention. As qualified service becomes increasingly familiar to the public, they are less inclined to use advertising dentists with dubious qualifications. One piece of advice is usually given to the young dentist—that is, he should not be in too great a hurry to get rich. Patient, careful, and competent work brings its reward, and it must always be remembered that the public change their dentists with less hesitation than they change their doctors or solicitors.

DEPARTMENTAL ACCOUNTS.—It may truthfully be said that the subject of departmental accounts is one of absorbing interest, and at the same time of the greatest service to the business man. Unfortunately, however, the matter has not received that attention at the hands of traders and manufacturers which it deserves, with the result that although modern businesses contain more than one department, the results of the business as a whole are too often shown in gross, instead of in detail.

Take the hypothetical case of a business having three departments, A, B, and C. The net profit of a particular year's working is, say, £1000, which the trader considers satisfactory. On further investigation, however, through the construction of proper departmental accounts, it transpires that department A made a profit of £500, department B a profit of £1000, and department C a loss of £500. These results must convey to the mind of any reasonable business man a very different state of affairs from that which is outlined when the aggregate result of the business is exhibited as showing a profit of £1000 only; which, while it may be in itself satisfactory, does not contain the same degree of valuable information as if departmental accounts had been kept, for where the details are given, the question naturally arises as to what is the cause of the leakage in department C. The trader is thus enabled to locate the diseased limb at once, and diagnose the complaint with a view to removing the cause.

The advantages of a proper system of departmental accounts may be briefly summarised as follows: The trader or manufacturer is in a position to ascertain which department shows the best results; which department it is profitable or advisable to develop; which department it is necessary to close or reorganise; and in cases where goods are sold from one department at an unremunerative price, in order to maintain profitable trade emanating from those other departments, the extent to which this adverse factor operates can be clearly shown. In other words, each channel of revenue and expense is pictured, so that all the elements surrounding, and the conditions attaching to, each may be properly understood.

Departments are usually carried on under the same roof (when they are not they virtually become branch establishments, which, of course, require separate consideration), and the ordinary books of account appertaining to the business will serve the purpose of departmental accounts, if the necessary small adjustments indicated below are made.

All subsidiary books should contain analysis columns allocating the various items therein to the respective departments concerned. Stocks will require to be valued separately, and all transfers of goods from one department to another recorded in departmental journals, usually at cost price. Working expenses of various kinds should be charged direct to the department concerned, and all general expenses should be apportioned wherever possible. The ruling suggested in Form A for the sales day-book of a business having three departments will effectively illustrate the method to be followed.

Similarly, the bought day-book may follow the lines of Form B.

These forms are capable of being adjusted to suit any particular method of recording the sales and purchases which may be in force; for instance, the analysis may be passed through a separate record, reference being made

to numbered entries in the charging books; or, where a guard book is used, the bought day-book may, in place of the name, particulars, and price columns, contain merely an indication of the proper reference to the guard book.

Personal ledgers will not require to be split up to coincide with the departments, for, as a general rule, a customer of one is a customer of all, and, in any case, as the charging source is properly apportioned, no department is prejudiced. The returns books, inwards and outwards, should similarly contain analytical columns corresponding to the number of departments employed. In cases where the purchases are chiefly in the nature of raw materials to be consumed in the process of *manufacture*, it is generally impossible to say at the time when the goods arrive what proportion of them will be used by the various departments, for it rarely happens that either the whole or any definite portion of any particular delivery is destined for one department only. In order to overcome this difficulty, a store—or a series of stores, if classification can be carried out with advantage—may be instituted, and the goods are then allocated to these stores (which, of course, should be in charge of responsible keepers) instead of to the departments. Each store-keeper records the receipt of goods, and makes issues thereout only on proper requisition forms from the manager or responsible head of each department; these are priced out and the periodical totals debited to the departments concerned and credited to stores. Each department will require to keep a record of its transfers to other departments. This may be done by the aid of transfer journals, or by slips; indeed the slip system proves most useful at all stages in connection with departmental accounts. An analytical form of wages book may be employed, or the pay sheets may be summarised in any convenient manner so long as the ultimate aim of proper allocation to the departments is borne in mind.

It may here be remarked that as a rule it is satisfactory to the trader if his departmental accounts show gross profits only, and it can be easily understood that there are many expenses arising in connection with a business which can hardly be equitably charged against the various departments of the business, owing to the lack of a reliable basis upon which to calculate. If the turnover be taken, it may not correctly represent the proportion of the charges which the department should bear, because the relationship between turnover and expenses may vary considerably. It may be that some businesses lend themselves more readily to the departmentalisation of indirect expenses than others, and before dismissing the subject it should perhaps be said that with regard to rent, rates, and taxes, some authorities favour apportionment according to cubic contents or floor space; but this may not be equitable in every instance, and regard should always be had to the particular circumstances of each case. Motive power is another indirect expense which it is exceedingly difficult to allocate fairly, especially where the power for several departments is derived from one source. This may be based on wages, number of hands, or number of machines; but the amount of wages, together with the number of hands, would naturally decrease as advantage was taken of labour-saving machinery, and therefore it is probable that, generally speaking, the number of machines would be the most reasonable basis. Office salaries, management expenses, travelling

expenses, stable and delivery expenses might be satisfactorily dealt with proportionately to the turnover of each department; but a sudden change in the method of handling any one department might vitiate this, and the percentage would require to be carefully and closely watched at periodical intervals. Depreciation might be allocated according to the value or number of machines, or hours worked, though a general rule can hardly be laid down with any certainty. Trade discounts and carriage inwards should be treated together with the purchases, being considered therewith, whether the goods are allocated to the specific departments on delivery or passed through stores. Cash discounts, it has been suggested, should be apportioned according to turnover; but unless all departments are equally concerned in supplying identical customers this would work out unfairly. Interest on capital is another indirect charge which is difficult of apportionment, for although the approximate capital employed in each department may be arrived at by drafting a balance sheet for each department, it will in practice be found to vary considerably from time to time.

Form C is a simple example of a departmental trading account (where the apportionment of indirect expenses has not been attempted), followed, in Form D, by a profit and loss account.

Under a proper system of costing, departmental results may be obtainable of the same nature as those outlined above, but it is much simpler and far more satisfactory to make the departmental accounts part of the accounting system, as the risk of omission and error is thereby minimised. Of course, it is possible in many cases to prepare not only departmental trading accounts, but also departmental profit and loss accounts—that is, to produce *net* departmental profits as well as gross; but as a general rule the latter will be found inexpedient. Where departmental profit and loss accounts are impracticable, the gross results of the departmental trading accounts will be carried down to the general profit and loss account, and unapportionable charges and expenses debited against those figures. The results of the business trading for a particular period will therefore be shown, so far as departments are concerned, by various gross profits; and as regards the general business, income not particularly applicable to any particular department will be added thereto, and all remaining business charges not capable of being departmentalised must be deducted therefrom, the net result being, of course, precisely the same, so far as the final figure of net profits is concerned, as if departmental accounts had not been kept. See DEPARTMENTAL STORES.

LAWRENCE R. DICKSEE, M. Com., F.C.A.

Late Professor of Accounting, University of Birmingham.

DEPARTMENTAL STORES.—The most remarkable feature of retail trade during the last half-century is without doubt the rapid growth of the department store. Forty years ago the village general shop was the only place where you could buy practically all your household supplies under one roof. In London and all the large cities the retail trade was in the hands of small merchants in trade on their own account. Now in the metropolis there are at least half-a-dozen huge establishments at each and either of which, the consumer can purchase every necessity or luxury of life; whilst nearly every important suburb has one or more of these emporiums in its shopping centre.

The first department store was started by Marshall Field in New York over forty years ago. It was not the result of any distinct public demand, but the offspring of a shrewd brain which realised that the demand for greater convenience to the consumer would soon arise. Marshall Field became a multi-millionaire as a result of his forethought.

In England the genesis of the centralised store is rather more complicated. Half a century ago the household supplies of the well-to-do, the rich and the aristocratic, were bought for them by their higher domestics. The butler and the housekeeper were the intermediaries between the tradesmen and the actual purchaser. This was a very convenient arrangement for the householder as long as his domestics were honest; but a system of "percentages," of bribe-taking, in point of fact, had arisen, which was iniquitous both to the tradesman and the consumer. The servants dealt with the retailer who gave the highest percentage on orders, some even demanding, in addition to their 10 per cent. or 15 per cent., that goods for their own personal use should be entered in their masters' bills. It was in fact almost impossible for a retailer to be an honest man fifty years ago.

In addition to these hard conditions, the retailer laboured under a grievous disability in that his customers took very long credit. Twelve, eighteen, twenty-four, and even thirty-six months' credit were not at all unusually allowed to a butcher, a baker, or a grocer dealing with a wealthy family, whilst accounts for other commodities were allowed to stand for even longer periods. When a payment was made it was usually "on account," and covered but a small portion of the liability, a very large debt being left outstanding. Such were the trading customs of the day, and they admitted, so it seemed, of no discussion.

Labouring under the burden of long-running debts and high commission to servants, the retailer was forced to put up his prices to a figure far in advance at which he could have afforded to sell in the event of a ready-money trade, and he was forced to trade with the few cash-paying customers that he had at the same figure he charged his longest credit customers. The result was that he could not hope to retain this portion of his *clientèle* for any length of time.

When the situation in the retail world was almost intolerable, William Whiteley conceived the idea of opening a department store similar to those in the United States.

The advantage of paying cash by cheque at very short credit soon became apparent to the consumers, who, attracted by the fascination of going from department to department under one roof, shopped in person, and so were rid of the burden of the servants' bonus. The advantage was a double one. The trader, getting the advantage of a quick and greatly increased turnover, was able to make a bigger profit, whilst to the consumer he was able to quote far lower figures, and as the department store business grew, other advantages both to buyer and seller became apparent. These will be discussed in their proper place.

Soon after Whiteley laid the foundation of the business that was to make him famous as the "Universal Provider," C. D. Harrod in his small grocery establishment began to think that it might be worth his while to see what he could do in the matter of supplying the best goods at the lowest

remunerative prices, and at the same time the Co-operative Service Stores were slowly feeling their way upwards. All these concerns were to develop much along the same lines, the basis of their success being perfect organisation, a study of the convenience of their customers, and the sound business principle of payment by cash.

Given the parent idea of the departmental store, it is to organisation we must look for successful trading. It would be an impossibility for either a man or a company to start to-day a business the size of the large establishments that already exist. The organisation of so huge a concern would be a task so big as to preclude even the remote probability of success at least for many years. The organisation must to a very great extent grow with the business.

To take the case of Harrods, Ltd., for instance, a business which includes within its limits from sixty to eighty retail or subsidiary trades.

It has been the aim of the management to see as far as possible ahead of the growth of the concern; to anticipate each need of the public a little before it actually arose, to make arrangements to meet a situation before that situation had formed itself. Therefore, as the business had expanded, the organisation that renders its smooth working possible has been ready a little before it.

To still refer to Harrods' as being a very good representation of the class of enterprise under discussion; the control is vested in a Board of Directors, represented in the actual business by the Managing Director. Then there is a General Manager and a Chief Accountant. Since it is impossible that the managers proper can come into active contact with the head of each and every department, there are under them two superintendents and six assistant superintendents, who are also buyers. These buyers have charge of a group of departments, watching and controlling the buyers who are in charge of a separate department. The business day begins at seven in the morning, and the Managing Director and the General Manager breakfast together. At their meals the business is discussed, remedies are found for things that are wrong, and suggestions made for increasing business along new or old lines. Not the least important part played by these gatherings is in putting the departments in direct touch with one another and with the management.

A department store is of necessity an employer of labour on a very large scale, Harrods', for instance, needing something like 4000 hands. It thus comes about that a good man has a splendid chance of rising if he enters one of these establishments, for they believe in training their own men by their own methods, and when a man is wanted for a good position they would always rather take him from inside than go elsewhere for him. The pay is usually on a better scale than a smaller business could afford. The smooth working of a large organisation demands efficiency, and these stores attract to themselves the better class of workers.

A feature of the department store which has recently come to the front is the mail order business, with all its carefully thought-out system for despatch. It is of course an expensive business, particularly as free carriage is now allowed on most goods ordered, but as at least a quantity of the customers of a large west-end store would spend about six months out of

the twelve in the country, it is better to lose 2½ per cent., which is the estimated extra cost of carriage, than to disorganise the system by dismissing such of the staff as would stand idle during the slack time of the year.

The machinery for dealing with mail orders has been brought to a state of perfection which is not excelled even in America, where this class of business is enormous. At Harrods', which we will still take as an example, the letters are delivered in the counting-house, a large staff of three hundred persons opening them at once. Each order is copied in duplicate, one going to the department concerned, the other being sent to the counting-house to be charged. In order to expeditiously convey these slips, often numbering thousands by a single post, the building has been networked with pneumatic tubes. When the goods for the order have been selected by the assistant, they are placed on an endless moving belt which connects the various sections with its packing and despatch rooms in the basement, where they are discharged on a circular revolving table. As goods from various departments have usually to be posted for despatch with goods from another department going to the same customer, the checking and working department has to be very exact and systematic. This combination of pneumatic tubes and the "transporter" is in use in the large stores of Paris and American cities in dealing with postal orders, and has been found very efficient.

Another branch of the store business which is rapidly gaining in favour is the "all night" service, whereby orders can be received by telephone all through the night for prompt morning delivery.

An interesting comparison may be made between British and American Department Stores which is by no means in the favour of the latter. Though in many instances the American Store is superior in system, in quickness of despatch, and in adaptability to circumstances, they fall far short of British standards of comfort for the customer. Civility is not usual, and the counters are usually so crowded that the customer is unpleasantly hustled. The best people do not "shop" in America; they have goods sent on approval, make their selection, and return those they do not want with the cash for what is kept. "Marketing," that is, the buying of food-stuffs, is done by telephone in American cities.

The efficient working of a department store demands a highly organised system of what may be called intermural service. An efficient telephone service is absolutely essential. Pneumatic tubes and transporters have already been mentioned. In addition, these big establishments usually find it an economy to make their own electric light, and a large staff of engineers are kept to attend to this and the heating of the place. Then there are businesses subsidiary to actual buying and selling which most department stores carry on. The making of packing-cases, for instance, is by no means a small business.

For the convenience of customers some of the large stores have started banking facilities. It is easy to see how this has grown out of the deposit account system of buying, so much in vogue with country customers; but it is astounding how, from these small beginnings, a regular and important banking business has sprung up. Cheque-books are issued, and all the ordinary affairs of a bank are conducted.

The economic possibilities of the department store will be readily perceived by the number who have followed the subject thus far. In effect the store is an illustration of the old adage, "United we stand, divided we fall." The specialised tradesman dealing in one kind of goods only is absolutely at the mercy of season and similar conditions, whilst the department store, catering as it does for every branch of human need from birth to death, is not effected by any outside considerations whatever. The old-time showman said, "What you lose on the swings, you gain on the roundabouts," and these conditions apply absolutely to the department store. The season's loss of one department is sure to be the gain of another.

Again, in buying in large quantities the department store can afford to purchase in the market that will give the best value for the lowest amount, and so can hand these advantages on to its customers, whilst the small tradesman has in many instances to buy where he can—in other words, where he has credit. Then by department store methods, great saving is effected in the delivery of goods. If a householder deals with a number of small traders they must each charge him something for the delivery of his goods, whereas a department store will deliver the goods from several departments at once. The economy is evident.

The "living in" system is not in vogue in Harrods', and so the management does not stand quite so much *in loco parentis* towards their employees as they might do. Most of the large houses provide club-houses and facilities for athletic exercises, as well as encouraging the carrying on of sick benefit societies. Besides this the bigger firms usually have some hospital beds at their disposal if this is needed by any unfortunate member of the staff. It will be readily understood that, as a general rule, the employee of a department store is at least as well cared for and yet is as free as his brother in any other large business.

Now we come to what may be called the size of the department store; the graces which these giant houses have put on in their prosperity; the trade pullers which have an indirect effect on trade. The best trade puller is of course a reputation for fair dealing; that having been attended to, a prosperous firm can turn its attention to the decoration of its premises and the providing of extra comforts for its customers. This the big houses have done with a lavish hand. Harrods' four and three-quarter acres of premises are decorated and furnished in a truly palatial style, they have established clubs for ladies and gentlemen, and have laid themselves out to turn their emporium into a comfortable promenade or lounge. In the centre of the building is the "Royal Exchange," where chairs and tables and writing materials are at the disposal of all customers, and where such business as banking, insurance, estate agency, tourist agency, theatre booking, &c., are carried on.

Actual figures as to the profits of department stores are of course the property of the firms concerned and cannot be published, but it is interesting to note that one firm at least is making about £170,000 per year, with profits steadily increasing.

RICHARD BURBIDGE.

Managing Director, Harrods' Stores, Ltd.

DEPRECIATION.—Depreciation is the diminution which takes place in the value of a wasting asset in spite of the amount expended on it in

repairs. Of all the expenses which a business incurs, few are harder to assess than depreciation, and few present such difficulties in treatment. When commission has been paid to a traveller, or oil has been used on engines, the position is clear; the cost is wholly an expense of the business. When, however, a machine which will last for a number of years has been used in the operations, it is not easy to say how much should be charged to revenue in respect of it.

Most of the expenses connected with a business are of the first kind; *i.e.*, such that the business derives the whole advantage to be gained from them within quite a short period of time. From others the business enjoys only a comparatively small advantage now, but it is expected that for some time to come it will be benefited by them. The whole of the former class must be charged against the revenue gained at that time, but only a small part of the latter. It is with the latter that we are concerned here. Some arrangement is needed whereby each year is charged with its share of wastage, and revenue is set aside gradually, so that a sum may accumulate, with which new assets can be purchased as the old ones wear out. In the absence of this charge, the accounts of each year will show a greater profit than has actually been made, and sums may be distributed to the proprietors which should really have been retained in the business against the charge for depreciation. Many sound concerns have succumbed through the neglect of this principle.

Depreciation whether there is Profit or not.—There is a tendency on the part of business men to regard the provision for depreciation as a luxury to be indulged in during good years, but to be dispensed with in bad ones. This is quite fallacious, and, on account of its insidiousness, the idea should be combated on every possible occasion. If sufficient paper to last for two years is purchased by a printing business, no one would object to half the cost being charged against the first year, even though a loss should have been made. Nor if a lump sum has been paid for a three years' tenancy of premises, would it be denied at the end of the first year that one-third of the expenditure has gone, and that, consequently, one-third of it must be charged to revenue. But, when a machine is purchased which will last for thirteen years, men speak and act as though in particular years the machine suffered no diminution in value, and as though no part of its cost need be written off.

Obsolescence.—The rapid advance of engineering science in our times makes the possibility of a machine becoming out of date some years before it is actually worn out, a matter for serious consideration. This is more important in some industries—*e.g.* electrical—than others; but it is always wise to add to the depreciation charge a small amount for obsolescence. This is obviously advisable, on the ground that the asset will be less efficient as compared with a new asset of an improved type than as compared with a new asset of the old type; and it becomes imperative, where it is possible that the difference may become so great as to make it worth while, to instal a new asset, and to scrap the old one before it is really worn out.

Of course, it cannot be said in advance what improvements in the machines will be made, but it is wise to adopt a cautious policy in regard to this matter, as it is indeed in connection with the whole subject of deprecia-

tion. In a new industry it may be assumed that great improvements will be made, and prudent men will provide so that the business shall not suddenly be put to the severe strain of having to throw aside, as useless, assets which stand at a substantial value in the books. In these cases it should be remembered that machines which are constantly breaking down and having extensive repairs done to them, wear out much quicker than ordinary machines, despite the large sums spent on them.

It is sometimes objected that obsolescence is not depreciation, and sometimes also that it need not be provided for in the accounts. The first point may be conceded, but names do not matter, and, as a matter of fact, it is usually more convenient to treat the two together. Hence has grown up the custom of using one term to connote the two ideas. The second point cannot be dismissed in this way; but, after what has been said, it is manifest that to ensure the stability of an undertaking obsolescence must be provided for.

Fluctuation.—Depreciation and Obsolescence must be distinguished from Fluctuation. The original cost of wasting assets forms part of the cost of producing the goods turned out by a business while they are in use, and therefore must be reckoned in ascertaining the profit or loss during the period; but the fact that, when they have been in use some years it would cost more or less to purchase other assets of the same kind, has nothing to do with the cost of the goods turned out by the original assets. An illustration will make this quite clear. A. buys an agricultural machine which lasts ten years. He lets it out and receives for hire during that time £1500

The machine cost him	£200		
And he pays for labour to work it	800	—	
			1000
This leaves a profit of			£500

Now after A. had had the machine some years, the price of a similar one rose to £210, and later fell to £150; but it is quite obvious that these things do not alter the fact that A. made a profit of £500. Fluctuation, then, is quite distinct from depreciation, and need not be charged against the profit and loss account.

At the same time, if the cost of a particular kind of asset rises, and it is clear that the business will have to pay more to replace its present assets when they are worn out, it may be wise to reserve a *part of the net profits* to accumulate the necessary funds to enable it to do this without strain. This, however, is a matter of prudence and general business policy; it has no relation to the determination of the profits made at the time.

Life of an Asset.—By the working-life of an asset is meant the period which will elapse from the date of its purchase till it is discarded as useless. When seeking to provide for the depreciation in value of an asset, its estimated working-life is the first thing one needs to know. This is a matter for business men experienced in the trade to determine, perhaps with the assistance of engineers, surveyors, and other experts. A professional accountant in the course of his practice often acquires a knowledge which is very useful in this connection, but primarily the matter is not one for him. His experience

usually fits him better to offer criticisms founded on general principles than to make constructive suggestions. Trade journals, trade organisations, the published accounts of large undertakings in the same line of business, and the experience of friends are also among the sources from which a business man is likely to be able to get help in this difficult matter. Every few years—say five—the question should be thoroughly reconsidered.

Differences between Businesses in the same Trade.—The danger of adopting without further consideration an estimated life based on other people's experience is a very real one in practice, and must be carefully guarded against. The differences between the circumstances of businesses engaged in the same trade are sometimes so important as to make the estimated working-life of a particular kind of asset double in one business what it is in others of the same trade. To illustrate the nature of these differences, we may take the case of machinery. With most other classes of assets analogous differences exist.

Firstly, some machines are of better quality than others, and may therefore be expected to last longer. Machines are sometimes bought second-hand; they differ in design and method; and these things may have an effect on their relative working lives. It seems a platitude to point this out, yet it is extraordinary how often it is ignored when estimating the lives of the machines. Secondly, in some works machines are not kept in a good state of repair; some are not well cleaned, &c. Such machines wear out much faster than others. The proper difference in the depreciation charge caused by this wasteful policy is usually in excess of the amount that need have been expended annually to remedy the defect. Thirdly, some machines are run very fast and for very long hours. When electricity is the motive power, it is more often possible to rest those parts of the machinery not actually in use than when steam is employed. If in any period there is an unusual pressure of business, the machines of course wear more, and it should be considered whether a larger charge should not consequently be made for depreciation in the accounts for that period. This seems the more reasonable, in that we may expect the profits also to be greater. These are some of the main considerations which have to be borne in mind when deciding how far the working-life customary in the trade is applicable to the assets employed in any particular business.

There are some assets for which one rate is customary in many trades—*e.g.* boilers; but differences analogous to the above will readily be perceived to exist in regard to these. Some are better in quality than others, they differ in design and method; some are not properly cleaned, and some are allowed to fall into disrepair, though this is to some extent prevented by the official inspection; some are nearly always in use. The longevity of boilers depends, too, on the kind of water used, and this will be seen to be a factor not dependent on the trade but on the locality. Take, again, buildings: all the above general considerations apply to them; the climate, too, has an effect on them, and they are deleteriously affected by the vibration of heavy and swift-running machinery.

Methods of Providing for Depreciation.—When the working-life of an asset has been estimated, we have to consider what method shall be adopted in order to spread the cost of the asset over that period. It is assumed, of

course, that all repairs and small renewals are charged to revenue as they occur. If any large renewals are made, and added to the capital expenditure—this is a thing which must be done with great caution—the whole question of depreciation should be reconsidered.

Many assets have a small residual value, in which case not the whole cost, but only the whole cost less the residual value, need be written off during the life of the asset. The first and most obvious way in which depreciation can be provided for is to divide the whole cost, or the reduced sum, as above, by the number of years at which the working-life is estimated, and to charge against the profit and loss account each year the quotient thus obtained.

Another method is to charge the first year a percentage on the cost; in the next year and in following years to charge the same percentage of the balance left after deducting the previous years' depreciation. Thus, suppose an asset to have cost £1000, and it is decided to write off 15 per cent. per annum on "the diminishing value," as this method is called, it will work out something like this:—

	SECOND METHOD.			FIRST METHOD.
	Value in Books at beginning of Year.	Charge for Depreciation at 15 per cent.	Value in Books at end of Year.	Amount remaining at end of Year after charging 6 per cent. per annum.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1st Year	1000 0 0	150 0 0	850 0 0	940 0 0
2nd Year	850 0 0	127 10 0	722 10 0	880 0 0
3rd Year	722 10 0	108 6 0	614 4 0	820 0 0
4th Year	614 4 0	92 2 0	522 2 0	760 0 0
5th Year	522 2 0	.....	.....	.....

The second method causes the charge against the profit and loss account to be much larger in the earlier years than afterwards, and consequently a larger percentage has to be charged than when the same sum is written off every year. If the asset cost £1000, as in the above example, with an estimated working-life of sixteen years, and a residual value of £70, 15 per cent. would be the proper rate. On the first method 6 per cent. would approximately be the appropriate rate, and the column on the right-hand side shows how this would work out. The last few years would be as follows:—

	SECOND METHOD.			FIRST METHOD.
	Value in Books at beginning of Year.	Charge for Depreciation at 15 per cent.	Value in Books at end of Year.	Amount remaining at end of Year after charging 6 per cent. per annum.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
13th Year	139 10 0	20 16 0	118 14 0	220 0 0
14th Year	118 14 0	17 14 0	101 0 0	160 0 0
15th Year	101 0 0	15 2 0	85 18 0	100 0 0
16th Year	85 18 0	15 0 0	70 18 0	40 0 0

Seeing that the cost of repairs will be heavier in the later years, and that even then the asset will be less efficient, it seems reasonable to charge less for depreciation against those years. This second method is, therefore, preferable, although it seems inequitable at first sight. This objection to the first method can to some extent be overcome, if a reserve is made in earlier years towards the cost of the repairs which have to be done later. This is, however, not often done, and in reality only arrives at much the same result as the second method by indirect means.

Another method, which is very seldom used, is to debit the account of the asset each year with interest on the balance remaining, writing off *per contra* a larger sum. This is mainly applicable to leases; but considerations of space prevent us dealing with it at length here. It is, however, dealt with fully in Professor Dicksee's "Depreciation, Reserves, and Reserve Funds," and in other text-books.

Finally, it is occasionally urged that it is advisable to have a revaluation of the assets each year, and to write off the diminution. Now, if we neglect the difficulties of valuation—which are by no means small; valuers often differ by much more than one year's depreciation—and assume that the valuations can be satisfactorily made, they must obviously take into account the fluctuations of the market. We saw above that these fluctuations should not be taken into account at all in dealing with depreciation; they would often cause the charge for one year to be much greater than the charge for the next. This method then is distinctly a bad one for general use, though, as is mentioned below, there are special reasons which make it less objectionable in reference to copyrights, and to a few other assets.

Sometimes there is a large block of assets in the balance sheet which cannot be accurately split up into its component parts, because one lump sum was paid for its purchase. An effort should be made to find some data on which this can be done, if for no other reason, in order that depreciation may be properly dealt with; it might be disastrous if this were not done. When, however, the division is not made, it is perhaps wise to show the provision for depreciation as a separate item on the liabilities side of the balance sheet, instead of as a deduction from the asset. This is not desirable as a rule; it is usually better to deduct it from the asset. When it does appear on the liabilities side, it should be clearly described as "Depreciation Fund," "Reserve," or "Reserve Fund," would lead persons to think that profits had been accumulated over and above what was necessary for depreciation.

Some Notes on particular Classes of Assets.—*Machinery and Plant.*—Much has already been said in a general way about machinery and plant, but it would be impossible to deal in the space available with all the various kinds of plant in different industries. Two things may be added, however. First, when plant is bought on the hire-purchase system, one must not neglect to provide depreciation from the commencement of the instalments. Second, when the plant is erected in leasehold buildings, one must consider that a part of it may be lost as landlord's fixtures when the lease expires, and provide accordingly.

Freehold Land.—This does not diminish in value in urban districts as a rule, so there can be no depreciation; while in country districts the fall in value is due to political and economic causes quite outside the business, and cannot be technically called "depreciation."

Freehold Buildings.—Of course these wear out despite repairs, but owing to the rise in value of urban land, it is usually thought that provision for depreciation may be dispensed with. In any case, only a small charge need be made annually—say 1 per cent. to 5 per cent.

Leasehold Land and Buildings.—The cost of these, plus any rent, must be written off during the lease. Owing to the liability for dilapidations, it is frequently wise to reckon the lease one year shorter for purposes of depreciation.

Ships.—1. Companies, &c., owning a number of ships. Here it is wise and advisable to provide depreciation just in the same manner as on plant. 2. Single-ship companies. The ships of these companies, of course, wear out like any other ships, and the true profit cannot be ascertained till depreciation is provided for. Yet it is customary not to charge it in the accounts, because this means leaving a large sum of money in the hands of the ship's husband for a number of years, and he has no special need for it at all. Usually dividends paid by single-ship companies must, therefore, be regarded as, in part, a return of capital.

Mines also depreciate, yet it is not usual to provide depreciation. The reasons are twofold:—(1) It is usually quite impossible to say how long the mine will take to work out, or rather how long it will be before it is no longer profitable to work it. No satisfactory rate can therefore be fixed. (2) Just as in the case of single-ship companies, the provision of depreciation would mean leaving large sums in the hands of the management for which they have no special use. It would give considerable opening for embezzlement; in any case, there is no sufficient reason why the money should not be paid in dividends. As in the case of the single-ship companies, such dividends must be regarded as in part a repayment of capital.

Patents.—The difficulty with patents is, that one cannot foretell how long they will be valuable. Even on the expiration of the fourteen years the business may still derive great benefit from them, either because of improvements, or through sheer momentum; while, of course, the majority of patents never attain any considerable value. Cases must be dealt with on their merits. Great caution should be exercised, and very seldom should any part of the cost be permitted to stand after the expiration of the fourteen years.

Copyrights are much like patents, except that few of them remain valuable through the statutory period. Many large firms revalue their copyrights every year, and though there may be some theoretical objections to this course, it seems to work fairly satisfactorily in practice.

Goodwill.—The depreciation of goodwill is a very thorny subject. When a business has a good year the value of the goodwill probably increases, so that beside the trading profit shown, on a sale the business would realise another profit on increase of goodwill; and *vice versa*, when a business has a bad year. Perhaps the best course to take is to write down the goodwill gradually, though there is not the same urgency for this to be done every year. While the business continues to do well, of course, this is in the nature of a secret reserve; but as soon as a loss begins, this secret reserve disappears and the balance sheet shows the true position; truer than if goodwill had not been written down.

Depreciation and the Double Account System.—For our present

purpose we may regard the **DOUBLE ACCOUNT SYSTEM** (*q.v.*) as one in which the original capital expenditure is maintained in the books at cost price, and in which no special charge is made to the revenue account for depreciation.

At first sight such an arrangement seems quite unsound in view of what has been said in this article; yet this is not the case, and it is well to consider the reason. Hitherto it has been tacitly assumed that we were dealing with a single group of assets which will wear out in batches, causing in some years a much greater expenditure on renewals than in others. If we had to deal with one locomotive and a short span of line, we should have to provide depreciation in the ordinary way; but where there are tens or hundreds of locomotives, hundreds of miles of line, scores of stations, and, perhaps, thousands of carriages and waggons, it is reasonable to assume that after the first few years the charges for repairs and renewals will be more or less uniform—they will never be altogether uniform. There is no reason to look forward to having to renew assets on a grand scale at any one particular time, and it is fair to hope that properly looked after the assets of the company will remain fairly constant in value to it as a going concern. In such a case no special depreciation charge is necessary, the annual expenditure charged to revenue for repairs and renewals covering the whole ground. Of course this does not apply to additions to the capital assets, which will be added to the capital expenditure in the ordinary way.

Depreciation in the Trading Accounts of Local Authorities.—Depreciation in itself in connection with accounts of local authorities presents no special features. The assets wear out and must be replaced, just as in other undertakings, but some notice should be taken of the means by which the depreciation is provided for.

Local authorities when establishing any trading undertaking obtain the necessary capital by borrowing the money under the sanction of an Act of Parliament or a provisional order; but the legislature prescribes that the local authority shall make provision out of revenue for the repayment of the loan, as well as paying the interest as it becomes due. The length of time within which the loan is to be repaid is fixed by the central authority, when permission to borrow is given, at such a period as it is calculated the assets to be purchased will last. In some cases it is alleged that the period allowed for repayment is too long. If this is the case, it is clear that insufficient is being set aside, and some additional provision should be made by way of a charge for depreciation, or otherwise. But when, as is more usual, the period is about correct, it is unnecessary to make a charge for depreciation against the undertaking, as well as providing out of revenue for the repayment of the loan.

The depreciation charge and the provision for the repayment of the loan attain the same end by different means. The one operates to place at the disposal of the business, when the old assets are worn out, a sum equal to the capital originally invested in them, wherewith to purchase new assets. The other contrives that, when the assets are worn out, the loan shall be repaid, and the local authority have a clean sheet upon which to start again to obtain a new loan and to purchase fresh assets. Of course it does not often happen that the local authority waits till the whole of the assets are

worn out and then reborrows to replace them all at once. It is usually done piecemeal, but the principle is the same.

Sometimes, because of the stringent conditions laid down by government departments relative to reborrowing, it is wise to provide a reserve out of profits against renewals during the early years of the undertaking, but this does not affect what has been said above as to depreciation.

Investing Outside the Business.—The provision for depreciation should in ordinary cases cause an accumulation of cash in the business, or at least an augmentation of the working capital. When it is desired to replace the worn-out assets with new ones, a large sum of cash will be required, and one of the objects of the provision for depreciation is to provide these funds. (We say that “in ordinary cases” depreciation causes an “augmentation of the working capital, because when there is a loss working capital disappears, and consequently the accumulation *pro tanto* does not take place.) The question now is whether a sum equivalent to the charge for depreciation should be taken each year and invested in first-class securities, so that, when the need arises, the cash necessary to replace worn-out assets shall be readily available. If this is not done, it may be very difficult when the time comes to withdraw so large a sum from the business without crippling it. In such a case, unless fresh capital can be obtained or a loan raised, the business may be seriously injured.

Sometimes there is abundant use in the business for further working capital, upon which a high rate of profit can be earned, and there is no reason to fear any difficulty in finding further capital or raising a loan on advantageous terms when money is required to replace the worn-out assets. Then it is better to keep the funds in the business. But in other cases, which form the majority, it is far wiser to invest funds representing the depreciation charge outside the business. Of course, money so invested will often yield a lower return than if kept in the business, but the management will be enabled to embark on a much bolder line of action, being freed from the fear of having to provide so large a sum of cash at once; and this will probably fully compensate for any slight loss so sustained.

Are Companies compelled legally to Provide for Depreciation?—This is a very obscure question, on which there has been a great deal of discussion. The legal decisions on the subject seem very conflicting, and the only proposition about which there is much unanimity, is that the Courts are loth to interfere with the internal affairs of a company so long as the rights of creditors are not prejudiced. They regard this as the sphere of business men. There is a long series of decisions, beginning with the Neuchatel case, in which the Court of Appeal appeared to hold that companies were not compelled to charge in their accounts depreciation on wasting assets—mines, leases, or on speculative investments and goodwill. These cases, however, were very severely criticised in the National Bank of Wales case by the House of Lords, though they were not actually declared to be invalid, for the Court did not have to decide upon them. It is to be hoped that the existing uncertainty will soon be dispelled by a final decision in the House of Lords. In the meantime a company would be very ill-advised to act as though the Neuchatel and the subsequent cases were good law. The only safe course is to prepare accounts on strictly business lines. See **CAPITAL AND REVENUE**, F. GATUS BOWERS, C.A.

DOUBLE ACCOUNT SYSTEM.—The expression “single account” is rarely met with, but has to be used in contradistinction to “double account.” The single account system is that commonly in use, viz., where the whole of the assets and liabilities of a business are grouped in a single balance sheet.

The double account system, on the other hand, is that mode of stating the accounts by which the receipts and payments on capital account are stated in one account, the balance only being carried to another account (the balance sheet), which shows also the floating assets and liabilities. This mode of stating the balance sheet applies more especially to concerns incorporated by special Acts of Parliament, such as railway companies, canal companies, gas and water companies, &c.

The difference is more imaginary than real, except in the actual mode of setting out the balance sheet. Double account is not a method of ascertaining profit. The mode of stating the accounts cannot in any way affect the amount of profit.

The double account form of stating the balance sheet of a railway company is too well known to need reproduction here, but the following example of stating the balance sheet of an ordinary company incorporated under the Acts of 1862, &c., is more unusual. The form of the account is that adopted by a trading company of considerable magnitude, but the figures are hypothetical.

THE BLANK COMPANY, LTD.

Statement of Accounts for the Year ended 31st December 19 .

CAPITAL ACCOUNT.

<i>Dr.</i>	EXPENDITURE.	RECEIPTS.	<i>Cr.</i>
To Land, Water Rights, Buildings, Plant, Good- will, &c., per last acct.	£550,000	By Share Capital issued and paid up	£500,000
„ Further Capital Expen- diture for the year (at cost)	20,000	„ Debenture Stock	200,000
	<u>£570,000</u>		
„ Balance of Capital car- ried to Balance Sheet	130,000		
	<u>£700,000</u>		<u>£700,000</u>

GENERAL BALANCE SHEET.

Capital Account—Balance at Credit as above	£130,000	Cash at the Bank	£ 80,000
Sundry Creditors	20,000	Stock in Trade	138,000
Depreciation Account—Balance at Credit thereof	28,000	Sundry Debtors	60,000
Profit and Loss Account	50,000		
	<u>£228,000</u>		<u>£228,000</u>

This would more usually be stated as follows:—

THE BLANK COMPANY, LTD.

Balance Sheet, 31st December 19 .

CAPITAL AND LIABILITIES.	ASSETS.
Share Capital, issued and paid up £500,000	Land, Water Rights, &c., per last Account £550,000
Debenture Stock 200,000	Additions during the Year 20,000
Sundry Creditors 20,000	<u>£570,000</u>
Profit and Loss Account 50,000	Less Depreciation 28,000
	<u>£542,000</u>
	Sundry Debtors 60,000
	Stock in Trade 138,000
	Cash at the Bank 30,000
<u>£770,000</u>	<u>£770,000</u>

But the fact that an ordinary trading company can so state its balance sheet is sufficient evidence that the double account system is nothing more than a method of stating the balance sheet, and cannot affect results in any way.

So far as one can trace the first appearance of the double account form upon our statute book was in 1868, when, by The Regulation of Railways Act, passed that year, it was enacted that every incorporated railway company should, seven days before each ordinary half-yearly meeting, print and circulate accounts in the form which has now become so familiar.

It has been seriously argued that the keeping of accounts by the double account system involves a difference in the manner in which renewals and improvements should be dealt with, as against the treatment of them where accounts are kept by the other method. It is suggested, in particular, that (a) there is no need for a depreciation allowance, and that (b) renewals must be provided out of revenue, whatever may be the respective cost of the original asset and the renewal of it. Thus it is said, that if a station be demolished and rebuilt, the cost of rebuilding a station of the same size is a revenue charge—irrespective of what the original one cost to build.

This is quite a mistaken notion, but it may be well to deal with what appears to be the reason for it having arisen.

The reason is that, generally speaking, in the most familiar case of a double account system (a railway) renewals do usually come out of revenue. Taking one renewal with another, this may work out right, but the more exceptional forms of renewal (*e.g.* stations) must necessarily have special treatment.

A railway is different from almost every other undertaking. Most other undertakings (especially companies under the Acts of 1862, &c.) contemplate the possibility of winding up at some future date, but a railway is intended to be permanent. If evidence be necessary to support this statement, one has only to look at the arrangements made in respect of the capital on absorption of one railway by another. No question of *cost* or *value* arises. Each holder of stock of the railway absorbed is simply given so much stock of the absorbing railway as will give him the *same income* as he had pre-

viously. Thus the holder of £100 5 per cent. debenture stock receives (say) £166, 13s. 4d. 3 per cent. debenture stock in exchange; the holder of £100 6 per cent. preference stock receives £200 3 per cent. preference stock, &c. This could never be the case if the debenture or preference shareholders were regarded as creditors, &c. for £100.

It is for this reason (the contemplated permanence of the railway) that it may be considered justifiable not to write anything off capital in respect of a portion of the undertaking which has possibly been abandoned. Following the authorities, it would seem that such writing off is not even necessary in the case of an ordinary company, so long as the *creditors* are protected, and, *a fortiori*, it cannot be compulsory in the case of a railway where such question cannot arise, for the creditors cannot do more than have a receiver appointed of the rents and profits (they cannot seize and sell), and (whatever might be the effect on the market value of stock) it cannot make any intrinsic difference whether the ordinary stock is written down by the value of the portion abandoned, and the shareholders thus get (say) 5 per cent. on half their original holding, or whether the stock remains at its original amount and they get $2\frac{1}{2}$ per cent. on the whole of it.

As to depreciation, a railway does not differ from any other concern. It may be true to say that, by reason of its magnitude, to renew out of revenue is sufficient without any allowance for depreciation, but this cannot apply in the early years, when there is wear and tear going on and no renewal taking place; and it is questionable whether, in later years, a fixed allowance would not be preferable to the present haphazard method. As an illustration, one of our great railways had, a few years ago, an *assets* for renewal fund of £170,000, and it took five years to write it off. Obviously this was accumulations of renewals which should have been provided for in previous years.

The truth is, that railway directors are guided to some extent by what can be *afforded* rather than any principle. Thus one finds such expressions as these in railway reports, &c. :—

“Substantial payments have in fact been made out of revenue for improvements which go even beyond renewals.”

“We are building forty new engines, which are to include twenty of the latest pattern of large express locomotives, and (the cost) is to be charged to revenue.”

“After the alterations, the boats would each be able to provide sixty additional first-class and twenty-eight second-class berths . . . the alterations were being paid for out of revenue.”

“(The new engines) would be 40 per cent. greater in power, and the (whole) cost would be charged to revenue.”

It is needless to multiply instances. There are, also, other extracts showing that similar charges are frequently debited to capital, thus establishing the fact that it is a matter of means.

Undoubtedly the true principle is that in vogue in Australia, viz., to write out of the capital account the cost of anything broken up, &c. (whether renewed or not), and to debit capital with all outlay properly chargeable to capital.

Thus, assuming a station which had originally cost £100,000 to be replaced by one which costs £250,000, the entries would be as follows :—

CAPITAL ACCOUNT.

1850. To Cost of Blank Station . . .	£100,000	1907. By Revenue Account . . .	£100,000
1907. ,, New Station . . .	250,000		

REVENUE ACCOUNT.

1907. To Capital Account for Cost of Blank Station written off . . .	£100,000	1907. By Old Material . . .	£10,000
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By this method no question arises as to the (hypothetical) cost of rebuilding the Blank Station as it originally stood. The cost of the old station is eliminated, that of the new one is entered to capital, and the capital expenditure account thus shows the true cost of the railway as it stands.

Any other method gives most misleading figures. Take the case of wagons broken up and *not renewed*. Surely they must be written out of the wagon account; then new wagons may be added to it. And *see* ACCOUNTING AND ACCOUNTING SYSTEMS; DEPRECIATION.

ROGER N. CARTER, M.Com., F.C.A.,
Lecturer on Accounting,
Victoria University of Manchester.

DRAPERS' ACCOUNTS.—The accounting system applicable to retail drapers differs in some ways from that in force as regards other retail undertakings, and the more important of these distinctions are considered below.

Much of the difficulty with regard to retail drapers' accounts, if any difficulty exists at all, arises from the fact that the business necessarily includes a great variety of articles. If the words "draper's shop" be used they convey different meanings under different circumstances, because the class of trade, and therefore the class of articles sold, depends very largely upon the locality in which the place of business is situated. This great variety of trade, therefore, makes it almost impossible to plan a scheme which shall be suitable for all, but it is by no means difficult to lay down general principles, so that they may be applied to suit the varying circumstances of each case.

Under any scheme of accounting for establishments of this nature the great value of proper departmentalisation must always be borne in mind. It is perhaps not possible to lay *too* much stress upon this policy of departmentalisation, and it will suffice to say that the conditions of the drapery trade render it imperative that some such system should be adopted, because the rate of profit on each class of goods sold differs, being probably lowest on drapery and highest on millinery; different classes of goods appeal to different persons, and although the business is run as a whole, each avenue of trade ought to be clearly defined, so that its value to the business may be recognised (*see* hereon DEPARTMENTAL ACCOUNTS).

In addition to this the question of stock requires to be most carefully watched, not only to prevent shortage, or its antithesis, overbuying, but to keep carefully in touch with changes of fashion and other features which tend to obsolescence.

Since great variety of trade must be admitted in connection with this class of business, whatever scheme is put forward can only be taken as suggestive, but once principles are grasped their application is a matter only involving a little time and common sense.

To deal with the question of sales, the various counter books mentioned and described in the article on **RETAIL SHOP ACCOUNTS** will apply equally to retail drapers with the necessary minor alterations as to wording, &c., and the general idea of the uses of these records remains the same.

It is important that the selling value of assistants should be known, in order to prevent idleness on the part of the staff, and the various sales should therefore be summarised, not only in the form of departments, but also under the heading or number of each assistant. The daily sales record, therefore, will run somewhat on the lines of Form A.

The number of small accounts in a retail draper's business is likely in most cases to be very large, and in order, therefore, to avoid a multitude of posting entries, some such self-filing system as has been described in the article on **RETAIL SHOP ACCOUNTS** might with advantage be adopted. Returns off sales should be carefully departmentalised, and the resulting totals deducted from the gross sales as analysed from the daily sheets and the counter books.

The question of goods sent out on approval has already been dealt with in the article previously mentioned, and in this connection it only remains to say that if the approval side of a draper's business is largely patronised it should be in charge of an assistant whose sole duty it is to keep proper records in connection therewith.

Where workrooms are carried on, in addition to the ordinary retail business, for the purpose of executing repairs, alterations, or the actual making up of material, they should be treated in a similar manner to the jobbing department, which has been mentioned under the heading of "Retail Shops," especial care being taken with regard to the materials supplied to the workrooms in order that the same may be properly accounted for.

It is customary in many drapery establishments for employées to be allowed to purchase goods at a price lower than that at which they are offered to general customers. These house parcels should be recorded separately, in order that the percentage of profit on the ordinary turnover of the business be not vitiated by the introduction of this element, which does not bear the same rate. If it is customary to supply goods at cost, then the total value of the house parcels during any period should be deducted from the purchases, after being properly analysed.

With regard to the question of purchases, the order book and goods received book will be two very important records. It is probably not untrue to say that very few drapers indulge in the luxury of a goods received book, but there can be no doubt that if this record were universally adopted much time and labour would be saved and confusion avoided. It is particularly recommended that the question of empties should be carefully dealt with, and where the volume of business done is fairly large a special empties book should be kept.

Form B may be treated as suggestive.

The method of dealing with invoices for goods purchased should be on the lines laid down in the article on **RETAIL SHOP ACCOUNTS**, after deciding whether the invoices should be pasted in a guard book or kept under some filing system, the amounts thereof being posted to the personal ledger from an invoice summary.

Form A.

DAILY SALES RECORD.

Assistant's Number.	Drapery.		Millinery.		Etc.	Total Day's Sales and Total for each Assistant.		Number.
	Cash.	Credit.	Cash.	Credit.		Cash.	Credit.	
1.								1.
2.								2.
3.								3.
Etc.					Etc.			Etc.
(A)								

(A) These totals should in turn be carried to a further summary day by day.

The form of purchase day-book set out on the opposite page will be found to be convenient as regards analysis, leaving the question of the actual treatment of the invoices themselves to the trader to decide.

One particular practice of the drapery trade sometimes causes no little trouble, especially at balancing periods. Allusion is made to the practice of dating invoices forward; that is to say, goods supplied in February will be dated as supplied in May, with a corresponding reckoning of the credit terms. This plan seems to be gradually declining, and its place is being taken by a system of extra discounts for prompt payment, which should tempt the prudent retailer. Where invoices are dated forward the first point to be observed so far as the accounts are concerned is as to the date when the goods were received into stock. This can be discovered from the goods received book, and it should not be overlooked that once they have been taken into stock the liability to pay for them must also be included. If an invoice accompanies the goods it should be entered, irrespective of its date, in the proper record, because, although the satisfaction of the liability may be deferred, the debt is in existence, and the only way to include it in the books of account is by treating the invoice as if it were of current date. The forward dating relates mainly to the question of payment, and this question of payment can be more properly dealt with through a ledger account than through any other record. Where this practice obtains, therefore, the ledger account of the supplier should be so marked as to clearly show what invoices are dated forward, so that at any time a proper statement of account may be prepared showing the amount actually due at any particular date. This is a mere matter of arithmetic and convenience, and does not in any way affect the general accounting system. It will easily be understood that where no proper system exists the retailer is tempted to take goods which are dated forward into stock, and omit the corresponding liability, a practice which cannot be advocated on any ground whatever.

The method of treating the expenses of a business will be on precisely similar lines to that laid down under the heading of **RETAIL SHOP ACCOUNTS**, with the probable exception that there will be housekeeping expenses in connection with the staff, which should be charged to a separate account, so that the cost of meals, &c., may be known from time to time.

Each trader may exercise his ingenuity with regard to the extent to which he summarises the results of his business, and it will generally be difficult for too much zeal to be shown in this direction. The form given here (D) is intended to be illustrative of principles, and is not intended to be applicable to all classes of drapery business.

With regard to the wholesale drapery trade the points involved will be found to be referred to under many articles in this publication, and we need only here say that an accounting method for such a business would rely mainly for its efficacy as regards the trader on the extent to which proper departmentalisation had been carried out. The main principles would be identical in half a hundred wholesale businesses, and it is only when analysis, classification, and sectionalisation come to be considered that special points arise. These, in their turn, require to be considered, together with the particular circumstances surrounding each business, thus making any general rule somewhat difficult to put forward. And *see* **DEPARTMENTAL ACCOUNTS**.

DRAPERY SALES : How to Organise them.—Custom has ordained that the drapery store shall have end of the season sales at least twice a year, and the drapery sales become an event of considerable importance to the retailer, and something of the character of a social function to the buyer. It is doubtful whether the sale, as we know it to-day, has not lost a great deal of its former significance, which was that it served to clear out surplus stock that, owing to the exigencies of fashion, would only be in demand for one season. Since the early days of drapery sales this attitude has become somewhat modified. It is probable that, primarily, the draper's sale is held largely for this reason, but many more lines of goods are included in it than formerly. Goods quoted are not always offered at sale prices, and the conclusion the observer is forced to adopt is that the draper now regards his sale very much as he regards the special Christmas trade—as a big week in his trading year, in which business is largely made by a new talking point. It is difficult even for the buyer nowadays to believe that all the goods offered at these periodical sales are the bargains they are represented to be. Indeed, the belief is growing that they represent goods priced largely in the ordinary way of trade, offered for sale, with the additional incentive of a bargain week to induce people to buy. Again, in many businesses it is now quite a trade custom to handle special stocks which are only exhibited and sold during sale weeks. After all is said and done, there is very little doubtful morality in this. The public look for these special shopping weeks, which are called sales, and if the methods of business have altered from the old days, when only certain lines of goods were offered at a reduction, it is simply that the trader has realised the magic of the word "sale," and begun to use it to give, at the duller seasons of the year, a special impetus to his business.

There has cropped up in this question of sales, however, a new factor in the situation, which is that almost every retail trader holds them periodically; they clash with each other, and these very profitable weeks are not so successful as they were to individual traders, because the multiplicity of sales reduces the attraction of the word to a commonplace. As a consequence of this, the drapery store, which largely depends on its sale weeks to make the selling proposition attractive during the dull weeks of the year, has had to make its special season sales still more attractive, and schemes which will interest the public are at present in great demand.

In making a sale interesting, it is just as well to remember precisely the significance of the word to the trade. To-day the sale week is simply a new talking point, and its success depends on how that new point of view is used. The old-fashioned word "sale" having lost its meaning, it has come to be necessary to infuse some originality into the periodical suggestion. The first marked illustration of this was an innovation made by a West End trader some few years ago, who instead of advertising the ordinary sale in the conventional manner, excited public curiosity by putting it forward as "A Great White Sale." By a heavy outlay in the press for artistic publicity and notice in the editorial columns, this enterprising firm was able to impress the public with the suggestion that this particular sale was different from any other. The movement was undoubtedly successful, and as a result

**JUNE
21**



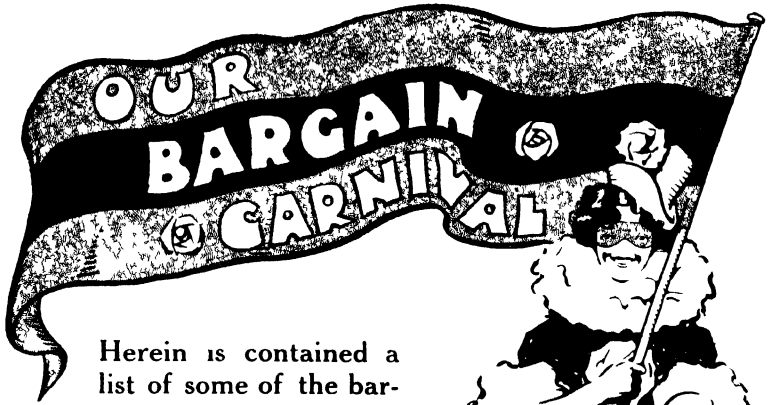
**MAKE A NOTE
OF THIS DATE**

**It will be the opening
day of a most impor-
tant event for every-
one in this district**

A Preliminary Advertisement.

(Part of a special sales scheme called the "Bargain Carnival," originated and designed by Carlton Service

To face page 244 Vol. 17



Herein is contained a list of some of the bargains we are offering at our great Carnival Sale. We cannot mention them all, but they are sufficient to show you the exceptional character of this important event.



Our Great Bargain Carnival

Commences

And continues

DON'T MISS THIS GREAT EVENT.

**YOUR OWN NAME and
ADDRESS, etc., here.**

This is a suggestion for a Sale Catalogue Cover. We supply a complete block with the bottom space pierced for 10. Inside will be found a suggestion for setting the pages.

A Cover Design.

(Part of a special sales scheme, known as the "Bargain Carnival," originated and designed by Carlton Service.)

To face page 245, Vol VI

"Great White Sales" for the next few years became a feature of every draper's programme. So common were these sales, that even the magic new phrase lost its drawing power, and the up-to-date retailer has realised that each year he must devise something fresh to infuse vitality into his sale programme.

Amongst interesting sale schemes run on these lines is one which was devised by a firm of specialists and run by provincial drapers. The aim of it was to give novelty to the old sale idea, and this was secured by giving it a title. It was a scheme which was more likely to suit the draper doing a cheap and popular trade than a high-class draper dealing with an exclusive public; but its general character is suggestive of much that might be done along the same lines. Instead of advertising the sale as "Our Summer Sale," the draper who adopted this idea called it a "Red Tag Sale," and the suggestion underlying the scheme was that all goods marked with a red tag were exceptional bargains. Everything connected with the sale had this red tag idea running through it. For weeks before the sale opened, the local newspapers advertising it had reproductions of the tag, and explanations of its significance. The newspapers were also induced to talk about the innovation in their news columns; circulars containing reproductions of the red tag (which was really nothing more than a label) were sent to all possible customers of the business. Some weeks before the sale commenced, flags were hung out, which were again reproductions of the same label, while the windows were decorated with lithographic reproductions in the same way. The great aim of the advertising was to concentrate the public attention on the fact that these little red labels stood for something remarkable in regard to prices, and wherever they were seen, extreme value was to be expected. When the sale actually took place the window-dressing was carried on with the aid of these labels, while the idea of pricing goods with these special tickets was also carried on throughout the shop.

This may seem an unnecessary waste of energy to the average draper, but a man with imagination will readily appreciate its significance. Just as the "Great White Sale" was a new way of putting an old story, so the "Red Tag Sale" acted for the provincial draper of a certain class. Since then it has been followed by other similar schemes covering the same ground, the aim being always to give a new setting to an old story. The mere announcement of a "Great" Sale, a "Grand" Sale, or "Our Annual" Sale, carried on year after year, loses its force, and the advertising experts who are nowadays designing complete selling schemes, argue that the expense and thought necessary to carrying them out are justified by the value of infusing a new flavour into an ordinary trading week.

The advantages, of course, are twofold. The man who is running a draper's shop and has two sales a year is able to put each one on a different plane. The public, who are always curious and very responsive to new ideas, eagerly consider the latest effect in sale organisation until, in a subconscious manner, they believe that the special week is something different altogether. The other advantage is that it enables the draper who has extensive opposition to get away from the uniformity of method which always follows the presence of three or four competitors. When all drapers are advertising

sales, all sales are apt to look alike. The draper who calls his sale by a different name, who has new talking points about it in his advertising, who has a new scheme of window-dressing and a new method of inviting his possible patrons, can keep his selling policy secret until it is too late to be imitated by his competitors. Of these schemes, largely of American origin, there are now no end. The idea has been grasped by so many drapers, that quite a field of enterprise has been established in working out complete selling campaigns. They are usually undertaken by printers of advertising novelties, who supply everything necessary to secure the new point of view. Such a sale is worked on a label, on a motto, on the name of a flower, and by employing similar devices. One scheme used as its distinguishing feature a parrot, and the talking or selling point was that one should watch what the parrot said, which inevitably led to a statement of great bargains. So much was the parrot advertised that practically the whole town was curious to see what significance it had, and was naturally greatly interested when it found the bird was simply an enterprising draper's new label. Similarly there have been Butterfly Sales; Red, White, and Blue Sales; White Label Sales; and sales associated with the names of birds. General investigation shows that for certain classes of trade these ideas are excellent, and result in a considerable appreciation of business. Much depends on the thoroughness with which they are carried out, and the insight brought to bear on the handling of the matter by the organiser, from the publicity point of view.

GEO. EDGAR.

Late Editor "Modern Business."

DUPLICATING METHODS.—The reproduction of many copies of a single letter or document has many obvious advantages, and is a process with which every business man should be acquainted. There are two general processes of duplicating in wide use to-day, viz. duplicating by stencil or wax sheet, and duplicating by metal type impressed through a typewriter ribbon. We will deal with them separately.

1. The Stencil Process.—The stencil process is employed both for the reproduction of handwriting and typewriting. It gives excellent facsimile copies of both, but most people nowadays use this form of duplicator in conjunction with the typewriter, which is unquestionably the method whereby the best results are obtained.

A stencil is a prepared wax sheet, protected usually by a front tissue sheet. Perforations are made through the wax sheet either by means of the special stylus (employed for handwritten reproductions) or by the type of the typewriter. When the perforations have been made, the wax sheet is placed in the frame or on the cylinder of the duplicator (depending on whether the duplicator be a flat or rotary pattern), the paper is placed under the sheet, and copies are made by passing an inked roller over the sheet, or by the turning of the crank which rotates the cylinder, in the case of the rotary pattern.

As we have previously explained, there are two general types of duplicating machines, the flat-bed and the rotary. Different makes will of course vary in details, but the principles underlying their use are demonstrated in this article. Flat-bed machines are generally used in offices where a moderate,



OUR BARGAIN CARNIVAL

BOOK POST.

DUNE
WITH
10
STAMP

70

D 220 - If for hand distribution matter on this side can be omitted



GOOD People all - get ready for our Carnival!
It starts . . .

(DATE IN HERE)

Keep the date in mind whatever you do.

It is to be a merry-making time for everyone a time wherein delightful opportunities will run riot. Gay subjects of King Bargain, the presiding genius of the Carnival.

At our Bargain Carnival the lean purse will do wonders. Tinsums will buy big things. Come and have a good time and get your full share of the wonderful value that will welcome you on every hand.

You have never seen such Marvellous Reductions as you'll find under King Bargain's joyous rule in Carnival Time.

Everything has been pulled down to record figures, and everything with us includes the Best things, the Daintiest things, the Smartest things!

There will be a regular . . .

BATTLE OF BARGAINS

During our Bargain Carnival, everything rivalling everything else in value - mind you are in the thick of it.

Here are some of the Departments in which really Remarkable Bargains will be found:-

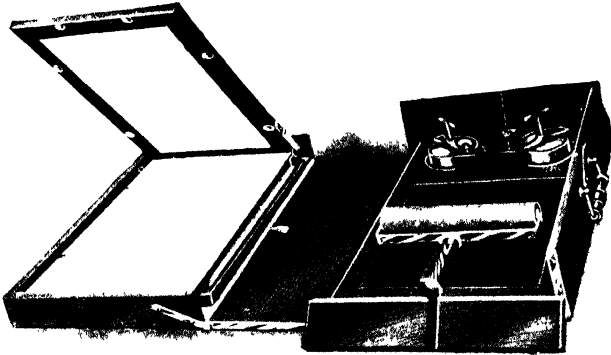
YOUR OWN NAME AND ADDRESS
ETC., IN HERE.

D 220, June

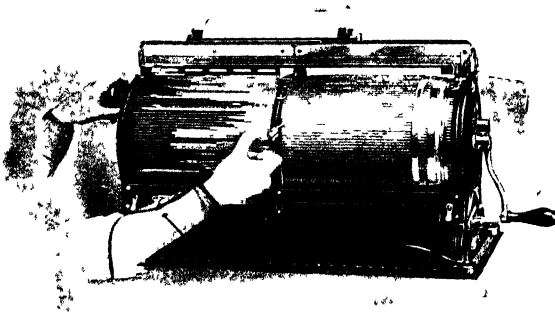
Special Sale Advertising.

Illustrations show front and back of a postal folder used as part of a special sale's scheme called the "Bargain Carnival," originated and designed by Carlton Service.

To face page 246, Vol. VI.



Remington Duplicator.



Gammeter Multigraph.

To face page 237, Vol. 11.

rather than a large number of copies are required, and where speed in operation is not so much a necessity as good work. The flat-bed machine is necessarily less expensive than the rotary pattern, and the copies are made by the use of the inking slate and the inked roller, it being necessary for the operator to use the latter to ink each facsimile.

An intelligent operator, who has had a moderate amount of practice, will be able to reproduce from 200 to 250 copies an hour on a flat-bed machine. Many firms requiring a quicker rate of reproduction divide the work between two operators, and this plan unquestionably greatly accelerates the speed at which copies may be taken. The rotary form of duplicator is distinguished from the flat-bed machine by its greatly increased speed, and by the fact that the inking is usually done by a pad attached to the cylinder, on which the stencil sheet rests. In this case the operator can produce copies by the simple turning of the crank handle, copies being discharged from the printing drum to the receiving tray as they are made. The capacity of a stencil sheet naturally varies according to the capacity of the operator and the care with which it is used. It should not be difficult to obtain from 600 to 1000 copies from one stencil in ordinary circumstances.

The preparation of the stencil sheet itself is naturally a matter of first importance. When the stencil is intended to reproduce handwriting, a writing plate and steel stylus pen are employed, the operator tracing the characters firmly through the wax sheet. When typewritten stencils are wanted, the type of the machine must strike direct on to the wax sheet, the typewriter ribbon being taken out of position while the operation is proceeding. It is necessary to strike each letter firmly and evenly, and capital letters should be struck twice. As explained in the article on the Selection of a Typewriting Machine, all typewriters are not equally good at stencil-cutting, and our readers will do well to refer to this phase of the article when contemplating the installation of stencil duplicators. A good stencil cannot be prepared unless the type of the typewriter are thoroughly cleaned beforehand, so that each character may cut cleanly through the wax sheet. It is important to remember this.

Each stencil is ordinarily supplied with a front tissue protecting sheet and a backing sheet, the latter helping to give power to the blow of the type. Before the stencil is placed in the frame of the flat-bed machine or on the cylinder of the rotary, it is necessary to remove both tissue and backing sheet. In the case of the rotary machine the tissue sheet is removed before fixing the wax sheet, and the backing sheet is taken out afterwards before printing is commenced. The method of accomplishing the latter operation differs according to the make of duplicator employed, upon which point (and others) the purchaser will of course take care to be instructed.

With flat-bed duplicators the operator must be careful to spread the ink evenly over the surface of the slate, working from top to bottom, then from side to side, to obtain an even distribution. A trial copy should be made on a sheet of blotter, the smallest possible quantity of ink being used. The blotting sheet should then rest on the base of the printing form to serve as a base for the blank paper sheets. Place only one sheet on the blotter at one time when printing, not a large number.

If, when typing a stencil, the operator should make a mistake, this can be corrected without the necessity of typing the matter over again on a fresh stencil. Instead, remove a little of the protecting tissue sheet and paint the word over with a special quick-drying varnish (supplied by the maker), and, when dry, re-write the word as desired. If it is simply required to block out words, a piece of very thin gum paper can be placed over the part after the stencil has been cut.

The ink slate should be cleaned from time to time; this may be done by passing the roller over the slate and then over waste paper. In rotary machines, when the work is finished, remove the stencil at once to prevent the wax adhering to the inked pad. A cover is usually supplied which should be placed over the pad after use, to keep the ink from dripping into the machine.

An important matter in duplicating from stencil machines is the question of the kind of paper used for the taking of copies. If a glazed or a hard-surface paper is used, it is necessary to interleave, either by placing a blotter between each sheet, or by using a tissue book; otherwise the ink will offset on other copies. The best plan is to use a special absorbent paper, on which the ink dries at once. This paper has the additional merit of being cheaper than the ordinary kind.

We have no space to deal with the advantages and competing merits of various stencil duplicating machines now on the market. It may be said, however, that duplicating by this process is both easy and satisfactory, and perfect facsimiles of handwritten or typewritten matter may be obtained by any office boy or office girl with ordinary intelligence, so long as the right utensils are employed and careful attention is given to the essential points outlined above.

2. Typewriter Ribbon Process.—This differs from stencil duplicating in that the impression is made by metal typewriter type which are impressed through a wide typewriter ribbon. Briefly, it may be stated that while stencil duplicated work when typewritten looks like typewriting, the other and more modern process is genuine typewriting. As a matter of fact, when copies are made with care and intelligence, and when names and addresses are well matched in, it is a matter of difficulty for even the expert to distinguish between the genuine and the counterfeit. This statement will account for the increasing popularity of the new process, which is largely used by business concerns all over the world.

Duplicating of this nature may be, and often is, accomplished by the printer, who prints in the ordinary way, except that he uses typewriter type, and impresses this type through a silk sheet or a typewriter ribbon instead of using the ordinary printer's ink. It is becoming more common, however, for business firms to buy their own apparatus, thus economising time and trouble.

There are several machines on the market reproducing typewritten letters by this process; machines both of the flat-bed and rotary pattern. Each pattern of machine is supplied with a set of type for the composition of letters, &c. The methods of setting and distributing this type vary accord-

ing to the make of machine; in one or two cases there are ingenious devices for accomplishing this purpose.

One of the most valuable uses to which these duplicating machines have been put is the production of circular or form letters, the value and business-getting power of such letters being naturally so much greater when the work is carefully executed and names and addresses are matched in to harmonise exactly with the body of the letter. If these points are observed diligently by the operator, the result will be a perfect imitation of the ordinary personally addressed communication. Unfortunately, the operator is in many cases either ignorant of or indifferent to the need for careful work, and when this happens the result is anything but satisfactory. The chief trouble arises from carelessness in matching in names and addresses, and blame is often thrown on the machine which should be allocated to the operator.

We may commence by saying that the chief tendency of the careless operator is to work duplicating machines of this type at too heavy a pressure. This, to commence with, is an extravagant practice, as too much pressure at the start of a new ribbon will naturally absorb a good deal of the life and durability of the ribbon. Again, heavy copies are invariably harder to match in; thus a double trouble springs from the same cause. A new ribbon requires but a slight pressure at the start, and the operator with discretion will naturally increase this pressure as the ribbon gets worn, taking care to obtain the maximum number of copies before casting the ribbon aside. A good operator will save his employer money on the ribbon bill, to say nothing of the rest.

The matching in of names and addresses is of course done on an ordinary typewriter, but it is next door to useless to employ ordinary typewriter ribbons for this purpose. Makers of ribbon-process machines sell a special typewriter ribbon which should be used exclusively for matching in, for a reason we shall explain later.

This filling in of names and addresses calls for a moderate show of intelligence on the part of the operator. For instance, it is necessary that both the broad printing ribbon and the special typewriter ribbon should approximate fairly closely as regards their degree of inking, if a good match is to be secured. Such a course would at once occur to the average thinking person, but it is to be feared that some operators leave their thinking capabilities at home when tackling this proposition. It is by no means uncommon for an operator to attempt to fill in with a new typewriter ribbon work which has been executed on a fairly well-worn printing ribbon. For faultless matching in (and unless matching in is faultless the machine has failed in its principal purpose) the operator should have typewriter ribbons in heavy, medium, and light inkings. The heavy-inked ribbon is for use in connection with the first impressions from the printing ribbon, the medium as the ribbon is wearing, and the light-inked when it is nearly worn out. This is practically the genesis of the art of matching.

One of the difficulties attending matching in is supplied by the fact that operators do not possess the same touch, as it is technically called. One girl will pound the typewriter keys as though she had a grudge against them, and

another will have a niggling, faint-hearted touch which leaves a number of letters only half struck. Few possess the happy medium. The operator with the light touch finds it difficult to accustom her fingers to strike with sufficient strength to fill in heavier matter, and the girl with the heavy touch is even worse placed. Of course this is putting extreme cases, as a girl with any pretence to typewriter skill should be able to accommodate the variation of striking power necessary in such work without much trouble. Still one must legislate for the worst possibilities, and an excellent plan for ensuring good matching is to have the operator who is to do the matching first strike off a sample of her typewriting. If, then, the body of the letter is taken at this impression, the operator should find no difficulty.

In matching in operators should allow for the fact that the work of the typewriter ribbon will darken a shade in the course of an hour or so. It is not necessary here to go into the technical reasons for this, but the operator can easily find out for herself by a little experiment the exact degree of difference, and accommodate her work accordingly. The special typewriter ribbons which are purchased for matching in should not be used for ordinary correspondence. A ribbon that is used for writing a great number of letters, and is then put into use for matching, will naturally have deteriorated, and a good deal of its life and action will have departed. The operator should also be careful to observe that the typewriter ribbon is shifting its track whilst in use, and that impressions are not being constantly taken from the same portion of the ribbon. Most typewriter machines nowadays take care of this point automatically, but the caution is necessary in some instances.

The use of the right kind of paper is an important factor in the production of good work from ribbon-process machines. Paper should not be too hard, or the ink will not be absorbed, and a heavy, blurred impression must result. If, on the other hand, the paper is too soft, it has the same effect as blotting-paper, absorbing so much ink that the life of the ribbon is materially lessened. A medium paper, therefore, will give the best results, and should be used wherever possible.

H. WENTWORTH JAMES.

Advertising Manager, Remington Typewriter Co.

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EDUCATION FOR THE BUSINESS MAN.—Amongst the rank and file of business men to-day there is a growing appreciation of the advantages of definite business education. In years when competition was not so strenuous as it is to-day, a man might get a good appointment with very average attainments and hold it all his life. To-day there is less chance of this than ever there was. Appointments which nowadays only require average attainments are no longer allowed to carry more than the average salary. As a simple illustration, the position of the clerk in these days is interesting. Years ago a man who got a good clerkship with a first-class business firm started at a reasonable salary and steadily advanced, while he looked forward to a career for life in that particular office. As he grew in years his salary increased, so that in the evening of his days his income was well above the average. In the stress of competition, this

loyalty to members of the clerical staff is largely dying out, and to-day is the age of the young man who is frequently expected to do the work of the senior clerk better, on a much lower salary, and finds no place in the business when he grows to a certain age and his necessities prompt him to apply for a higher salary. Certain lines of service nowadays have fixed salaries, and the tendency is more and more to keep young men in such appointments and limit the income to the average allowed for such services.

The question of equipment then becomes an important one, for it is only by special ability that a man may rise out of the ranks of the ordinary wage-earner. Most boys leave an elementary school at the age of fourteen, while a proportion continue at a secondary school to the age of sixteen or seventeen. Then they enter business and their studies come to a premature conclusion, and in serving as office-boys and junior and senior clerks they develop no special qualifications. The problem of many men in such a position is how, later on in life, they may supplement this slender education with a course of training which will increase their value in the labour market. Sir Albert Spicer, who has given considerable attention to this problem, asserts that in connection with his own business, which employs many workers, he finds that the Board School boy who leaves school early is brighter between the ages of sixteen and eighteen, while a public school boy, who has had a sound general education, is duller in his earlier years, but improves more rapidly and becomes more efficient as time goes on, while the influence of the different home surroundings of such boys must of necessity have some bearing on their subsequent development. There is no doubt that the general education of the latter type of boy gives him a much better chance for development than the restricted education of the former class.

To-day, with many improvements in our educational system, it is possible for the man who is ambitious, and is conscious of educational defects, to make good his shortcomings by a supplementary training. Authorities agree that the best education for the business man is not to attempt one particular subject without the basis of a sound general education on which to build a knowledge of the special branch. If a boy has left school for some years, and has been doing next to nothing in the form of study since those days, he has very little foundation on which to build a knowledge of a special subject. The best method of self-education for a business man is undoubtedly to sit for an examination the aim of which is to test his general knowledge, and educational authorities point to such examinations as the Matriculation Examination of the London University as one of the best foundations for a good general education. They argue that preparation for this examination makes a fair demand upon an average understanding; it also implies a steady course of preparation rather than fugitive study; it serves as a first step to the examinations of most professions, so that the ambitious man can go further if he chooses; and it does not involve residence at any college or attendance at lectures. Preparation for such an examination can be conducted at home if necessary without classes or teachers. As a matter of time-saving alone, however, it is found convenient

in practice to join one of the many organisations which aim at preparing students for this and similar examinations in their spare time. Well-directed study by competent teachers must always save time, and is preferable to self-directed study with its lack of system and consistent effort.

The Matriculation Examination is open to men and women of any age over sixteen, and the examinations are held in London three times a year, January, June, and September, each examination lasting four days. The fee for sitting is £2, but examinations are held in most of the provincial centres, where a local fee of £1 or £2 is charged, in addition to the University fee of £2. To succeed in this examination it is necessary to pass (1) English; (2) Elementary Mathematics; (3) Latin or Mechanics, or Heat, Light and Sound, or Chemistry, or Botany; (4) two of a large number of subjects, neither of which have been taken under Section III. If Latin has not been taken, then a language must form one of them. The subjects from which a choice may be made are Languages (Ancient and Modern, European and Asiatic), History, Geography, Logic and certain sciences. It must be seen that the student who passes this examination will lay the foundation of an excellent education, which, from a business point of view, ought to be invaluable.

SECTION I.—English. This in itself is a study which ought to be of service to every business man, as the importance of being able to set out one's ideas and experiences in clear and logical English cannot be over-estimated. In English is included Précis Writing, Paraphrasing and Analysis, which cannot be done without a very careful examination of the meaning of the passage given. Finally, in addition, there are questions bearing on general reading and a knowledge of English literature, which is a section of study which can be pursued in one's leisure moments, and will serve to brighten the judgment and mind.

SECTION II.—Mathematics include the ordinary arithmetical operations, the metric system, foreign exchanges, interest, discount, stocks and approximations; algebra up to quadratic equations, progressions and graphs; elementary geometry. The aim of the paper set is to demand enough mathematical knowledge to develop accurate reasoning power and a knowledge of the fundamental principles. The foundations laid in this examination will be found a good basis for extending the knowledge if at any time the student wishes to specialise in professions where advanced mathematics are necessary.

SECTION III.—Latin or one of the four sciences mentioned may be taken, the student being guided in his choice by his future intentions.

SECTION IV. allows the student to begin some form of specialisation as a part of his general education. If Latin has not been taken in Section III., one language at least must be offered. The student is entitled to choose from French, German, Arabic, Spanish, Portuguese, Italian, Dutch, Hebrew, and even Chinese.

The last of the five subjects can be another language if the student desires it, and in a business education it is possible a second language would be a practical addition to his knowledge. There are very few English clerks who have two foreign languages at command, and in this we do not rival

workers abroad, who are frequently capable linguists. Other subjects in this class would be History and Geography, Geometrical and Mechanical Drawing, Advanced Mathematics and one of the group of sciences, such as Chemistry, Mechanics, Electricity, and so on. The student's choice would be largely determined by his ambitions. The main thing about this course of study is that it is broad enough to suit most tastes, and a pass, or even an approximation to a pass, would simply mean that the worker had achieved something tangible in the direction of self-culture and self-help.

Any student attempting this course can get full particulars from the Registrar for External Students, London University, South Kensington, S. W., or the same particulars, together with a guide and specimen examination papers, are supplied from the University Correspondence College, Burlington House, Cambridge. Considering the question of self-improvement and self-development, many students will be tempted to take up isolated subjects for which they have a predilection, without any view to subsequent examination. This course, which would result in matriculation, is offered as a more practical alternative, because it sets the programme of study before the student and gives him a definite objective, while if he succeeds (and success is within the compass of the average man's attainments) his efforts will have materially increased his efficiency for a general business career.

ELECTION AGENTS.—Within the last ten years an entire change has passed over political organisation. Parliamentary elections were at one time fought out by the two great political parties with a family solicitor as the organising director on either side. In many constituencies the practice still obtains, but in the majority of cases the professional organiser has taken the place of the family solicitor. Politicians have experienced the necessity of commissioning a man whose whole business is that of politics and who is not a part-time servant. The usual course is to secure a man with organising ability acquainted with electoral law and capable of directing a political campaign on the platform and through the press. For ordinary constituencies the pay varies from £3 to £4 per week plus an extra fee for services rendered during an election. The parliamentary election fee usually ranges from fifty to one hundred guineas.

From the time of appointment until the election, the agent assumes the duties of an organising secretary. All the machinery of the political organisation in the division is set in motion and kept going as the result of his work. He arranges meetings and rallies around him as large and as influential a band of workers as is possible. Every year it is his duty to attend to the registration, and before the Revising Barrister defend his claims for votes, and, as far as possible, sustain his objections to his opponent's claims. This work is arduous as well as technical, but it is necessary to the success of the party for whom the agent is employed. His opponent's agent will be keen in the matter of registration, and he must of necessity search out by every possible means the party supporters who ought to be on the register of voters.

Men with some political training and organising capacity are necessary for the post of political agent. As a rule they are expected to win their spurs in a voluntary capacity. To prevent the unqualified amateur from

pushing his way into the ranks, each of the two leading parties has formed a society of agents whose object is to raise the status of the members by examinations and other safeguards.

To the capable man who can organise victory for his party at the polls, or who displays resource and intelligence in the conduct of a political fight, chances occur for advancement, both pecuniary and political. The divisional associations are linked up to a federation, and officers are required in this over organisation; or the headquarters will from time to time seek its lieutenants in the provinces. Again, the member for the division, presuming the agent is on his side, may require a private secretary, and if the agent combines the qualities necessary for such a post he is often preferred to an outsider. The agent with political insight, persuasive speech, and capacity for hard work has even found a seat in Parliament.

Organising is an art, and a man to succeed in the arduous if exciting work of a political agent will find ample opportunities for the cultivation of his qualities. He must on occasion prove himself impervious to the disappointments of defeat, and with cheery optimism organise his forces for another attempt at victory. When he is successful he has to remember that parliamentary divisions can only be maintained in their allegiance by education, and that this has to be given in many ways—through the eye as well as the ear. Eternal vigilance and fresh ideas must be his guiding principles of work and activity.

ELECTRIC SIGNS. *See* OUTDOOR ADVERTISING.

EMPLOYEE. *See* ENGAGING AND KEEPING AN EMPLOYEE.

EMPLOYMENT AGENCIES: What to Avoid.—An Employment Agency to be useful to a business man should meet the following requirements. It should save him time. It should save him trouble and inconvenience. It should save him money. It should secure him better men. It should relieve him from the necessity of relying for employees upon his relatives and friends. It should enable him to secure additional men either to replace old ones or to handle new business without revealing his plans to his employees or competitors. It should enable him to keep in touch at all times with the best men who are in the market for positions.

The work of securing employees may be divided roughly into the following five steps. First, the insertion of advertisements in the situations vacant column; second, replying to answers which the advertisements bring and arranging interviews; third, interviewing various applicants; fourth, investigation of references; fifth, final decision as to the one best fitted for the position.

The agency which can be really useful to a business man should save him the time, trouble, and expense involved in the first four steps. He should be able through its use to secure competent employees more easily than in any other way, consequently he should religiously avoid agencies other than those which make a very careful research of their clients' antecedents. The agency he uses should be able to lay before him the best possible information concerning applicants submitted for any position, and one of his first questions when using employment agencies should be—provided I am satisfied

with the applicant sent me by you, can you give me at once his entire business history?

The agency should be avoided which has not extensive advertising facilities. An agency which advertises widely and has extensive advertising contracts constantly running, can, if it has not the man desired on the lists, inaugurate an advertising campaign for any kind of man desired in much quicker time and at much less expense than the individual employer, and there will be the added advantage, as the advertisement appears over the agency's name, that the employer's identity remains confidential. An agency of this class makes a business of knowing in what localities particular classes of men are to be found, and through what newspaper or trade journal they can best be reached. One excellent test of whether an agency is to be used or avoided is to ask whether it has made an arrangement with any one of the prominent fidelity guarantee companies to furnish bonds for applicants. Only the agency which makes specially careful investigation of the standing of its men will have been able to make an arrangement such as is suggested, and the fact that such an arrangement exists between a guarantee company and an agency is fairly good proof that the agency is one to use and not to avoid.

Those agencies should be avoided which promise everything at no cost to the employer. It will usually be found they are careless and slipshod in their methods, and take but little care in looking up their clients. Many of them say frankly that the looking up of references is a matter which they leave to the employer, and that their province is simply to bring the employer desiring a man and the man desiring a position together, and that there their work ceases. This stamp of agency is certainly not one to be of benefit to any progressive business man, and is but little removed from the old method of advertising and wading through hundreds of replies, good, bad, and indifferent; most of them bad and nearly all of them indifferent. As a usual thing the agency which produces the best results is the agency which charges both the employer and the employee the highest fee. There is an enormous amount of detail connected with employment agency work which can be done or can be neglected. Those agencies which charge a fee sufficient to leave them a margin of profit can afford to do a great deal of work which is necessary in order to give proper and satisfactory service to the employer; while the cheaper agency, forced, in order to make a living, to neglect much of this detail work, is reduced to doing its business in a slipshod manner, which occasionally by sheer good luck produces results, but which nine times out of ten results in dissatisfaction to both employer and employed. Generally speaking the agency to avoid is the one which cannot give full and satisfactory service to the employer exactly as though it were the well-organised employment department of his own business.

R. A. LEARNED,

Managing Director, Hapgoods, Ltd.

EMPLOYMENT SWINDLES.—There is so little that is new in the commoner forms of business swindles, that it would almost seem to be unnecessary to outline them, but the fact remains that they are worked from year to year, and, judging from the frequency with which victims arise,

with considerable success. It would be impossible to outline all the small swindles that are worked on business lines with a view of trapping the unwary reader of an advertisement, but to indicate the various types of advertisements should serve to put the unwary on their guard.

One of the commonest business swindles is the advertisement which aims at levying a toll on those who are seeking home employment. Amongst the simpler-minded business workers there seems to be a huge number susceptible to the suggestion that they may turn their spare time to profitable account. The offer of the spare time employment at anything from ten shillings to a pound a week is apparently a method which brings hundreds of applicants to the advertiser. The majority of the people who reply to these advertisements are genuinely in need of a supplemental income and easily persuaded to pay a reasonable amount for an introduction to suitable employment. Incidentally, people who reply to such advertisements, while they are willing and desirous of profitably employing their spare time, seldom have any special talents other than those necessary for detail labour.

The commonest type of home employment swindle is the advertisement which offers a definite amount per week for work to be done at home, free of any restriction whatever. It is usually described as easy, pleasant, light and respectable, and the reader is invited to apply to an address given in the advertisement. The answers he gets vary in detail, although they always follow well-defined lines. It is suggested very often that the reader should send a small amount, varying from a sovereign to thirty shillings, for materials for colouring photographs or retouching them, for recipes which are supplied for a certain sum and have to be resold again by the buyer, or for a stock-in-trade of some speciality which has to be resold and is rarely saleable. As a rule the proposition makes the fraud obvious, but so many cases are exposed where people do send the money for the particular goods offered by these advertisements, that it is worth while issuing a general warning against this class of advertisement.

Speaking broadly, spare time employment of the type sought by applicants to such advertisements is almost impossible to get. There are few firms that can afford to offer any kind of employment broadcast to the ordinary working public unless it is on the simplest of agency and canvassing terms. When any spare time employment agency asks for a fee for goods necessary to carry on the employment, the man who replies to it will be well advised to keep his money in his pocket. He is usually supplied with the goods for which he sends his money and given advice as to how he should proceed. But when he comes to do the work, such as photographic retouching, fretwork, envelope addressing, and similar duties allotted to him, he finds that after he has paid the fee for the preliminary supply, the firm which has taken it is rather shy of accepting the work he has done and paying for it.

Other business swindles are propositions on the "snowball" system, in which a good income is generally offered to the person who will do a little canvassing in his spare time. The advertisement usually makes it clear that the work is delightfully easy, can be done under favourable conditions, and provides a huge profit, and the man who replies to such an advertisement usually finds that he must buy certain portions of tea or other goods and

resell them to half-a-dozen friends, who in turn give an order for similar amounts on the same conditions. Obviously the firms who offer this kind of bait are not actually fraudulent, as if the public can be induced to do all that they ask, they can well afford to pay the generous commissions they offer. The weakness of the scheme would be apparent to any man who seriously considered it for a moment. If a thousand men, replying to such an advertisement, began selling goods on a snowball scheme of this description, it is obvious, by a simple matter of multiplication, they would absorb the purchasing public of the whole British Islands in a very few weeks. There are many variations of this particular form of trading which, though not exactly a swindle, sail very near to the mark. The man who buys the goods has to sell them, and he would probably get his commission if he did so. The contract usually breaks down through sheer inability on his part to complete the contract. Other variations of this scheme offer extravagant prizes, such as a silver tea-service, a motor-car, or a huge sum of money, while swindles of this description are also run in connection with simple competitions, the solution of which entitles the successful applicant to a big money prize at the very beginning. He is usually returned as successful, but to qualify for the prize he has to lay in a stock to be sold on the snowball plan. Replies to advertisements of this character are, at the best, a sheer waste of time, and often, at the worst, a serious waste of money.

Of late years there has sprung up another bait which is designed to tap the pockets of the unwary who wish to supplement their incomes. It is usually done under the guise of home writing. The reader of this is offered an income of anything from a sovereign to five pounds a week for easy work which any one can do. When he replies he is advised to buy a set of household recipes, which are simply extracts from any elementary work publishing this class of recipe. When he buys the recipes, he is told that he may make an income by offering them in small advertisements in local papers, the idea being that, having fallen into the trap himself, he shall spend further capital on inducing other people to do the same thing. Apart from the fact that the proposition itself is doubtfully honest, the man who replies to this kind of advertisement has usually no superfluous means, and could not carry out the expensive process of advertising which is suggested to him. The scheme is undoubtedly destined to take advantage of the simpler type of worker, and under no circumstances could it give him profit.

In considering this article, it would be as well to remember that on the spare time basis many genuine business propositions are made. Small agencies, canvassing propositions, &c., are often offered by firms of good repute, and providing the applicants who take them up have sufficient energy to follow the instructions given to them, they may make reasonable additions to their incomes. The best test to make in connection with this kind of advertising is to suspect the preliminary fee. It may almost be taken for granted that where a preliminary payment is demanded, either for goods or recipes, the chance of getting the money back is strictly limited. On the other hand, where no preliminary fees are asked, it is possible that a fair examination of the proposition will show that there is a reasonable chance for the man who takes an agency making some small return on his

labour. There are many ways of making small incomes in spare time to the man of average qualifications and the necessary persistency, but he will rarely find them if he has to first pay a fee as a preliminary.

ENGAGING AND KEEPING AN EMPLOYEE.—The successful employer must know two things—how to engage a man and when to discharge him. These things are the complement each of the other, and neither alone will suffice for the employer who appreciates the importance of surrounding himself with a loyal, enthusiastic, efficient staff of workers. Inability to select the man best adapted for the work in hand is dangerous, often fatal, to success. Equally so is neglect to discharge the man who is getting slack, and failure to retain and appreciate the man who is succeeding.

In too many cases the employment problem is a big lottery, and employers never feel sure whether they have drawn a blank or a prize until the man has been tried. This customary process is indefensible. To put a man in even an unimportant position and then find out he is not the man for the place must waste time and capital. The salary paid this man is in many cases a dead loss, and what is perhaps more serious is the detrimental effect produced on the general staff by frequent changes. Of course it is beyond reason to hope for unvarying success in the selection of employees—human nature is an uncertain quantity to deal with. Mistakes are bound to happen, but with care and system in the selection of employees they can be reduced to a minimum.

A uniform system and plan of handling applicants and of investigating them should be followed. There should be a constant look-out kept for capable men who can be called upon at short notice. The morals of a man should invariably be considered; intemperance of any kind is a bar to success; and no man can afford to employ a clerk, bookkeeper, or even messenger who does not bid fair to be increasingly valuable. Probably the worst method of choosing employees is the old-fashioned way of engaging men out of friendship or favouritism, and every intelligent man knows that a "pull" is one of the most unfortunate things to which an employer of labour can yield. A thoroughly up-to-date business man desires and conscientiously seeks to keep himself free from all personal entanglements that would curtail his freedom in discharging any person not giving satisfactory service. This is the soundest kind of policy, and should be strictly followed by all who are seeking to bring their business organisations under a thorough practical and modern system.

It is extremely hard to lay down any definite rules for engaging employees, because pumping enthusiasm into every applicant for a position will build up an efficient staff; while, in another case, throwing cold water on every applicant and making him suit himself to the position will build up a staff equally efficient.

One good plan is to lead the applicant on to talk about himself and then suddenly ask him what is his weakest point. It does not make much difference what he answers to this question, but it almost invariably happens that the weak man has some sort of an answer at once, while the good man stops and thinks. One thing is certain: never engage a man about whose ability to succeed in the position under consideration you have the faintest doubt.

So many men about whom there are no doubts will fail that it is foolish to take the chance of men doubtful from the beginning.

The first principle in handling men is to inspire confidence. A man cannot work faithfully for his employer unless he is made to feel a deep and well-deserved respect for him. The captain of industry must be a captain in the fullest sense of the word, for it is sometimes easier to keep an army in good spirits than to fill a staff of employes with enthusiasm and inspiration. Travellers get discouraged and are almost ready to throw up the whole game: their faith must be restored and they must be convinced that they are selling the best goods in the world. Then the office staff will become demoralised—the long strain of inside work commences to tell on them. They lose interest and let the details slide. Every case must be handled in a different manner. Sometimes a severe reprimand is the best medicine, but very often a little encouragement from headquarters puts everybody on his feet again. It all depends on the kind of work and the calibre of the man. Employees should be studied, the problem worked out scientifically. The handling of men is an important factor in business, for their efforts mean shillings and pounds.

R. A. LEARNED.

Managing Director, Hapgoods, Ltd.

ENGINEERING. See RAILWAY ENGINEERING.

ENGINEERING AS A CAREER.—Engineering plays an essential part in almost every walk of life, and in choosing a profession a man might very well remember that it is one of those branches of activity which are always constantly active. Certain industries are popular for a generation or a lifetime and are superseded, but the work of the engineer, so far as it is humanly possible to see, is likely to go on for ever. He has a place in almost everything that affects the progress of the world. We cannot have locomotion without the engineer. He finds constant and profitable work in the production and manufacture of nearly every food-stuff. There is hardly an article in daily use which can be manufactured without the services of the engineer at some stage of its production—in fact, to use the favourite quotation of many in my profession, “The engineer has become the medium for adapting nature to human needs.”

To-day the English engineer has two serious competitors—the German and the American. I am intimately associated with the engineering activities of this country and with Germany, and I have ample opportunity of examining the engineering work done by our American cousins. The German, of our competitors, is making the biggest stride, particularly in our markets. One reason is that German engineers are wonderfully competent and well trained. My experience shows that the British engineer is practical and resourceful, and has a little more of either quality than his German competitor. On the other hand, the German engineer has a greater store of knowledge which might be called theoretical. Engineering work done by the Germans in marine and stationary engineering, and for locomotion, is equal to anything done here, if it is not actually superior. The rate of progress, both in engineering and industrial development, is more rapid in the German nation than it is in Great Britain, possibly

due to the spirit of enterprise which is now permeating that nation. America, too, has made rapid strides in engineering matters, and its engineers are doing great work, while they often lead in the invention and production of automatic machinery, wonderfully devised, to supersede hand labour. Some experts are of opinion that the American tendency to specialise in automatic machinery is due to the shortage of labour which has necessarily been a feature of a new country's rapid expansion and development. There has been more work there than the hand labourer could do, and the tendency has been to encourage all engineering which would make up for this shortage. This is a condition which will change with the passage of time; indeed, it is very possible that the American labour market to-day provides more actual workers than the country needs, as is proved by the development there of the labour problem. Another feature of American engineering is that in much of their work they do not build on the basis of lengthy service. The life of machinery in American factories up to the present time has been shorter than in England, and I believe in Germany, the belief being that it paid to constantly instal the latest ideas for quicker production. Here again a revolution has been quietly working, and the English fashion of solidity, strength, and durability is rapidly making its mark in engineering circles in America.

Be this as it may, engineering as a trade offers exceptional opportunities to the ambitious man who chooses to make it his career, but this statement should be qualified with the proviso that the man who chooses engineering as his life work should have a keen bias towards its problems. To achieve success in engineering circles there is no room for the lukewarm worker or the man who is not heart and soul in his task. Such a worker might achieve competence, but he would not go very far. To-day the engineer has to learn much more than served his predecessors, but, on the other hand, facilities are given him which his predecessors did not have for acquiring that knowledge. It used to be said that for theoretical training England was lagging behind in engineering matters. I believe it is possible to obtain in England a theoretical training quite as good as can be secured in any other country. In Germany, for instance, students take a much longer time to gather the same amount of knowledge as the English student. The feature of English engineering colleges is that they give a practical training which can be gained in a comparatively short time. Great strides have been made in this direction since the days when I was a young man, when such practical training was scarcely available, and could only be secured by the exercise of great personal devotion and at considerable inconvenience and expense. To-day, in the engineering schools, the boy of from sixteen to twenty years can attain a knowledge of engineering subjects which is simply astounding when one compares the conditions which prevailed when I set out as an engineer.

But engineering work is not a matter entirely of theory, although I would be the last to depreciate the value of theoretical knowledge. Young men who intend to become engineers will not find the common idea of entering an engineering office—to learn to do a little drawing—a passport

to success. This does not make the engineer, who requires a certain definite specialised training, just as the doctor does, or members of other great professions. Commencing with a good elementary education and a strong liking for the profession, the future engineer should attend at one of the great engineering colleges for three years, and he would follow this preliminary training in theory with a couple of years strenuous practical work in some great engineering undertaking. After that he might be advised to go into the drawing-office of an engineering concern, and he would find, having passed through these stages, that he had made a useful start. Seven years of such training equip him to start in his profession, but if he is to become anything more than a highly skilled artisan he must not only have the aptitude or instinct, but the necessary amount of perseverance, which is one of the essentials to success. I believe to become a successful engineer to-day requires harder work and more concentration than is demanded for success in any other profession. The ambitious man, for instance, would not be afraid of getting his hands soiled, and must not be in too great a hurry for a position outside the practical work of the shop. Apart from his qualifications in purely engineering matters, the man who is going to the top must add to his equipment a knowledge of commercial customs, banking and law. It would also be advisable to develop his powers as a correspondent, and he will find a knowledge of languages of extreme use to him in the higher branches of engineering. Engineering is one of the most cosmopolitan professions in the world, and a man who is to go forward must face the fact that his work will take him to many countries, and possibly put him, personally, to considerable risk and hardship. One reason why many engineers do not succeed is because the opportunities offered of gaining useful experience abroad are not taken, the men preferring to go along more secure lines in engineering undertakings at home.

From the engineering point of view, the worker's knowledge cannot be too thorough, and side by side as he develops he should also concentrate on capacities which are not strictly part and parcel of engineering work, but are wanted on the business and social side of his profession as a man of affairs. The man with a smattering of engineering knowledge and no other capacities is not in great demand amongst employers, and he is the man that one finds most frequently out of work. Everywhere there is a demand for good English engineers: the country's workers have a high prestige abroad. The English-trained man stands as good a chance as any engineer, and in many countries abroad there is a distinct preference for him.

After completing his training, the ambitious engineer would do well to keep in constant touch with engineering work by becoming attached to the public engineering institutions, such as the Institute of Civil Engineers, the Institute of Mechanical Engineers, the Institute of Naval Architects, the Institution of Electrical Engineers, and similar engineering societies devoted to special branches of his work. The advantages of a connection with such societies are obvious to the intelligent man. They bring him in close touch with all that is being done in his own field, they maintain his interest in the more up-to-date phases of the work, and they bring

him into contact socially with men he ought to know ; in short, they stimulate and fire his imagination and concentrate his attention on the higher purposes of his work.

J. H. ROSENTHAL.

Managing Director, Messrs. Babcock & Wilcox, Ltd.

ESTABLISHMENT CHARGES.—This term is often very loosely used, but, technically, it is intended to cover those general expenses of a manufacturing business which cannot be directly debited to any particular department or process of manufacture. "Establishment charges" may also be said to embrace items of standing expense which do not vary with the turnover, or the profits, and which may be reckoned as a minimum cost of running. In manufacturing accounts distinction is generally made between expenses of manufacture, distribution, and establishment, and in the profit and loss account of a business of this character, one would expect to find the gross profit on the manufacturing account carried down, and expenses of distribution, such as carriage outwards, wages of travellers, packers, despatch clerks, &c., travelling expenses, certain books and stationery, doubtful and bad debts, &c., charged against it, together with such establishment expenses as rent, rates, taxes, insurance, office salaries, cash discounts, audit fee, repairs, interest on capital, certain items of depreciation, and other general expenses, the balance remaining being the net profit for the period under review.

The question of establishment charges is of great importance when the estimating department of a manufacturing business is considered, for it is one of the most important items to be borne in mind in estimating, and of the constituent parts of an estimate—viz., raw materials, wages, and establishment charges, the latter is by no means the least. Granted the importance of the subject, therefore, it should be obvious that extreme care must be used in arriving at the amount of these indirect expenses, and if a little extra time and labour are expended in this direction, they will be amply repaid by the avoidance of the disastrous consequences which follow loose and careless estimates.

The manner in which indirect expenses should be charged to the various manufacturing departments must be decided by the nature of each particular business. It should be said that whatever base of calculation is used, there is likely to be considerable fluctuation in the percentage, because neither number of machines, or hours worked, is likely to be always the same quantity, and even the establishment charges themselves may fluctuate not a little, due to the variable amounts of rates, taxes, commissions, salaries, &c. What is required, however, is a minimum constant figure, and it is usual to arrive at this stable charge by assuming the works to be in full swing, and calculating the percentage based upon such conditions on whatever base may be decided upon. The difference, if any, will ultimately be shown when the cost accounts are prepared, and the figure can be amended if required.

The importance of the subject is also recognised in connection with the subject of costing, and it has been pointed out that "the finished machine may be all that human invention could devise, and constructive skill successfully bring to ultimate completion; while columns of attractive figures may be produced to prove to what extent the elements of 'prime cost' have entered into its construction; but unless it can be ascertained what are the indirect expenses of both manufacturing and selling departments, there is

serious risk of offering the machine to an outside market at a lower price than will yield an adequate return on the capital involved in its production." Where the difference between the prime cost and the selling price is very great, the uncertainty as to indirect expenses may often be risked, but these arcadian conditions are not very common in these competitive days. Some difference of opinion exists where the costing department, as regards estimates, is under review; that is to say, each authority adopts a different view of the manner in which indirect expenses should be charged to the various departments. The subject is of rather an involved character, and cannot be adequately dealt with in an article of this nature. The particular conditions attaching to each business should be first of all considered, and then one or other of the specially-designed technical volumes on this subject consulted. And *see* CAPITAL AND REVENUE; PROFIT.

EQUATED LOANS. *See* AVERAGE ACCOUNTS.

EXHIBITIONS.—1. **The International Exhibition.**—Great Britain is the pioneer of the International Exhibition. In 1851, in London, the first of these great expositions of commerce was held, and from that time, with varying degrees of success, International Exhibitions have played an important part as world-wide trade organisations. The first exhibition proved of a memorable character. Over six million visitors attended, and a substantial profit of £186,000 was realised. Coming down to more recent times, we find that whilst the financial results were not always satisfactory the numbers of visitors at the larger exhibitions continued to increase. Thus the 1851 numbers were exceeded by those obtained at the Centennial Exhibition of 1876 held in Philadelphia, when there were 9,892,625 visitors. Two years later Paris exceeded all its previous attempts, as well as those of the whole world, by a great exhibition in the Champ de Mars. The cost, borne by the French Government, totalled about a million pounds. More than thirteen million visitors were present. Another result was the impetus given to the trade of France. It was estimated that, compared with the previous year, the revenue from Customs and other duties developed to the extent of between two and three millions. Again, in 1889, the French people organised an exhibition in Paris, and scored a record with an attendance of over 32,250,000. Four years later, the next great International Exhibition took place at Chicago, but here the numbers were not nearly so large as in Paris, and amounted to less than 21,500,000. The side show was developed to a considerable extent at Chicago, and it was stated that the buildings generally were more remarkable for their beauty and grandeur than for their applicability to the purposes for which they were designed. Considerable dissatisfaction was also expressed respecting the awards. The French refused to accept any awards. As one authority states: "Instead of international juries, a single judge was appointed for each class, and the recompenses were all of one grade, a bronze medal and a diploma, on which was given the reasons which induced the judge to make his decision. Some judges took a high standard and refused to make awards except to a small proportion of selected exhibits; others took a low one and gave awards indiscriminately." In 1900 another exhibition was held at Paris, with an attendance of thirty-nine millions. A large number of side shows were again organised, but a writer says: "The public preferred the exhibition itself to the 'so-called attractions.'" At this exposition a new method of grouping the exhibits was adopted. Instead of classifying these, as previously, in groups representing their country or

origin, they were displayed according to their nature. As a result French exhibitors, to whom had been allotted half the space, enjoyed an opportunity of outrivalling in display the rest of the world.

Many smaller exhibitions on an international scale have also been organised since 1851, in all parts of the world, but it may be questioned whether any exhibition has proved such a financial success as did that of the first held in 1851. Within a period of fifty-two years, the British Government has been officially represented at no less than twenty-two exhibitions, held either in foreign countries or in British Colonies, and has incurred a total expenditure of approximately £640,000 on this account during fifty-two years.

In 1906, Mr. Lloyd George, who was then President of the Board of Trade, appointed a committee "to inquire and report as to the nature and extent of the benefit accruing to British arts, industries, and trades from the participation of this country in great International Exhibitions; whether the results have been such as to warrant His Majesty's Government in giving financial support to similar exhibitions in future; and if so, what steps, if any, are desirable in order to secure the maximum advantage from any public money expended on this object." Sir Alfred Bateman, K.C.M.G., was appointed chairman. Witnesses were examined, Chambers of Commerce consulted, and reports received from H.M. representatives abroad. The committee found considerable difficulty in forming an estimate of the effect which exhibitions have had on any particular trade, "to distinguish between the direct commercial results in the shape of increased orders which may be obtained as the result of exhibiting by individual firms, and the indirect benefit which they, in common with other manufacturers, may derive from the general advertisement which is afforded by a national display of this character."

The committee received evidence that these exhibitions were not universally regarded with favour by manufacturers at home owing to the reasons (1) that they had lost their novelty; (2) that other kinds of advertisement had improved so that exhibitions were of less importance than formerly, particularly when it was remembered that very great changes had taken place in the character of the exhibitions in recent years; (3) the unsuitable surroundings, *i.e.* the association of the manufacturer of skill and standing with the "fakers" of the side shows and other entertainments; (4) the decrease in the value of the awards; (5) great trouble and expense involved; (6) the large sums of capital often locked up in unsaleable exhibits; and (7) the danger of having goods copied. On the other hand, the committee were informed that in many cases the attendants in charge of the British stalls at the exhibitions were unable to describe the goods exhibited in a correct or intelligible manner; and in others their technical knowledge was often thrown away owing to their inability to speak any language but their own. They therefore suggested that all exhibitors should make an effort to keep an active and capable representative in constant attendance at their respective stands during the exhibition. By the adoption of such a course they believed that the amount of direct business done might be largely increased.

According to the witnesses examined by this committee, the trades deriving the most direct benefit from exhibiting were the furniture, china, earthenware, glass, goldsmiths' and silversmiths', jewellers', gun, ammunition, and the machinery and engineering trades. Individual firms have also

obtained good results by exhibiting such articles as photographs, special kinds of paper, books and bookbinding, scientific instruments, blotting paper, sanitary fittings, cotton bags, ladies' apparel, electro-plate and cutlery, flexible metallic tubing, brass and copper tubes and metals, preserved foods and sauces, biscuits, soap, and salicylate of soda.

Instances may be given of the stimulating effect of exhibitions upon invention. Sir William Preece says that in particular the Paris Exhibition of 1881 proved of great benefit in stimulating the electrical industry, and to this may be attributed several improvements adopted by the Telegraph Department of H.M. Post Office. Another high authority states that the Exhibition at Paris of certain high-speed tool steel by an American firm contributed in a large degree to the development of what has since become a British industry of great magnitude. Further, an exhibit by a French colliery company, at whose mines the death-rate from falls of the roof was abnormally low, led to considerable improvement in the methods of timbering employed by British colliery managers and has decreased accidents.

A distinct educational advantage is also to be noted in the opportunity afforded of extending technical and industrial education. For instance, in the case of the Paris Exhibitions of 1867 and 1878, the visits of artisans from this country to the Exhibition were organised with the purpose of increasing trade knowledge. Reports concerning the visits were encouraged and afterwards published. The English Government might, however, adopt the practice of both the French and German Governments and devote a grant of money, as a part of legitimate exhibition expenditure, for the purpose of dispatching workmen's missions to study the progress made by foreign countries in various branches of industry. Experts believe that such a course would prove of considerable advantage to many trades.

Another interesting fact brought out by the evidence related to the agreement amongst many representatives of trades, most unwilling to take part in exhibitions, that the manufactures and arts of this country should be adequately represented at all great exhibitions. To meet this position the committee mentioned the idea of a collective exhibit which had been specially commended to their notice in the course of their inquiry. A collection of Manchester goods or Bradford goods or of ironware from Wolverhampton, when carefully selected on collective lines from all the best manufacturers within those districts, might, said the committee, give an object-lesson to the trade of that particular district which cannot possibly be otherwise obtained. They further state that it has been suggested to us that such an object-lesson has more effect than anything else in attracting orders from other countries to the area of the industry so represented.

Amongst the larger traders and manufacturers there is manifest a strong desire to limit the side shows and the number of "fakers," thus preserving the exhibition as far as possible for the extension of legitimate commerce. Safeguarded against "popular" defects, the International Exhibition will probably extend technical education and industrial invention.

Summing up the verdict of large traders and manufacturers upon the subject of International Exhibitions, it will be seen that there are political considerations why the British Government should participate. If other great nations join in the movement Great Britain cannot afford to stay outside. In order that traders may receive the full commercial benefit of

their enterprise it is necessary that the Government should place at their disposal all possible facilities. As a result of the committee to which reference has been made the Board of Trade has organised an Exhibitions Branch at 30 Broadway, Westminster, S.W., for the purpose of assisting exhibitors. At these offices they will receive on application every possible assistance.

2. The Trade Exhibition.—During the last two or three decades the Trade Exhibition has become an important adjunct to the machinery of the home trade, not only in the metropolis, but in the larger provincial centres. Brewers, chemists, grocers, furniture warehousemen, and motor manufacturers, as well as representatives of other industries, are now interested in periodical exhibitions of this order. Primarily these shows are intended by the organisers to bring maker or dealer and agent or retailer into closer relations for trade purposes. Judged by the original programme of the organisers the attendance of the public was a secondary matter, but in recent years the exhibitions have attracted thousands of general visitors. An indication of this general interest is evidenced by the motor show which has increased in popularity and sales value at each successive exhibition. This, further, is an instance where the motor manufacturer or agent has obtained direct touch with the private purchaser and secured excellent business results.

Do Trade Exhibitions pay the exhibitor? is often asked, but the question can only be answered by the exhibitor. As the Trade Exhibition seems to flourish, and large numbers of traders are regular exhibitors, we may assume that business does result in sufficient volume to warrant the expenditure. In order to derive the maximum benefit exhibitors are advised to ensure an effective display of their goods at the stand allotted to them, and to provide one or two competent men as salesmen who are able to explain the technical qualities of the exhibits. Failure to benefit from exhibitions is frequently attributed by experts to inefficient handling of the goods or ignorance of their merits. Even supposing that under the most favourable conditions insufficient orders are forthcoming to cover the outlay, there remains the value of the advertisement obtained. Apart from the financial aspect, and yet materially influencing it, at least four advantages accrue from the Trade Exhibition. First, it is a rallying-point for the industry concerned; second, an opportunity for seeing the newest and best products; third, an education to the industrial workers; and fourth, a lesson in display and salesmanship.

First, a rallying-point for the trade. Every industry needs some standard of excellence and ingenuity. Failing this gauge, its products lack inventive genius and supply lessened value to the consumer. The occasion of a Trade Exhibition provides an incentive to the producer to create new styles, improvements in methods, and further records in general excellence. This is the experience of the organisers of Trade Exhibitions, in whatever department of commerce you choose for inquiry. Less than a decade has shown a revolution in methods and manufacture of many industries, and it might seem impossible to go on producing new models or initiating practical developments in the future; but as a rule every four or five years reveals some notable patent or improvement. The exhibition acts as a spur and becomes the rallying-point for the improvement of trade.

Under normal circumstances, if the exhibition is well organised the manufacturer ensures the attendance of alert business men. They are not only those with whom he already does business, but also heads of firms who have previously refused orders to his travellers or consigned his circulars to

the waste-paper basket. In the exhibition he stands a better chance. The agent or retailer is in a more receptive frame of mind. He is in the exhibition to acquire knowledge as well as give orders. Therefore, manufacturer and retailer meet on equal terms. One requires information and the other is only too ready to impart it. There is also another advantage. The exhibitor, apart from his travellers, can meet his customers and learn from their criticisms or commendations to what extent he has to adjust methods of manufacture, prices, and the general administration of his business. Many large firms utilise such opportunities for the purposes indicated and with most satisfactory results. In the present day business oftentimes becomes too impersonal, and anything that can be devised for the purpose of bringing customer and manufacturer together in friendly consultation promotes trade.

Secondly, the exhibition is an opportunity for showing the newest and best products. "Get it on the market!" is the aim of every manufacturer or agent when he has something fresh to offer. The exhibition is superior in this respect to the trade catalogue or circular. Those who buy are keen to handle and examine for themselves. A few hours' inspection and comparison will enable them to sum up respective advantages and disadvantages, and learn for themselves which article is really the best for their purpose. Many exhibitions set the model for the year in the various trades represented, and it is a common practice for manufacturers to keep back new things for the show.

Thirdly, the Trade Exhibition affords an opportunity of educating the workers in the trade. Many large employers bear testimony to the accuracy of this statement, and frequently organise visits of their employees to the show. An intelligent artisan will quickly appreciate its points. His trained eye will note hints and improvements that will more than repay the loss of time involved and the cost of the journey. When turned to practical account these will often save pounds in production or increase the efficiency and value of the article. Many motor manufacturers, for instance, allow their men to utilise the cars of the firm in order to visit the Motor Show. This trip usually proves a liberal education, and men are known to return with suggestions for patents or general improvements in the firm's cars.

Retailers are affected along similar lines. Though not producers, they are anxious to learn the mind of the purchasing public. They want to know what is being sold elsewhere, and to be supplied with facts and arguments why people should buy certain articles.

A fourth advantage is the lesson afforded in display and salesmanship. We have as one consequence reached almost a fine art in these matters. Goods shown to advantage sell with greater readiness than those that are packed or presented in an inferior style. An attractive package, whether cocoa, confectionery, or cordials, wins confidence at the first glance. It is possible that the special article may be of inferior quality to another less smartly wrapped, but the first introduction stands to its credit. Costly machinery appeals best when it is bright and clean. Usually, too, picked men are in charge of all the larger stalls, and their handling of customers always affords the retailer so handled some useful hints as to the methods of approaching strangers and selling goods.

Many trade experts have one caution to give concerning the exhibition. Its organisers need to exercise caution with respect to the growing demand for some kind of amusement to be linked up with the programme. This may

be legitimate along well-defined lines, but if it elbows out the serious man of business a heavy blow has been struck at an excellent aid to commerce. The exhibition is a business proposition, and business must stand supreme. Intending exhibitors should also study with some care the nature of the exhibits, the characteristics of the visitors, and whether they will prove of the right sort for him to draw upon for an extension of trade. If he is not satisfied on these points, the exhibit is not worth the large amount of trouble and cost that will be involved.

Local exhibitions organised in the interests of retailers in special localities have also proved of considerable benefit to firms taking part. The usual plan adopted by the manager or syndicate is to engage a public building and apportion spaces to various trades, reserving positions for each—thus closing the door against competition. A musical programme is also arranged for the benefit of the visitors, who are usually admitted without charge. In a provincial centre, situated a long distance from an important town, this mild form of amusement, combined with shopping, is welcomed. The attendance in the afternoons may be small, but in the evening the hall is generally crowded. Some retail traders may not benefit by such exhibitions, but there are others, such as firms representing musical instruments, household furniture, ironmongery, confectionery, and picture framing, who obtain considerable advantage not only by definite orders but by a measure of advertisement. In such a way they are able to appeal to a wider circle of probable customers than is possible in the ordinary course of business, by object-lessons which are of far greater value than trade circulars or newspaper announcements.

C. T. BATEMAN.

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FACTORIES: The Value of Improved Working Conditions.—Studying the welfare of employees has been proved over and over again to be a paying proposition, by reason of the fact that better work is produced when the surroundings are healthy and cheerful. Some schemes have failed because of a lack of tact in putting them forward. Any average man would resent the suggestion that he did not bathe often enough to do the best work, yet would gladly make use of unlimited hot water, soap, and towels in a beautifully fitted bath-house, provided little was said about it in a tactless way or as a means of advertising the firm.

It is difficult for those with small capital to do a great deal to enhance the comfort of employees, but it is a small firm indeed which cannot provide a little more than the bare decencies of life. Life in many factories is a great hardship, and a little cutting and contriving would remove a number of disabilities, with the consequent attracting of a better class of employee. Many factory girls are not able to seek shelter in the factory during the dinner hour, but must needs kill time until the whistle blows again, although it may mean standing in some draughty archway on a wet day, for not all of them are able to secure a hot meal at home. It is simple, in many cases, to provide a homely reading-room against bad weather, and the expense of providing means for heating food and making good tea and coffee is not an impossible item. An afternoon's work is more likely to be satisfactorily accomplished by an employee who is dry and warm than by a shivering one who is wet through.

In practice many discouragements are met with, partly by those who do a little and expect too great a return. One must be content to proceed upon the general lines that it pays in the end to be more than just to one's workers, and to pay them just a little more than their wages. Any one looking for a largely increased output or a doubling of dividend is apt to be disappointed. Caring for the comfort of one's employees will pay a fair dividend upon money invested, and that is all one has a right to expect.

Great care has to be taken that the workman accepting some benefit loses nothing in freedom of action. It would be unkind to provide cottages for workmen, and make it a rule that any man leaving or being discharged must give up the cottage at a few days' notice, for that is just the time when a workman cannot afford to move his home.

Where space permits, the provision of a library of good readable books; a room for the skilful treatment of minor accidents; means by which a forewoman can secure an hour's rest for some young woman not quite equal to her task; a club-room run by members themselves; possibly a gymnasium for the men, and certainly some simple means of securing warm food and drink—all these things are worthy of trial, and will return a dividend in the great majority of cases.

FACTORY ORGANISATION.—The evolution of the factory is one of the most interesting stories in the whole range of commercial history. There is a well-marked growth, traceable in definite stages, from the time when the individual worker turned out articles one by one, to the time when men associated themselves in groups under the leadership of a capitalist, in order to produce goods in greater quantities and at a cheaper rate. Developments in machinery, particularly those for treating cotton and wool, did much to create the factory as a business institution. But the invention of the steam-engine—that prime agent of commercial revolution—was responsible for the complex organisation we see to-day.

Viewing that organisation as a whole, one cannot but feel a certain sympathy with the progressive element it displays, even though sometimes we may give a moment's attention to the poet who condemns a factory as the source of all evil. But when we look with microscopic eyes at the inner workings of this huge building, fraught with throbbing life, we can only wonder the more at the ingenuity of man. Whether or not the factory is the final form of industrial expression—we fail to see how, even under a socialistic régime, it could be greatly modified—there can be no doubt whatever that it represents a fairly definite boundary mark of evolution, beyond which it is difficult to imagine newer developments.

It is obvious that the first problem of factory organisation is (1) its situation. A moment's reflection is sufficient to show that large factory areas are not the result of chance; they are where they are because (a) the position is suitable for the obtaining of raw materials; (b) suitable for the transport of manufactured goods to the markets; and (c) for an adequate supply of local labour. By way of illustrating the importance of the site in reference to raw materials, we have only to think of the cotton industry in Lancashire, where every effort is made to expedite the arrival of raw cotton, of which effort the Manchester Ship Canal is a gigantic, although not too successful, expression. In America the cotton mills are naturally in the south, where the cotton grows. Similarly, there is a tendency in that country

to establish packing-houses in large centres in the pasture districts, simply because it is cheaper to carry the manufactured products than it is to carry the live stock to Chicago and other places. Transport is also a matter of primary concern. A new railway and a new factory are often related as cause and consequence. Where a large foreign trade is involved, nearness to a shipping port is a desideratum. There are also what may be called minor factors in deciding the *locale*. For instance, factories belonging to one type of business have a tendency to cluster together, and occasionally a huge business is moved from one place to another, taking its workers with it, and even going so far as to provide new housing to accommodate them. The advantages of a situation near a large city in relation to labour are sufficiently obvious, but there is a tendency nowadays to consider the welfare of the workman, in the belief that this course is essential to the welfare of the business. Given good facilities for transportation, together with a sufficient amount of capital, the problem of labour supply is not superlatively difficult, as more and more the workman values the better air and accommodation of a situation in the country as compared with that of the city. The increase in city land values is another cause operating in favour of country sites.

The next consideration is the building itself. The first idea is no doubt to erect a place in which the goods can be manufactured to the best advantage. But nowadays the ubiquity of the factory inspector prevents that from being the only thought in the minds of the architect and promoter. The State insists, very properly, on the health rights of the workman, especially as regards light and ventilation. Great advances have been made in every department of factory architecture. At one time buildings "grew"; that is, they were enlarged as needs required, the haphazard element being evident from the first. Nowadays, more thought is given from the beginning, and this is one of the brighter aspects of competition, for no factory owner can afford to spend money without regard to the utmost efficiency. The question of machinery is rather difficult, not because good machines are wanting, but because better machines are always being invented. A policy of "scrapping" may be very go-ahead, but it is costly and sometimes ruinous. Nevertheless, the responsible head cannot allow himself to get out of date, and the "best machinery" must ever be his motto. Between the extremes of continually re-organising his plant by tying himself to the chariot wheel of the inventor, and the other extreme of retaining out-of-date machines, there is a wise medium which, if sought with wary eye and calm judgment, can always be approximated.

On coming to the labour question we meet with one of the stiffest problems of modern economics. To refer to it and pass on is sufficient, however, in this article. In addition to this, and quite as important, is the selection of the factory manager and his assistants, also the foremen in charge of sections. Perhaps nowhere is there need for greater skill in judging character than here; certainly there is no judgment on which greater responsibility rests. A supervisor of any kind should possess the requisite technical knowledge, and, withal, be a tactician of the first order. Emphasis is laid upon the latter point, as many of the trade disputes of the past could have been amicably settled by the display of a little tact. The independent spirit of the British workman makes it almost impossible to control him on a military principle, but he is usually amenable to reason if approached in the right spirit.

OFFICE ORGANISATION is dealt with on another page, but it may be touched upon here in conjunction with the despatch department of the factory. One weakness in this country lies in the lack of complete unity between two persons whom we may call the packer and the clerk. A complete system will so perfect its arrangements that there is no inaccurate invoicing, and consequently no quarrelsome letters between the factory and its customer. Here, once more, the requirements are of the simplest, and yet there is too often lamentable failure.

To sum up. The problem of factory organisation is made up of (1) the site; (2) the building; (3) the machinery; (4) the workpeople; (5) the despatch; and (6) travelling staff, office work, and advertising. To aim at securing the best under each of these headings is to go a long way towards creating a successful business. One of the cynicisms of trade is that the most important facts are the most obvious. There can be no greater commonplace than that machinery and goods, for example, should be of the best; but, after all, does not the whole secret lie here? The factory owner says, "How am I to get the best?" and he alone can answer the question. It means hours of reflection and experiment; many disappointments and set-backs; probably many journeys near and far. There can be no doubt that when all our fine phrases about factory organisation have been duly recorded, the whole truth is simple in the extreme, viz., the best article at the cheapest price.

As to the social effect generally of the factory system, it may be instructive to quote here from an author in the "Dictionary of Political Economy." He writes: "It may be said at once, then, that many dismal prophecies which accompanied the unusual development of modern factory labour during its initial period have not been hitherto fulfilled. The factory population has not become less moral during that period, but more moral; not less religious, but more religious. . . . It has not become less intellectual, but more intellectual. Its effect on public sanitation has been good." The fact that it so early originated the Factory Acts, and so drew public attention to the evils which competitive industry entailed, or might possibly entail, is a result of the modern factory system which undoubtedly may be set down to its credit.

CONRAD P. FRY,

Director, J. S. Fry & Sons, Ltd.

FILING-SYSTEM. See MAIL ORDER BUSINESS.

FLUCTUATION. See DEPRECIATION.

FOLLOW-UP SYSTEMS.—The general idea of a follow-up system is to use the best means for getting business out of such inquiries as have come in from advertisements or circular letters. The necessary qualities of the first letter sent out come under another heading—CORRESPONDENCE (*q.v.*). Now the system which may be good for one man, may be quite ineffective for another. That which is required by any particular business will have to be drawn up for that business alone, by those who are acquainted with all its ins and outs. It is just the same as in bookkeeping, where general principles govern the accounts of every kind of commercial house, but undergo modification when applied individually. The one thing of importance in a follow-up system is that you should know where to find your record, and when you have found it, to know what has been done. If John Jones of Llanelly orders a gramophone, and you want to know the

history of the case, you must have your card cabinet so arranged that you can find John Jones' card at once, and tell at a glance that he answered your advertisement in the *Daily Mail*; in response to which you sent him your booklet; a week after the first follow-up letter; a week later the second follow-up; then came the order. The thing is simple enough in itself, but it requires rigid adherence to rule if it is to be successful. For instance, there should be a rule that no card be removed from your cabinet without the permission of the clerk who has charge of it, and he, at once, inserts another card to show where the original card is to be found, giving dates and other particulars. Thus the points to be remembered in devising a follow-up system for your business are: (1) a card containing name and address of the applicant; (2) the date of his application; (3) the date of your reply; (4) and the date of your follow-up letters. If you circularise a list of names, you will, of course, have an introductory letter in which you try to sell your goods. You get no reply, or, perhaps, your letter comes back marked "Gone away." In such cases, or in the case of a refusal (which would hardly be likely in the case of a plain envelope), care should be exercised in marking the card accordingly. In order that your system of follow-up may be mathematically correct, it is necessary to have a separate cabinet—sometimes called a "Tickler." The name defines its purpose with sufficient clearness. Suppose you find on June 1st there are twenty people who have not replied to your first letter after an interval of seven days. You send them the first follow-up letter, and write out twenty other cards giving simply the name and address; and these twenty cards you put together in the "Tickler" cabinet behind the guide card with "June 7th" on it. When that date comes round, you compare the twenty with their complementary cards in the ordinary cabinet, and if there has been no reply, you send them the second follow-up letter.

Before dealing with the composition of follow-up letters, a word should be said on the question of imitation typing or neostyle letters. Occasionally one receives facsimile letters which are certainly marvellous imitations, even down to the rubber stamp and block signature; but, on the whole, the facsimile letter has not been the success its earliest admirers hoped. The difficulty of filling in addresses in a manner that escapes detection, and the neglect to renew continually the imitation of a rubber stamp, as well as the block signature, tells its own tale; and the facsimile letter, intended to be a personal communication, is universally flouted as a "circular." Unless the imitative art is done perfectly, it had better be left alone, and to be done perfectly is almost as costly as employing a typist to type special letters to each name and address. The next point to consider is the kind of letters to be sent out. These fall under two heads: (1) Letters sent in reply to inquiries received from advertisements; and (2) Letters sent to list names uninvited. With regard to the first, a word of caution is needed. The old campaigner who has worked for years at the mail order business, knows to a nicety how many orders he can get out of a thousand inquiries in answer to advertisements; but the young campaigner is apt to be cynical after a few disappointments. This cynical spirit begets carelessness, by suggesting that the people who write letters of inquiry are mere curiosity seekers, and do not mean business. But how does he know that? The only safe method of handling such correspondence is to treat every letter with the utmost hope-

fulness. We will suppose you have sent off an inviting first letter, which, in many cases, has been rewarded by orders. How are you to write the second letter (actually the first follow-up letter) to those who have not replied after an interval of seven days? This is a question which should never be asked at all, at least in such circumstances. A set of follow-up letters should be drawn up at one and the same time, just as a general draws up a plan of campaign. Never leave anything to chance. A good follow-up system is really the best business science applied to the selling of your particular goods, and you must, therefore, arrange everything beforehand. A first follow-up letter should reproduce in a sentence or two, the contents of your previous letter, and adduce different arguments in support of your proposition. These arguments you have already developed in accordance with your prearranged plan, by means of which you make provision for the changing point of view in each communication. In the event of there being no reply at the end of a further seven days, you bring out your second follow-up letter. The basis of this document is somewhat as follows: "Here," you say, "is a man who, after two letters, is silent. Why? Have I failed to interest him? Does he not want my goods? These are questions I cannot answer; I must therefore try him in a different way." So you approach him in a manner that suggests, as far as possible, a new communication. If you have used a Remington typewriter before, use a Hammond this time, and employ a different coloured paper. Your letter is made up of more questions than before. Without putting the matter bluntly, as to whether he would prefer to hear from you again or not, you feel justified in touching upon the point delicately. Some firms enclose stamped postcards for a reply, the postcard being printed and worded in such a way that the receiver of it, when he returns it, announces himself either interested or uninterested. Other firms, working on a more hopeful tack, enclose a neat pocketbook or other small present, and this little play on the weaknesses of human nature has been known to be quite effective. The recipient thinks within himself, "I shall really have to send in an order, or else I must promise to buy later on." The tactics to be employed are necessarily a matter for the judgment of the house conducting a circular campaign. We cannot but think, however, that the third follow-up letter, or the fourth, should be so constructed that a returned postcard (or silence) should be interpreted as failure to sell. English people are averse to being pestered. True, a business house is not a pesterer because it tries to push business: we are only pesterers when we continue to send communications after we know they are not welcome. And yet, the tendency is for the public to look upon uninvited letters as a pest. The tendency may be absurd, but wise men are guided by facts without considering their justice or injustice. That is why we advocate a limit to follow-up letters. As a general rule, three good letters form an excellent working system. And *see* ADVERTISING; CORRESPONDENCE; LETTERS; MAIL ORDER ADVERTISING.

T. SHARPER KNOWLSON.

Author of "The Art of Success," "Business Talks," &c.

FOREIGN BRANCHES. *See* BRANCH ACCOUNTS.

FREIGHT RATES. *See* RAILWAY CONSIGNMENTS.

FREIGHT ROUTES. *See* RAILWAY CONSIGNMENTS.

FRUITERS' AND GREENGROCERS' ACCOUNTS.—The article on **RETAIL SHOP ACCOUNTS** embraces all the important points involved in accounting methods for fruiterers and greengrocers, and the application of the principles therein explained should not be by any means difficult. Note might be taken of the customers' ledger form in the article on **DAIRY-KEEPERS' ACCOUNTS**, but beyond this there is no point calling for attention different from that which has already been given.

G

GOODWILL.—Many attempts have been made to express, in the shape of a complete definition, the nature of the somewhat vague asset commercially known as goodwill, but few of these definitions are entirely satisfactory.

“The benefit arising from connection and reputation” is an explanation given by an eminent legal authority, and “the benefit arising from the probability that old customers will continue to resort to the old establishment” is a further suggestion. But the term may perhaps be best regarded as self expressive, in the sense that it conveys the benefit of the well-disposed feeling existing towards any particular business by all who know it.

Although essentially a non-material and intangible piece of property, the possession of these characteristics does not preclude it from being a most valuable asset, and one the value of which is capable, in an ordinary case, of transformation into money. It is not, of course, a liquid, or easily realisable asset, but it is the reverse of unrealisable.

The value of goodwill is usually calculated upon the basis of the income to be obtained through its possession, and it is arrived at by the employment of past results as an indication of the future; its exact expression is usually taken to be so many years' purchase of the average net profits over a given number of the years immediately preceding its sale. The precise number of years' purchase to be taken in any particular case varies with the nature of the business, and according to external circumstances. The goodwill of a trading business is more easily transferred to a purchaser without diminution of the returns from it than is that of a professional practice: the former depends generally to a less degree upon the personality of the owner and his association with the undertaking than does the latter, and thus it may be said, in general terms, that if three years' purchase of average net profits be a fair price to pay for the goodwill of a trading business in a particular case, the price for a similar professional business would be about one and a half years' purchase. The course of profits within the past few years is another factor to be taken into consideration; it may be possible for two businesses to show exactly the same *average* profits, but while the average in the one case is the mean figure of a series of yearly profits, each year showing an increase on its predecessor, the average in the other case may be the mean figure of a series of descending yearly profits. In an ordinary case a greater number of years' purchase will be obtainable for the goodwill where profits show an expanding tendency, than where they are on the down grade.

The personality of the proposed buyer also affects the purchase price; a company, formed for the express purpose of taking over the goodwill, will

often pay perhaps twice as much for it as would a private individual. This arises from the interposition of promoters' profits, and is rendered possible by the fact that an investing shareholder, with limited liability, is content as a general rule with a return on his capital of about half the rate per cent. required by an individual trading on his own account. The questions whether a business is hazardous or safe, and whether it is of a fluctuating nature or steady, are additional matters affecting the value of its goodwill.

A purchase price having been paid once for goodwill, the asset is generally allowed to remain on the balance sheet at, or below, the original cost. Its value may fluctuate year by year, but its book value is not, and should not be, varied to correspond; its appearance in a balance sheet at cost does not involve any representation that, at the date of the accounts, it would realise the sum at which it appears, and its presence must not be so misconstrued; it represents merely that the undertaking has purchased the goodwill at a certain price, and gives no indication of its existing value.

In a legal sense goodwill is a fixed asset, or according to legal phraseology "fixed capital" (*Wilmer v. M'Namara*), and consequently, apart from special regulations, no legal necessity exists for its depreciation or extinction out of profits. The question as to whether, according to the correct theory of accounting, any writing down of the asset is necessary, is a matter upon which the most eminent professional accountants have differed, some maintaining that its gradual extinction out of profits is desirable, others that it is uncalled for. Practically it is rarely depreciated over a term of years in the way in which buildings and other fixed assets are written down, but occasionally the board of a company which has made ample profits will apply such round sums, as it thinks fit, in reducing the book value of the goodwill: such a course may be adopted from a laudable desire to rid the balance sheet of an asset whose book value means very little, or it may be from a wish to obviate the depletion of working capital which the full distribution of profits might entail. In either case, the reduction in the book value of the asset is based solely on motives of financial policy, and neither affects, nor proceeds from, any estimate of its actual value for the time being, either for use or for realisation. The value of goodwill fluctuates naturally in accordance with the course of profits made, but, inasmuch as it is based on the average return for a number of years, its variation will be less in both directions than the annual variations in net profits.

The asset is one which, on the whole, is preferably excluded from a balance sheet, mainly in view of the popular misconceptions to which its presence may give rise, and this course should be adopted where practicable. In partnership cases the creation, on the books, of a goodwill account is sometimes resorted to, in order to increase the capitals of existing partners prior to the introduction of a new partner; the course is one which should only be adopted where no other solution for the adjustment of varying interests is forthcoming.

In the case of companies, it has been suggested by eminent authority that the price paid by the undertaking for goodwill should be extinguished as far as possible out of the premiums paid by members to the company where shares are issued at a price above their nominal value; the excess over face value in these cases is in reality a payment by shareholders to the com-

pany for goodwill, and, as such, the suggestion that it should be directly applied against the book value of that asset in the company's accounts, is both logical and financially sound. See CAPITAL AND REVENUE; PROFIT.
 STANLEY G. SMITH, C.A., F.S.S.

GROCCERS' ACCOUNTS.—The accounts of groccers do not present any special feature to distinguish them from other retail shops, and the article on RETAIL SHOP ACCOUNTS may therefore be consulted in this connection.

Particular attention should be directed to the suggested method of dealing with small accounts, and it may be said that if the "Small Accounts Keeper" therein described be properly used, it would relieve the smaller establishments from a great deal of rather unnecessary bookkeeping.

Where branch shops are run, different points arise, in addition to those appertaining to single shops, and the article on BRANCH ESTABLISHMENTS should be consulted. It may be observed that where stock is charged to branches at selling price, any rise or fall in the rate during any accounting period should be noted on the stock record, and debit or credit notes, as the case may be, issued to the branch accordingly. Where delivery men are employed, or where canvassers have stated rounds, a customer's ledger on the lines laid down in the article on DAIRYKEEPERS' ACCOUNTS will be found to be of great service.

GROCERY: Cash Trade.—Fifty years ago an exclusively cash trade in groceries was almost unknown. The foundation of the Co-operative Stores, pioneered on the one hand by the Rochdale weavers, and on the other by the Civil Service Stores, introduced the cash system, which was followed later by the multiple-shop concerns. To-day nearly every place of any importance has its Co-operative Society, one of the departments of whose store is devoted to grocery and provisions, in which the transactions are strictly for cash. The multiple-shop concerns, founded to compete with these, have branches in every shopping street in the kingdom. The activities of the many shop firms may be gathered from the following accurate figures for the beginning of the year 1909:—

Maypole Dairy Co., Ltd.	. . . . .	600 branches.
Home & Colonial Stores, Ltd.	. . . . .	589 "
Lipton, Ltd.	. . . . .	458 "
International Tea Co.'s Stores, Ltd.	. . . . .	340 "

Many smaller firms and also individual traders now also devote their energies to dealing principally for cash.

The advantages of the cash trade in groceries may be summed up as follows: no bad debts; no customers' ledger and attendant books to be kept; no capital lying out with customers (for, of course, if credit is given, so much more money must be invested in the business represented by "sundry creditors" in the balance-sheet); no assistants soliciting or canvassing for orders out on the round; goods sold in many cases before the retailer himself has had to pay for them; and a quicker return of cash invested in stock, with the possibility of doing a larger trade with fewer proportionate goods, thus turning over capital more quickly.

The advantages to the consumer lie on the side of cheapness; for in general the cash grocer can be content with a smaller profit than he who gives credit. The methods of the cash grocer centre round the making of his shop attractive to the "million." His window display will be one of his principal concerns. The goods in the window should be frequently changed—weekly, if possible. They should bear large and attractive price-tickets, and should be of the nature of cheap and catching lines. Thus the cash grocer will be constantly on the look-out for special offers; at one time preserves, at another of muscatels or Californian plums, at another of a new biscuit, and so forth as the season of the year shall dictate. He can fill his window with one variety of such an article, which, with a large ticket emphatically worded, will catch the eye of the passer-by.

At the same time the cash grocer will not neglect his "standard lines." He should make a speciality of his tea at 1s. 6d. or 1s. 8d. per lb., giving it a proprietary name (which he should take care to register), and whilst taking care that it is always really good value, he should advertise it by leaflets, by posters, by the occasional gift to customers of a small sample with a request to try it, and by advertisements in the local papers. The assistants should be instructed to verbally recommend this tea to every customer, and should be posted in its merits; and at intervals a special window display of the same should be made. It is almost a maxim of the grocer that this tea trade leads the trade in all other goods! Hence its importance.

On the provision side the cash grocer will pay particular attention to his butter at the popular price of a shilling per pound; and in lower middle-class and poorer neighbourhoods he will make a feature of margarine (which shows a good profit), even to the extent of adopting the tactics of "giving away" a half-pound with every pound. Whilst his shop will be kept smartly and in good order, his provision side will be specially attractive and clean. At night-time a show of cut pieces of bacon may be made, with a salesman in attendance, in front of the shop.

With regard to the service in the shop, assistants should be chosen who are particularly smart at the counter, and customers should never be kept waiting, but attended to at once. The assistant should never be satisfied to sell just the article asked for, but should have at hand on the counter several saleable articles he can introduce, and, in order to recommend them effectively, he should know and appreciate their points. Sugar, rice, tapioca, pepper, tea, and such-like goods may be kept ready weighed up, that serving may be done with dispatch, especially at busy times of the day. The weighing should be done at slack periods, as in the early part of the week.

The cash grocer should be ready to send orders home for the customers. If the goods are not paid for at the time of ordering, the invoice must be properly made out and the porter clearly given to understand that he is to be quite respectful when insisting that his orders are not to leave the goods without the money. Otherwise, and if he weakly yields, the cash trade may degenerate into a credit trade.

It may be noted that some of the multiple-shop concerns confine their attention to a few varieties of goods. The strength of the cash grocer will be in his carrying a full line of groceries, selling all at the minimum profit necessary to ensure success. Frequent stocktaking is the best safeguard.

A turnover of £100 a week, of which £12, 10s. is gross profit, yields £650 per annum, out of which rent, rates and taxes, lighting, assistance, &c., have to be paid. A gross profit on the same turnover of 15 per cent., or £15 per week, yields £780 per annum, subject to the same expenses, and that is the more satisfactory figure to aim at.

Credit Trade.—The credit trade in grocery is really the family trade. The “rounds” are its principal strength, by which is meant the practice of waiting periodically for orders on customers at their own houses and sending the goods home. That this trade flourishes is evident by the fact that the “family grocer” is to be found well established in fine shops all over the country, especially in districts of a middle-class residential character, *e.g.* the suburbs of London.

The grocer who gives credit really caters for the need of a large section of the population, not to speak of the convenience it is to many families where their account for the supplies, ordered from day to day, is rendered once a week. There are many people who give credit and expect it in their turn. To instance but a few—medical men, clergymen, clerks, and others with salaries paid monthly and so forth, find a monthly account almost a necessity. These, with the many families who prefer to pay for their groceries weekly, are the staple support of the tradesman who gives credit.

From the point of view of the grocer, the family trade gives greater scope for the sale of a larger variety of articles, and those of a better quality. It has a greater stability and is less subject to the fluctuations of the cash trade. He does not wait behind his counter for his customers to arrive; but sends out his assistants to make their regular calls on the “round,” and also to keep a sharp look-out for new residents coming to the district. Then he has also a greater hold on his customers, knows them more intimately and even personally, and can follow them up if he notices that they cease to deal with him, or if their purchases fall off.

The methods of the family grocer centre in the care of the “rounds.” Of course he will not neglect the appearance of his shop by having windows well dressed and the interior nicely set out with goods of the kind likely to appeal to the better-class customers, as these frequently visit the shop to pay accounts and give orders in person. Besides, a certain amount of cash and occasional trade is always a useful supplement to the order department.

The family grocer will choose his assistants with a view to their being “good at soliciting,” and likely to take a keen interest in keeping the round entrusted to them up to the mark. He will keep a watchful eye on the orders they bring in and compare the weekly totals of goods sold, whilst encouraging his men to obtain new customers, with, perhaps, a commission on each gained. Each week he will suggest some special article which the roundsmen are to recommend to their customers; and they would do well to take a sample of this on their journeys.

When the orders are brought in they should be prepared as soon as possible, and sent out either in neat parcels or in clean boxes or baskets. Any that are required especially early should receive immediate attention and a point made of sending them out by the time promised. For early orders, and goods wanted at once, a carrier-tricycle is often found the best means of speedy delivery. If the family grocer does a considerable trade, he

will require a van and horse, or better still, a motor delivery van. These should be kept clean, tidy, and well painted, with the name of the proprietor and his advertisements in a distinctive style; and the man in charge should also be smart and respectable, and wear a cap with the grocer's name embroidered thereon.

It will be found that some customers will hardly ever visit the shop, giving their orders to and paying week by week the assistant who calls on them. Others will call once or twice a week in the morning. The proprietor himself should be on hand, at the busy time of the day, to greet his customers and do the honours of his shop. The personal factor is a great asset to the family grocer, and should be emphasised in this way, and also in the free use of his name on stationery, window tickets, posters, fascia, and wherever else possible.

The office department is of importance in the family trade. The customers' ledger must be posted from the duplicate order books (or from the day-book into which the totals of each order in these have been entered) daily, and also from the cash book. On Monday the pass-books and bills must be made out, so that the roundsmen may deliver the customers' accounts with weekly regularity. The proprietor himself should examine the accounts every week, and note the state of each; whether payment is being made regularly, whether the customer is drawing supplies in the usual quantities from his shop, and whether the account has been accurately and neatly made out.

It will thus be seen that the expenses of the family trade are greater than those of a cash trade of an equal turnover, including the cost of soliciting, of delivering, and of book-keeping. Hence the family grocer must aim at making an enhanced profit as compared with the strictly cash grocer. This he is able to do in the case of many articles of luxury, the sale of which is more or less confined to the family trade. In the case of ordinary goods it is not easy to obtain better prices from customers who run an account than from those who pay cash; for, after all, a week's credit can hardly be deemed credit at all. This, however, is compensated for by the demand in the family trade being for goods of a better quality, which bear a larger percentage of profit. Thus an extra $2\frac{1}{2}$ per cent. should be looked for in the family trade, or, say, a gross profit of at least $17\frac{1}{2}$ per cent.

C. L. T. BEECHING.

Organising Secretary of the Institute of Certificated Grocers.

GROCERY TRADE FOR BEGINNERS.—After a lifetime's association with the grocery trade and its allied branches, not forgetting the important element of provisions, I certainly believe that the retail trade or business of this country offers brighter prospects to the youth of to-day than any other department of commerce, and this specially refers to that section dealing with the food of the people. After all is said, in entering a business one cannot do better than choose one of those trades which deal with the fundamental needs of the people, and probably the grocer gets close to this ideal, as being one of the factors in the distribution of food. There are certain things that must go on so long as the world goes round, and one may take it that so long as people remain hungry there will be need for the grocer and room for his enterprise. Whether times be good or bad

people must eat to live, and it is the grocer's mission in life to bring eatables to the people in the simplest and most convenient way. The boy who has decided to choose the retail trade cannot have a wider scope for his energies than that afforded by the grocery trade.

As far as education is concerned, that provided by the elementary schools, plus character and perseverance, covers all that is necessary during what I shall call the apprenticeship or probationary period. The employment, while being healthy, calls for the physically fit and mentally alert type of youth, and such a boy, who will take the trouble to equip himself in all the resources of the trade, should find a very suitable field for his endeavour. Of course, as in all trades, a certain amount of training is necessary, and in this connection I am firmly of opinion that the nation is suffering to-day from the almost total abolition of the apprenticeship system, and that no trade is feeling the effects of this apparent annulment more than the trade with which I have been identified all my life. The old apprenticeship system, although it was perhaps imperfect, did much for the retail trader, particularly at the start of his career. It certainly taught him his trade thoroughly, and when the apprenticeship was over, the man could go to any retail organisation with a confidence that his training fitted him for the employment he secured. Apprenticeship in a measure stood for thoroughness, and of course the low rate of the apprentice's earning capacity had one or two advantages from the severely trade point of view which the world at present is rather inclined to depreciate.

Boys nowadays are content to go to the ranks of unskilled labour, as messengers, office boys, errand boys, and similar services, choosing the appointment which gives them the least amount of work for the maximum amount of money. Compared with the apprentices of other days, the beginner in most businesses to-day is amply provided with funds—funds which he largely uses in following his own private pleasures. I do not wish to condemn reasonable amusements, nor would I like to see old heads put on young shoulders, but the modern method certainly does diminish the standard of efficiency; and I am not certain that the wider field for pleasure which the young man enjoys to-day is not weakening his powers of concentration and dulling his interest in the main business of life. Perhaps the old apprenticeship system went to the other extreme, demanding from the boy his whole energies in business and giving him but scanty means and little pleasure; but if it did this, it certainly taught the boy who was apprenticed the whole of the routine of his business, and when the apprenticeship was over he had a trade which would make his value in the labour market more staple than the young untrained worker's value to-day. So keenly do I feel on this question of apprenticeship that I have made some experiments in this direction in the firm which I direct.

The following are the terms on which we accept apprentices in our own business. A lad entering at sixteen years of age receives—

7/-	per week for the	1st year	
8/-	"	"	2nd "
10/-	"	"	3rd "
12/-	"	"	4th "

At the end of the fourth year he receives a gratuity of £50. He also shares in the bonuses which are paid to the staff as extras for special articles sold.

To go successfully into the retail trade certainly means work and long hours, and probably that is why it is less and less attractive to the younger generation. Boys require work in offices where they may leave their tasks at five or six o'clock, spending the rest of the day in leisure and recreation. This probably accounts for the scarcity of desirable applicants for positions in the retail trade, and I believe at the present moment, owing to a falling off in the quality of service offered, brought about by these conditions, the man who takes the retail trade seriously should find in it success which ought to compensate him for the longer hours he has to work, to say nothing of the continuity of the employment thus offered to him. In the grocery trade a boy who prepares for his task ought to be self-supporting within three years after leaving school. Assuming that he comes with a good board school education and an interest in the business itself, he would find many lines along which he could employ his activities. There is, of course, the routine duty to be learnt, which applies to all retail trades, and this is the kind of knowledge a three years' apprenticeship would secure, and even this knowledge well learned would put the apprentice in a position to command a wage as high probably as in any field of employment open to him. But if such a boy, in addition to the routine work of the shop, set about understanding the trade itself, he would have many more chances of success. So much can be learned in the grocery trade.

The ambitious man would set about learning the latest and best methods of showing goods, window display, &c., which is perhaps one of the most useful branches of knowledge a shopman might know, while the advertising interest also opens up wide fields of activity. A youth who came out of his apprenticeship, and on the top of that had a knowledge of the better selling methods, who could dress a window attractively, and knew something of advertising and circularising, would be almost sure to command an appointment which would lead indirectly to the higher positions, promotion only being a question of time. If, side by side with his progress, he supplemented his earlier education by using the many night schools which give such excellent educational help to boys of this particular class, he would find his position considerably strengthened.

Even for the higher positions I am a firm believer in beginning at the beginning. I think there is nothing finer for a lad than to see him start at the bottom of the ladder and work his way through every branch of the provision trade until he has reached the topmost rung. There is no disgrace in cleaning a scale and washing a counter, so long as the work is well done, and knowledge gained in this thorough form, commencing at even the menial details, is a knowledge which stands in excellent stead in the apprentice's after life. It is just as necessary for the master to know how a thing should be done as it is for the man to be able to do it, and there is a practical value about experience gained in this way which counts remarkably in the subsequent careers of men in the grocery trade.

It must be admitted that the ever-increasing tendency to change the proprietorship of a business from that of a private individual to a limited company, makes for the elimination of the personal relationship and interest

existing between employer and employee. As a consequence the employee is thrown more and more upon his own initiative and resources, but this elimination of the personal factor in my trade has cut two ways. The old order was for the principal of the business to work in his one establishment, and the positions of responsibility were largely affected by the amount of personal control and supervision that he exercised. In the ordinary small store the assistant was condemned to be an assistant to the end of his life; or if this were not so, his horizon was bounded by his prospects of becoming the manager of a store elsewhere. The impersonal form of government by a limited company, frequently with many branches, if it has destroyed the personal relationship existing between employer and employee, has certainly widened the horizon of the employee. The limited company has to give responsibility to its servants, and the secret of its success is finding the right kind of men to whom responsibility may be given. Under this method of administration a man in the retail trade, who has learnt his business and is keen on advancement, has an opportunity of seeing what he can do, and by this arrangement his prospects of promotion are constantly being multiplied. Young men to-day get appointments as shop managers, with profitable salaries and full responsibility, which they could not hope to have held twenty or thirty years ago. And this promotion to branch management is not necessarily the zenith of a career—in fact, it is very often but the beginning. The huge organisation with many shops has many fine appointments available for the right men, both in its departments of buying and selling and in organisations existing for the purposes of administration and supervision, and the man who knows his trade and is keen on going forward is the man that such companies select for the higher tasks.

After a very long experience of work in the grocery trade and a wide knowledge of appointments available to the worker who deserves them, I would say that the retail trade does offer advantages for the boy of ordinary social position and ordinary education which he cannot find either in an office career or in the ranks of the skilled artisan. It is worth while noting, in passing, that our idea of trade and the retail trader has been revolutionised of late. The retail trader is now something more than a mere shopman: he is a man of commerce and of affairs, and he is leaving his mark on the national life, both commercially and socially.

One cannot but remark on the influence, nearly always for good, exercised by the retail tradesman on public life. If one were, for instance, to analyse the municipal government of this country, one would find that it was largely being administered by men whose training has been gained in retail enterprises. The training of this branch of trade makes for capacity, efficiency, initiative, and executive power, and it is no wonder that the country very often turns to the local retailer and asks him to take upon himself a big share of its public life. He is in touch with the best local traditions, no one is more sensitive to bad local administration than he is, and the ratepayers of his district do not hesitate to take advantage of his special knowledge and training for the larger affairs of public life.

JOHN CANSFIELD.

Managing Director of Liptons, Ltd.

GROCERY TRADE: Some Later Methods.—The main lines along which the successful grocer of to-day cultivates a successful business are marked with (a) individuality and (b) the personal element.

Individuality is shown by the grocer making the whole appearance and atmosphere of his shop distinctive, and as different from that of his rivals as possible. More than one of the large and successful firms whose branches are in every street illustrate the point. What they have done, the grocer can, in his degree, do also.

As tea and coffee are the principal articles sold by the grocer, it is here that his individuality should show itself. A grocer should make a special study of each of these. He should aim at blending his own tea, and in order to offer a superior article, different in that it is better, from the blends sold by his competitors, he should make himself familiar with what they offer. Some successful grocers of to-day, who are working in this way, have been stimulated and assisted by obtaining prizes in the competitions at the annual grocery exhibitions held in London and elsewhere. They have named their blends, or one of them, "Gold" or "Silver Medal" tea. In any case, the grocer who would continually push his teas can have special wrappers printed, give them a registered name, show them tastefully in his window, and advertise them always under that name. He will further never let his teas fall into the background, but see that his assistants perpetually talk about them and recommend them. He should never be satisfied whilst a single customer does not buy tea, as well as other articles, at his shop. He should never feel his work done until every resident in the district has sampled his teas. It need hardly be said that the grocer will *not* make tea at one shilling, or one and fourpence per pound, his "leading line"; but prove to his customers that better quality, value, and satisfaction, with greater economy, can be had by purchasing tea at a higher price.

With regard to coffee, experience again proves that where the grocer is blending and roasting his own coffee day by day, and taking care to advertise this article in much the same way as he pushes his teas, a sound business on individualistic lines is being built up.

Of course individuality in business does not stop with tea and coffee. A point may be made of having cocoa, jams, corn-flour, and many other articles packed under the grocer's own name. Quality must be the characteristic of every such article. Again, the grocer can lay stress on his own name, making it the symbol of his business, as was done by the late William Whiteley, for example. It has been suggested that he should always have his name written, painted, or printed in one style of lettering; that he should never talk of tea or coffee, but of Blank's tea, or Blank's coffee, and that all price-tickets should bear the name of "Blank."

Carrying out this idea, individuality can be also cultivated in the arrangement of the shop, in the style of the window-dressing, in the way the shop is painted, in the delivery vans, and in many other directions. No doubt this individuality will call for original thought and effort, but it is well repaid by the result.

With regard to personality, the grocer should be the ever-present moving spirit of his affairs. He must make a point of knowing his customers by name, cultivating a friendly acquaintance with them, and interesting himself in their

requirements. To this end he will attend his counter at busy times, and personally talk to his customers, taking their orders, recommending various articles, inquiring as to whether they are satisfied with his tea, coffee, &c., and offering samples where these goods are not regularly bought. He will write up his customers' ledger, or make out their bills, with an intelligent eye to the trade they are doing with him, making a note of families to whom he should introduce certain goods they probably use, but presumably obtain elsewhere. The grocer can also impress his personality on his staff with good results, training them in his own ways of doing business, and making of them, so to speak, second selves.

By methods thus indicated, the grocer can and does combat successfully much of the competition which is felt so keenly under present conditions. He can, moreover, maintain both the profit of his business and his own dignity, instead of becoming the mere manufacturers' agent, or the dispenser of advertised goods, the profit on which is apt to be cut to the vanishing point. He also builds up a valuable goodwill, and ensures the continuity of his trade and connection.

At the foundation of all this there lies, without doubt, a thorough knowledge of the business. In this skill any man, who has intelligence and enterprise enough to lead him to cultivate his own individuality and personality, will hardly be lacking; and the fact that success lies this way should stir up the young men in the trade to study it and master its details in view of their own future.

C. L. T. BEECHING.

Organising Secretary of the Institute of Certificated Grocers.

H

HOTEL ORGANISATION AND ACCOUNTS.—In dealing with the accounts of various classes of businesses, while it is possible to embrace all the points in the particular business under review, it is usually somewhat difficult to treat the matter very concisely, unless the size and exact conditions of the business in the class, and any peculiar circumstances connected with it, are known. The question of Hotel Organisation and Accounts therefore, to some extent, depends upon the size of the business which is being carried on, and also of its particular nature, but the following remarks will, it is hoped, cover most of the ground, and if the general principles are correctly understood at the outset, their special application in a particular case should not prove an insuperable difficulty to the business man.

The subject may, perhaps, profitably be dealt with under the following headings:—(1) Arrival and departure; (2) Charges made and cash received; (3) Supplies; (4) Expenses; (5) Payments; (6) Stocktaking.

Arrival and departure.—If a proper record of visitors' arrivals is kept, it is, perhaps, not too much to say that the subsequent work of recording transactions in connection with these visitors is considerably eased. A register book should be kept in the hotel office, or whatever that particular department concerned with the letting of rooms, &c., is called, the name and address of visitor, date and time of arrival, particulars of rooms allotted, and also of any special arrangements with regard to terms, should be clearly shown. The entries in this book may run consecutively in detail order, or the record may be framed on the lines of an index ledger, so that reference

can be made quickly under each visitor's name. Opinions differ as to which of these two methods is to be preferred, and it will generally be found that the one is more applicable to some businesses, while the other in its turn commands attention under different circumstances. The particular form is a matter of personal taste, the only object being to have a clear and proper record of the particulars mentioned above. In establishments of any size it is also a convenience to use a daily room plan, giving the number of each room, bedroom, sitting-room, or otherwise, which the house has available for its customers, and those which are occupied are marked off in some manner so as to distinguish them from those which are vacant. By this means, on the arrival of a visitor who has not arranged accommodation beforehand, the booking clerk is able to tell at a glance what accommodation he has to offer. The changes which take place during the day are recorded on this plan, and the general idea is to have at hand such a record as will show at a glance rooms occupied and unoccupied. No particular form is necessary, so long as the desired information is obtainable. The simplest plan would probably be an arrangement of squares, each containing a number corresponding to the room, and capable of being marked through in pencil or otherwise when let.

It may seem to be somewhat in the nature of a jump to pass at once from the arrival of a visitor to his departure, but the methods of record to be adopted in each case follow in a natural sequence, the intervening transactions being more appropriately considered independently.

In some hotels it is the practice for visitors' accounts to be tendered to them by the head waiter, and in other cases the visitor himself signifies to the booking office, or cashier's department, his intention of leaving, but in either case the method to be adopted runs much upon the same lines. On a request being made for an account, coupled with a notice of intention to depart, word is at once passed by means of a numbered check to the head chambermaid of the particular floor on which the visitor has had rooms, a duplicate copy goes to the boots, or luggage porter, and by this means the attendants are prepared for the visitor's departure. On payment of the account, the visitor should be handed a numbered check, which he is required to give up to the luggage porter before his packages are removed. Of course in small establishments, where most of these matters are under the personal supervision of the proprietor, or a responsible assistant, it would, perhaps, not be necessary to adopt all these precautions, but in large concerns, where the visitor is known simply by his number, it is essential that some check of this kind should be instituted in order to prevent, as far as possible, fraud. In some cases there may be special circumstances which require to be considered, and in a general article of this kind it is not possible to do more than indicate means whereby a proper check may be instituted. When the visitor has departed the room plan, which has been previously mentioned, should be altered to fit the changed state of affairs, the room, or rooms, which were previously let being now vacant.

Charges made and cash received.—In order to understand the principle of charging with regard to visitors, it is necessary, first of all, to consider the form of visitors' ledger. It may be said at the outset that the bulk of all transactions in a hotel is for cash, and therefore there is little, if any need, for a sales day book, as the word is understood in connection with an

ordinary business, to be kept. No particular form of visitors' ledger can be advised which would satisfactorily cover the ground of every class of hotel, and the illustration which is given below must therefore be taken as indicative, or suggestive only, being capable of enlargement or compression to meet the circumstances of each case.

It will be observed that the room numbers are placed perpendicularly on the left hand side, while the various items of charge are arranged horizontally. Columns are then provided for the total of each day's charge to each particular visitor, the amount, if any, brought forward from the previous day, the total amount due, the cash received, and allowances made, provision for the transfer of accounts to a personal ledger, where credit has been properly agreed upon, and the final column for the balance forward to the succeeding day. It should be borne in mind that there is no objection to the room numbers running horizontally, and the items of charge perpendicularly, if so desired. Where the accommodation of the hotel is but small, it would generally be found that this latter plan is preferable, but in large establishments the form as given will probably be found more convenient, as being less unwieldy. Where the room numbers run horizontally, and the items of charge perpendicularly, columns for cash received, allowances made, transfers to personal ledger, and the balance forward should be placed below the perpendicular column in the secondary half of the page. The following will illustrate what is intended to be conveyed.

The details of the items of charge are arrived at from the waiters' checks, the visitor's number being given in each case. In the case of special attendance—lights, fires, baths, &c.—the items are derived from checks given by the chambermaid. It is usual, and certainly convenient, for all these charges to be first of all focussed in what is called a rough day-book. This consists of an ordinary plain book with squares ruled to contain the visitors' numbers. As the checks come to hand, the items are entered on the particular square relating to the visitor, and then transferred to the visitors' ledger subsequently. A rough day-book is not absolutely necessary, it is more of a convenience, for at busy times it enables the person in charge of the office to collect all the debits against each particular visitor in a handy form, and without delay. There would be no objection to these items being transferred to the visitors' ledger direct from the checks, except that the risk of missing an entry is very much greater than if a rough day-book is kept. The following form illustrates the method of working.

When a posting business is done in connection with the ordinary hotel business, all charges in connection therewith made to visitors should be entered by the yard superintendent in a day-book, from which they can be posted to the visitors' ledger, or the visitors' accounts in the personal ledger. The object of thus keeping all posting entries in a separate book is so as to arrive at the turnover of this particular department. It should be noted that in most hotels such items as cigars, billiards, drinks, &c., are intended to be paid for by the visitor at the time of consumption, but where this system does not prevail, then the items can be charged to the visitor's account in the visitors' ledger by means of checks, in the same way that meals, fires, light, and baths are charged. The object of the personal ledger in addition to the visitors' ledger is to relieve the office from the necessity of

VISITORS' LEDGER

Form B.

Date.

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Debits.	14	17	52	66-67	Etc.	Change	Debits.	Total
	Smith	Jones	Brown	Shaw	Etc.			
Brought forward							Brought forward	
Apartments . . .							Apartments . . .	
Board:—							Board:—	
Adults . . .							Adults . . .	
Children . . .							Children . . .	
Servants . . .							Servants . . .	
Breakfasts . . .							Breakfasts . . .	
Luncheons . . .							Luncheons . . .	
Soups . . .							Soups . . .	
Sandwiches . . .							Sandwiches . . .	
Dinners . . .							Dinners . . .	
Teas . . .							Teas . . .	
Suppers . . .							Suppers . . .	
Coffee . . .							Coffee . . .	
Biscuits . . .							Biscuits . . .	
Milk . . .							Milk . . .	
Ale and Stout . . .							Ale and Stout . . .	
Minerals . . .							Minerals . . .	
Cider . . .							Cider . . .	
Wines (as desired)							Wines (as desired)	
Spirits . . .							Spirits . . .	
Liqueurs . . .							Liqueurs . . .	
Cigars and Cigarettes							Cigars and Cigarettes	
Attendance . . .							Attendance . . .	
Fires and Lights . . .							Fires and Lights . . .	
Coals . . .							Coals . . .	
Baths . . .							Baths . . .	
Laundry . . .							Laundry . . .	
Carriage hire . . .							Carriage hire . . .	
Paid-outs . . .							Paid-outs . . .	
Other Columns here as required.								
Credits.							Credits.	
Overcharges . . .							Overcharges . . .	
Cash received . . .							Cash received . . .	
Personal Ledger . . .							Personal Ledger . . .	
Carried forward . . .							Carried forward . . .	
Folio in Personal Ledger . . .							Folio in Personal Ledger . . .	

<p style="text-align: right;"><i>Number 14.</i></p> <p>Check Number. 421. Dinner. 317. $\frac{1}{2}$ bott. 42. 219. Bath.</p>	<p style="text-align: right;"><i>Number 17.</i></p> <p>Check Number. 430. Breakfast. 210. Bus.</p>
<p style="text-align: right;"><i>Number 52.</i></p> <p>Check Number. 435. Luncheon. 319. 1 Bot. 57. 92. Billiards, 2s.</p>	<p style="text-align: right;"><i>Number .</i></p>
<p style="text-align: right;"><i>Number .</i></p>	<p style="text-align: right;"><i>Number .</i></p>
<p style="text-align: right;"><i>Number .</i></p>	<p style="text-align: right;"><i>Number .</i></p>
<p style="text-align: right;"><i>Number .</i></p>	<p style="text-align: right;"><i>Number .</i></p>

continually carrying forward after guests have departed. It is, of course, presumed that before a visitor is allowed to depart without paying his account, some satisfactory arrangement is made with the proprietor, and if these outstanding accounts are separately recorded, they tend to economy of labour as regards the visitors' ledger, and they may be overhauled from time to time independently of that book. In addition to this it may be, especially in country districts, that posting charges are made to persons who are not visitors. Where these items are likely to be numerous, or heavy, a separate posting ledger should be kept, but where the circumstances of the case do not warrant this, such items can be carried from the posting day-book to the personal ledger.

The bulk of the cash received will naturally be in connection with visitors' accounts, but there will also be other receipts, such as billiard-room takings, and if a separate cigar stand is in existence, then the takings from that, and any other trade stall in the hotel, should be included. There will also be receipts from parts of the building which are sub-let, and in order to cover all these sources the following form of cash received book is suggested :—

FORM D. CASH RECEIVED BOOK.

Date.	Receipt Number.	Visitors' Number.	Name.	Folio.	Visitors' Ledger.	Personal Ledger.	Discounts and Allowances in Personal Ledger.	Bars.	Billiards.	Other Sources as Desired.	Total Paid to Bank.

In order to ascertain the amounts received under the various classes of charge, it is advisable to summarise the takings somewhat after the following form :—

FORM E. SUMMARY OF TAKINGS.

Date.	Rooms.	Attendance.	Board.	Chance Meals and a la carte.	Alea.	Wines.	Spirits.	Minerals.	Cigars.	Fires, Coals, Baths, and other Personal Services.	Washing.	Carriages.	Paid-outs.	Sundries.	Total.
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.

NOTE.—Items carried to personal ledger would be summarised here, or in a separate summary, together with the items comprising the visitors' ledger column in Form D.

Supplies.—The proper system of recording and handling goods supplied to the hotel is equally as important as a correct method of charging visitors. All goods required should be made the subject of a signed order by a responsible official. The order should be given on a duplicate form, the top copy of which is sent to the supplier, and the other copy remains in the shell of the book to be marked off when the goods and the invoice arrive. All goods in the nature of provisions, meat, consumable stores, &c., should be sent direct to the kitchen storekeeper, who should record their receipt in a store book, arranged in the form of a ledger, and classified as far as possible into convenient headings. This book will, of course, deal only with quantities, not prices. The storekeeper should only issue goods on receipt of proper requisition forms to those departments requiring the same. The forms of order book, storekeeper's ledger, and requisition forms, may be left to individual taste, so long as the object of these records is carefully borne in mind. When invoices arrive, they should be checked with the storekeeper's ledger, and compared with the order book, this latter being marked as having been filled. The object of marking the order book in this manner is so that at a balancing period there may be no risk of goods having been received into stock and the corresponding liability omitted. The purchases invoices, after being passed as correct, should then be carried to the credit of suppliers' accounts in a bought ledger. There are many methods by which this posting can be effected. The invoices may be pasted in a guard book, or they may be filed under one of the many filing systems which are available, being referred to by numbers in a summary book, in each case the guard book, or the summary book, being the posting medium. Where either of these methods is adopted it is necessary to show, beyond the actual amount of the invoices, the nature of the goods supplied, and Form F will therefore be found to be of service in suggesting an outline upon which either of these records should be based.

As an alternative to these methods personal accounts with suppliers may be dispensed with, and the various classes of purchases recorded through the cheque payments record, when payment is made, the outstanding balances at the close of a balancing period being brought down upon the nominal account instead of on the personal account. This simply necessitates a little care in working, and requires a little more elaborate analysis of payments than would be the case if a guard book or numbered reference be kept. The appended form shows an analysis of payments based on these lines. It will be referred to again under the heading of "Payments."

Supplies of wines and other goods to the cellar should be recorded by the cellarman, in a similar manner to that in which the kitchen storekeeper enters the goods received by him. Particular care should be used with regard to wines, so that their proper bin numbers may not be confused. The suggested Form H of cellar book may be helpful in this direction.

Expenses.—The principal items of expenses will be wages, salaries, rent, rates, taxes, insurance, coal, gas, electric light, stamps, stationery and telegrams, licences, telephone, news, hire, laundry, uniforms, repairs, interest, audit fee, and items of this character. In addition to these items it would be necessary to provide for depreciation of plant, fixtures, fittings, furniture, &c

The question of the staff meals sometimes causes a little trouble, and the average hotel proprietor is too apt to ignore this item altogether. Granted a little difficulty in the proper record of the cost of the staff meals, some effort in this direction should be made, so that the extent to which this necessary expense falls against the trading may be known, and compared with previous periods. In some cases it is the practice to cook separate meals for the staff, and in these instances, of course, the cost can be arrived at from the storekeeper's record, but in other cases the staff partake of dishes which are available for visitors, and in these instances a careful estimate of the cost should be made. If it is impossible to arrive at the exact amount, the business man may say that it is equally impossible to estimate the amount, but this is hardly correct, for if the number of servants partaking of meals is known, the remainder of the question should be capable of easy solution.

Payments.—In all hotels, whether large or small, it should be the practice to pay all the takings, gross, into the bank; that is, without deduction of any kind, under any circumstances. Payments should, as far as possible, be made by cheque, but since this would not be applicable throughout, a cheque for petty cash should be drawn, and cash transactions be confined to that particular fund.

FORM H.

CELLAR BOOK.

Month of _____ 190__

Remarks.	Dates.	Bin No. 1.		Bin No. 2.		Bin No. (as required).
		In.	Out.	In.	Out.	
Stock on hand		6				
	1		1			
	2		2			
	3					
	4					
	5	6				
	6		4			
	7					
	etc.					
	31					
Totals		12	7			
Stock on hand		7				
Carried to next month .		5				

An illustration of a payments analysis book has already been given (Form G), and it only remains to add, in connection therewith, that if the invoices are posted to a personal ledger, then this record will not be required, but in its place will appear the following:—

Form J.

ANALYSIS OF PAYMENTS.

Date.	Names.	Particulars.	Voucher or Cheque No.	Total								
					Folio.	Discount.	Bought Ledger	Cash Purchases.	Rent	Rates.	Taxes.	
					£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	

Columns continued.

Loans.	Miscellaneous	Gas and Water	Electric Light.	News.	Telephone.	Advertising	Hire.	Repairs and Renovations	General Expenses	Salaries.	Wages.	Legal Expenses	Accountancy Charges.	Capital Expenditure	Folio	Sundries
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

The other columns in the form given will remain the same, and as they are, or at least it is hoped they are, self-explanatory, little further need be said, except to point out that the total of each of the analytical columns is intended to be carried to the account under the same heading in the nominal ledger. Cash payments will appear in the record of petty cash, and this book should be ruled on the lines of Form K.

Stocktaking.—The importance of the question of stocktaking in connection with hotels should by no means be overlooked. Most authorities contend, that in connection with bars and trading stores in a hotel, goods should be charged to those departments at selling prices, the argument being that the persons in charge thereof should then either account for the goods in their stock, or the cash therefor. This argument has little to recommend it beyond its simplicity, for it is quite conceivable that under certain circumstances goods may not be sold at a uniform rate throughout. To take a very homely illustration, buns may be one penny each, but they may be sold at seven for sixpence, and at the end of a balancing period, therefore, which in the case of small trading stores in a hotel should be at least monthly, it may not be possible to say how often the “penny each” rate was adopted, and how many times the “seven for sixpence” occurred. The result is that there is usually a deficiency, or at any rate a discrepancy, and the extent to which this discrepancy may be permitted varies in accordance with the personal inclination of the proprietor, or the particular circumstances in each case.

An alternative method is to charge the department with the goods at

cost price, and rely upon the constancy of the percentage of gross profit made to test the correctness of the trading done.

In connection with bars, the average percentage of gross profit which should be earned can be estimated within a fair degree of accuracy, and it is thought that fluctuation in a percentage, especially where these percentages are based upon cost, and not upon turnover, will more readily show the department in its true colours than the periodical discrepancies which occur under the previously-mentioned system.

It is not intended in this article to play the part of an advocate for either side. The matter can well be left to the individual to decide, so long as the salient points of each method are briefly sketched in.

With regard to stocktaking in the kitchen, and in the cellar (including the wine-bins), the schedules should be compared with the balances shown by the cellar-keeper's book, and by the storekeeper's ledger, and under ordinary circumstances the quantities should agree. It may be said that, with regard to all consumable stores, bar stocks, and cellar stocks, inventories should be made, comparisons taken, and percentages prepared, at least every four weeks. In the case of bars this is particularly to be desired, in order to check, as far as possible, any temptation in the direction of pilfering. The inventories of plate, linen, furniture, &c., which are generally prepared when a hotel business is taken over, or started, need scarcely be checked oftener than half-yearly, but they certainly should be compared with actualities at those times. The form of stock book set out on the opposite page may be helpful and suggestive as regards the bars:—

In some establishments it is the practice to compare stock of provisions daily, and the amounts are checked with the estimated cost of meals supplied to visitors. This system is doubtless very satisfactory in a large establishment where a properly trained and sufficiently numerous clerical staff is employed, but in ordinary cases the cost of meals supplied to visitors would be so much a matter of estimate that it is hardly worth while attempting. That comparison should be made between the actual stock of provisions, &c., and the storekeeper's ledger is unquestionable, but as to how often such comparisons should be made must depend upon local circumstances, though if any general rule can be advanced, it may, as stated, be remarked that attention should be given to the point at least once per month.

Simplex System.—The "Simplex System" of hotel bookkeeping, published by Mr. George Alexander, is very interesting. It is only necessary here to say, that the main object of the system is the duplication by means of carbon copies of the bill which will ultimately be rendered to each visitor, and a chance customer, so as to effect a saving of time. The system is very convenient for moderate-sized hotels, and if careful attention is paid to the instructions, will be found to work admirably, but in large concerns it is probable that some specially designed system would be preferable.

Gathering up the threads.—The method of the preparation of the periodical trading and profit and loss accounts, together with the concomitant balance sheet, follows upon the lines common to the system of double-entry bookkeeping. Care should be taken to see that all liabilities are included, and the balances of the various ledgers, including those in the visitors' ledger, are drafted in the form of a trial balance, which includes, of

course, cash on hand and at bank, and from this statement the trading and profit and loss accounts, and the final balance sheet, are prepared. The following forms are examples of these financial statements:—

FORM M.

TRADING ACCOUNT, FROM 1ST JANUARY TO 31ST DECEMBER 1906.

<i>Dr.</i>	<i>Cr.</i>
To Stock on hand :—	By Rooms and board £
Wines, spirits, cigars, &c. . £	Meals
General provisions, stores,	Wines, spirits, cigars, &c. . .
&c.	Laundry
„ Purchases :—	Sundries
Wines, spirits, cigars, &c. .	„ Stock on hand :—
General provisions, stores,	Wines, spirits, cigars, &c. .
&c.	General provisions, stores,
„ Advertising	&c.
„ Stationery and printing . . .	
„ Laundry	
„ Coal	
„ News	
„ Uniforms	
„ Glass, china, &c.	
„ Rent, rates, taxes, licences,	
and insurance	
„ Gas, water, and electricity . .	
„ Telephone	
„ General expenses	
„ Wages	
„ Salaries	
„ Repairs and renewals	
„ Balance carried to Profit and	
Loss Account	
<u>£</u>	<u>£</u>

FORM N.

PROFIT AND LOSS ACCOUNT, FROM 1ST JANUARY 1906 TO 31ST DECEMBER 1906.

<i>Dr.</i>	<i>Cr.</i>
To Legal and accountancy charges £	By gross profit from trading
„ Bad debts written off	account £
„ Interest and bank charges . .	
„ Depreciation	
„ Balance, being net profit for	
period	
<u>£</u>	<u>£</u>

FORM O.

BALANCE SHEET, AS AT 31ST DECEMBER 1906.

<i>Liabilities.</i>	<i>Assets.</i>
Sundry creditors . . . £	Freehold premises :—
Deduct reserve for dis- counts	As at 1st January
_____ £	1906 £
Capital Account :—	Alterations and ad- ditions.
As at 1st January	_____ £
1906 £	Deduct depreciation
Add profit, as per Profit and Loss Account	Furniture, fittings, and fix- tures :—
_____ £	As at 1st January
Deduct drawings	1906 £
	Additions to date
	_____ £
	Deduct depreciation
	China, glass, linen, cutlery, &c. :—
	As at 1st January
	1906 £
	Additions to date
	_____ £
	Deduct depreciation
	Stock on hand
	Sundry debtors
	Cash at bank
	„ in hand
	_____ £
	_____ £

Where the establishment is being run on limited company lines, the methods of accounting would be quite concurrent with those described in this article, but there would naturally be other requirements to be complied with which are common to all limited companies, and these will be found to be dealt with elsewhere.

BERNARD BAGNALL, C.A.

HOUSE-AGENCY AND AUCTIONS.—To make a successful start as an auctioneer and house-agent, a man should serve for a period of from five to seven years in a similar business. It is now the usual custom to indenture young men after leaving school for three years at a fee of £100 or one hundred guineas. They are then expected to receive an insight into all the departments, to obtain practical acquaintance with inventory work, house-letting, the private and public sale of property, and all the other class of business incidental thereto. Much depends upon this early training. Even when it is all that can be desired, a young man is well advised to seek further experience in another situation and in another district before undertaking a concern of his own. A clerk who exhibits more than average ability can as a rule also learn the business, even if he is not indentured, but in the future the Auctioneers' Institute will probably make it more difficult for any one to become a member who has not first been indentured to a member of the Institute.

The selection of the district in which to start business, either by purchase or as a new venture, deserves careful consideration. A large

majority of the new places with possible openings are already supplied with auctioneers and house-agents. It may be that some town is not supplied, but such instances are rare, and a beginner will be fortunate if he secures a free opening. To-day he is usually obliged to purchase. When this is the case he should institute careful inquiries as to the class of business he proposes to purchase, and the nature of the attachment between the man who is selling and his clients. A second consideration is the position of the offices. These should not only be situated in a good business thoroughfare, but the district itself should prove of a progressive character.

Some agents, contemplating work as auctioneers, do not take up their auctioneer's licence at the commencement, but wait until sale business is practically certain. A licence costing £10 is, of course, a consideration to a beginner with limited capital, and it may be prudent to secure the promise of auctions before embarking on a licence, especially when he does not purchase a connection. If, therefore, he starts first with house-agency, he will endeavour to obtain a good register of property for letting or sale. He will be obliged to solicit this business from builders and property owners, either by correspondence or personal call. The latter is most advantageous and may lead to unexpected commissions. Having prepared a good register, he will need clients who are anxious either to rent or buy; and, to obtain these, wise and progressive advertising is a necessity.

A progressive house-agent will make a feature of his "To Let" or "For Sale" boards, for display on the property entrusted to him for sale and for letting. The old-fashioned firm with a large and prosperous connection sometimes exercises but little trouble or care as to the condition of such announcements, so long as an advertisement is provided directing applicants to their offices. But the beginner should adopt other tactics. He can prove by the original and smart appearance of his boards that he possesses resource and enterprise, and the creation of such an impression usually results in the extension of business. Another excellent method of publicity is by the issue of a monthly register of properties and houses for sale or to be let. If here again the beginner can do something better than the old-established firms, he will have achieved another advantage. To accomplish this is not usually difficult, for oftentimes these publications are neither inviting nor well arranged. Skill in arrangement, some concise notes upon the advantages of the district, varied from month to month, and excellent printing, will provide an entry for the register into the offices and homes of the best people in the district. The cost of the register may be covered—as it is in many cases—by advertisements from the tradesmen of the district, so that its issue may not involve the house-agent in one penny of cost.

If the beginner proves successful in first of all securing the confidence of property owners and then doing business with clients, other sources of profit immediately arise. He will obtain chances of pushing insurances, of preparing inventories and agreements, of selling furniture in the auction room, and of securing commissions for names of possible customers from the butcher, grocer, dairyman, and other tradesmen. Every firm supplying household requisites is, as a rule, only too glad to make arrangements upon these lines. In time also he will secure rent collections—a form of business that brings many extra commissions.

The fees obtainable by the house-agent and auctioneer vary according to

circumstances, but those given below may be taken as an authoritative guide to the profession. The letting of unfurnished houses works out at 5 per cent. on the first year's rent, providing that it is let for a period of three years. Some negotiation usually results for the sale of fixtures, and upon this an extra 5 per cent. is charged. An agreement may be necessary, and the agent endeavours to secure from the incoming tenant or the landlord half a guinea for its preparation. Furnished house lettings secure slightly better terms for the agent. He is entitled to charge 5 per cent. on the first year's rent and half that amount for the remainder of the lease. In the case of furnished houses, it is not unusual for the owner to offer a special premium for a good let. An inventory of the furniture will of course be necessary, and for this an additional charge of one guinea per day necessary for its preparation is charged. If an inventory already exists, the agent is entitled to a fee for checking this with the agent acting on behalf of the incoming tenant. In some cases he may be called upon to act for both parties. Where unfurnished property is being leased he may be required to prepare a schedule of fixtures, for which the usual charge is not less than one guinea, but this depends upon the length of the schedule. At the termination of the lease, providing that he is still acting for the owner or lessor, he will make a schedule of dilapidations and serve notice to repair upon the retiring tenant. The fee for this work should not be less than two guineas. Prolonged negotiations usually follow after serving the notice, and he is further entitled to a charge of 5 per cent. on the amount of the dilapidations he secures.

The sale of property either by private treaty or by public auction is usually one of the most profitable transactions of the house-agent and auctioneer. His fee varies, but the recognised scale is 5 per cent. on the first £100 and 2½ per cent. upon sums in addition. Obviously, however, when property, say, of the value of one hundred thousand pounds, changes hands, a modified scale is adopted. Arrangements are also made for the expenses incidental to an auction, such as the preparation and printing of catalogues, advertisements, &c. As a rule the auctioneer arranges three or four or more properties together so as to economise expense.

An enumeration of the charges common to the agent and auctioneer indicates to some extent the variety of his services. In many respects his knowledge of leases, agreements, and generally the legal privileges and duties of property owners and lessors, should be as intimate as that of the solicitor. His opinion is that of the expert, and according to the extent of his business he must from time to time discuss points involving large sums. Therefore knowledge and experience of the technicalities of his profession are indispensable to the successful house-agent and auctioneer.

HOUSE ORGANS.—The house organ is a magazine sent at regular intervals by manufacturers to dealers and retailers. It has had a great vogue in the United States of America, and is used to a very much smaller extent in Great Britain. If the house organ is to be a real intermediary between retailer and manufacturer, it must needs be of value to both of them. A glorified sheet of manufacturers' advertisements does not answer the purpose, and is almost a waste of money. What is required is something which will be read with the keenest interest each month for the one reason that its contents will indicate to the dealer how he can sell more goods.

The retailer is in business to sell goods, just as much as the manufacturer

is, and their interests should be identical. This elementary fact should be kept in view at all times. Large commercial houses here are beginning to find that it pays to train their selling force, and the object of the house organ should be to teach retailers how to sell more of the goods manufactured by its producer.

The production of the house organ should be considered an important part of a firm's advertising, and sufficient time and staff, to say nothing of money, devoted to it so that its success may be assured. In short, it should be run like any other business publication, published on a definite date, regularly posted, and kept at a high standard of excellence. It will surely be well printed, for time, process blocks, and composition cost practically the same for bad work as for good, and the only difference is in paper, ink, and make-ready.

Remembering that the magazine used as a house organ is to be conducted on a basis of mutual interest, it is well that at least half of its contents should look at things from the retailer's point of view. It will therefore contain suggestions for the window shows of the retailer, for suitable displays in the shop itself where space is very limited, for advertisements in the local press. In this connection, it will be profitable to provide not only blocks for advertising, but also suggested "lay-outs." The house organ is by no means all additional cost, for any one proposing to adopt it should bear in mind that hitherto it has been necessary to send out trade circulars and pamphlets upon matters which are quite as readily dealt with in the magazine.

Where selling men are employed upon the road, they will be able, if they can be made willing, to give much material for inclusion in the house organ. It will only be required of them to rough out particulars, leaving them to the advertising department to edit. Retailers making special displays should be at no expense for having photographs taken, and the salesman can well be authorised to have this done at the firm's cost, a copy being invariably offered to the originator of the display.

Retailers will often be telling salesmen how they have secured business, and the latter must be brought to consider it a point of honour to transmit such matter to headquarters from time to time. It may be said here that one's own employees are generally about the worst people in the world from whom to get matter suitable for a house organ, although they have the finest opportunity. Moreover, if a salesman has once written a communication which went unpublished, he will probably never submit another. Such matters must be allowed for in advance. Promises of copy will be freely given, but men on the road get little time for literary work, even of the roughest kind.

Technical matters culled from various sources will be worth inclusion only when they will help the retailer to sell more goods. It must not be a question of filling space, but of keeping the house organ, or booklet, or magazine down to such a size that there will always be more really good and helpful matter than can be included within its space. There is too often an evident striving to pack out the space with any sort of stuff that will pass muster.

When material is gathered on the inside of a factory, it should be looked over by some one who has done business on the road. Theoretical articles are not required, but stern, practical, common-sense talks that will sell more goods. A medium-sized booklet will serve the purpose best, with a page

large enough to admit of fair-sized illustrations, but not so large as to be a nuisance on a small desk. On the other hand, it must not be so small as to necessitate type which cannot be read in a poor light. If the needs of illustration permit of it, a size as small as demy octavo finds favour, since it is handy, trimming to about $8\frac{1}{2}$ by $5\frac{1}{2}$ inches. Many lines of business, however, call for larger illustrations than the size mentioned will allow, and more liberal proportions must be permitted. A much smaller size than demy octavo has been used, but has a rather freakish appearance.

It is profitable to help salesmen upon the road as much as possible within reason, and this applies even if they are paid solely upon commission. The house organ has proved itself to be a very valuable assistant, doing its work after business hours and finding its way into the privacy of the home circle, where the most energetic salesman would scarcely dare to intrude.

The house organ, once started, should be allowed to appear without a break, and not be cut out when the advertising appropriation has to be reduced, coming forward once more at the caprice of the management. If it is good at any time, it is best when trade is bad, and although the same remark applies to most advertising, it applies with double force to the house organ, partly because it is almost the equivalent of a friendly communication from the head of one business house to the head of another, and it would not be tactful to stop such a correspondence in bad times, and take it up only when things were bright. Only the fringe of the house organ field has been touched in this country, and much can be accomplished with its aid before it becomes too much the usual thing.

HOUSE-TO-HOUSE DISTRIBUTION.—The problem of distributing literature from house to house is one that engages the attention of many traders, and as time goes on the attitude of the business man towards it is considerably altering. In every town it is necessary for some trader to distribute his announcements so that they are placed before every householder. Some traders find it necessary to cover the whole of a county, other traders again find it essential to take an area of the country which might be represented by two or three counties, while there are bigger traders still who find it necessary to address every householder throughout the kingdom itself. Even in a small town with 30,000 to 50,000 inhabitants the problem of distributing circular matter is a difficult one. To achieve the necessary end costs a great deal of money, and upon the thoroughness with which it is done depends the results almost entirely. The greater the area covered the more problems are set up. For instance, the cost is increased, while the question of adequate supervision becomes a great deal more difficult. When house-to-house distribution is conducted on national lines the problems are very complex indeed, and it is necessary then to build up a machinery which should be a great department in itself. So many traders nowadays address the public by this channel that organisations for distribution have sprung up in almost every grade. One may find the local distributor who covers the small town and its surrounding out districts, one could place a contract with a distributor who would cover a county, while in town one might also place a contract with an agent who would promise house-to-house delivery in every district in the United Kingdom.

Most of these distributing agencies are carefully organised and are thoroughly useful, and in most local campaigns it is possible to employ them

with advantage. On the other hand, they charge substantial prices for their services, and with adequate supervision the work can be done cheaper and with more thoroughness direct. In a small town the problem is fairly simple. There would be no difficulty in organising out of the casual labour of any district four parties of men consisting of four distributors and a supervisor, and they should be able to cover the whole town in a very short space of time. In the case of a self-directed enterprise of this kind much depends upon the character of the supervisor. It lies with him entirely whether the men do their work thoroughly, and if he is slack it may be taken for granted that the work will be done badly. But in a small town the choice of such men should be a matter of certainty, and there ought to be no difficulty in getting men of sufficient character to undertake this work and see that it is carried through with thoroughness. In the case of a county a trader who wished to address every householder would usually have departments in every town, or some scheme of local representation. In that case the problem of house-to-house distribution would be again simplified, because the representatives in the various districts could take charge of the work and simply duplicate the organisation necessary in the one town. But in taking thirty or forty towns and putting a local representative in charge in each, there is always the difficulty of variation in the personality of the men. Some representatives would see the necessity of the work almost at a glance, while others would never quite realise its importance. The result would be that the men who have sympathy with the aims of the head office would do the work thoroughly, while the men who do not quite see the value of house-to-house circulation would do the work in a perfunctory way which would render it ineffective. If the work were entrusted to heads of branches, or representatives of this class, it would be necessary to devise some strong educational means which would put the scheme before them with a due emphasis on its importance to the success of the firm's business, and over and above this it would also be advisable to adopt some system of inspection from headquarters. In house-to-house distribution throughout a county, it would be worth the consideration of a firm who wanted the work done thoroughly to consider whether they could not employ one of the many agencies which make a business of this type of work. Firms who regularly address the whole of the country by pamphlet or by circular matter usually maintain their own organisation. They split up the country into districts, and place in control men they can trust to do the work of supervision thoroughly. As a rule such districts are planned so that the trustworthy man may take charge of an area which he might cover in three months, and to him is left the task of organising the staff of distributors in each locality that he visits. It is very rarely in house-to-house distribution on this scale that the superintendent of the work carries the staff about with him. It is found cheaper to employ the casual labour of the town visited, using it simply for house-to-house distribution in that town and the districts within a reasonable journey from its centre.

Such an organisation, of course, entails a separate department. Apart from the provision of circular matter it would need one man at the head office to control the whole of the operations, who would be engaged in selecting the right kind of men to represent the firm in the different districts, and in supplying them with printed matter. The success of the campaign

would largely depend on the wisdom of his choice in selecting individual representatives. It would not be sufficient to send down a representative to any district and leave him entirely unsupervised. In a staff of thirty or forty men of this description black sheep would crop up with frequency, and in the interests of the firm it would be necessary to devise a scheme of proper inspection. Most distributors secure this by insisting on daily reports from all their supervising representatives which indicate the work that has been done and the work that is to be done during the following day. With a system of inspectors it is therefore easy to make irregular and sudden investigations, not only to find out whether the men are employed in the area they should be working, but by general inquiries in the district to find out whether the work is being done with any degree of thoroughness.

Much of this programme would apply to big sampling campaigns, but the bulk of the material distributed in this case involves one or two complications. Either a great army of distributors is necessary to carry the daily burden of samples, or some method must be devised of moving the bulk by horse vehicle. In the majority of cases firms engaged in sampling operations provide their supervisors with a vehicle capable of carrying sufficient for the day's operations, and with the staff of distributors he works the district allotted, using the vehicle as a centre. It is necessary in sampling operations to maintain a still closer supervision, because as a rule the goods themselves are valuable, and there is increasing temptation to leakage. Bill distribution nowadays on the house-to-house plan is confined largely to patent medicines, particularly when the campaign takes on a national aspect, while house-to-house distribution of samples is usually undertaken by manufacturers who have either a staple line to push in food or something of direct use in the house. For instance, sampling propositions are associated with cocoa, soap, metal polish, and goods of a similar character, not forgetting medical specialities of the proprietary order. As time goes on users of this means of advertising are more and more inclined to withdraw, and with the aid of the great addressing agencies to conduct their campaign through the post, while in sampling operations the bigger manufacturers and distributors are showing a strong bias in favour of such a close organisation of representation through the retail trade that they can obtain their distribution of samples through the shops.

I

ILLUSTRATION IN BUSINESS.—Illustration in business may once have been the luxury of a few. It is certainly now the necessity of the many. Upon that there will be no difference of opinion. There is, however, room for the setting forth of experience as to what are some conditions of successful illustration—successful, that is, in the business sense; successful in inducing business or retaining it.

It is particularly true of commercial illustration that a little learning is a dangerous thing; and one notable direction in which danger manifests itself is this, that there is a tendency in the United Kingdom to exaggerate greatly the potency of the unaided camera. The plain fact has to be recognised that what the public wants, if it is to be induced to buy, is a *picture*. What the unassisted camera can give is not a picture, but the key

to a picture. It can give the groundwork. Now America, while distinctly behind the United Kingdom in regard to certain forms and aspects of illustration, is certainly far ahead of us in the consciousness of how "it pays" to be thorough. It is not unusual, for instance, for certain motor-car manufacturers to send a new car to a firm of illustrators' big buildings. In their studio the car will be shown with every accessory favourable to obtain a pleasing picture. Perhaps the most charming young typist of the staff will be seated at the wheel. The car is probably photographed, not once, but many times, to give a choice. Or it may be that the studio becomes a temporary furrier's show-room; or some new article for household use is shown as the centre of some little scene of human interest staged about it. All this costs money; but it is the public, the ultimate employer of us all, that foots the bill. There may be reasons why a firm cannot proceed quite so elaborately as this, but if they have articles to sell which possess a high exchange value, they must, in their own interest, recognise that the photograph is ordinarily only the beginning. The one who produces the plates from which they will have to print must be allowed to set his best artists at work to complete the camera's best work. It is often the case that the article to be illustrated can only be photographed in conditions of semi-darkness; at any rate in conditions which absolutely preclude the operator from showing a photographic image to utmost advantage. Such a picture as would result in that case would assuredly be a very faint illustrative praise, quite enough to damn the most inherently attractive thing in the world. It becomes the engraver's duty then to set all the faculties of the artist to work. He paints or washes over the whole surface of the photograph, probably leaving not an atom of it presenting the silver print or other surface which was brought to him. He employs pneumatic and other contrivances for spraying cloud effects to prevent the appearance of a sharp edge upon the picture. He so touches up all the bright parts of pieces of machinery that they shall show as absolutely bright parts, with graphic representation of the play of the sun. He virtually suppresses details which are of little commercial importance, or which from purely artistic considerations must be subordinated. If opportunity offers, he submits the "original" thus worked upon, once or twice if need be, to the customer, before it is finally passed to be made into a half-tone block, or Meisenbach block as it was originally called. Clearly amid the totality of these operations the single incident of the original taking of the photographic image begins to be almost forgotten. It is at any rate merely one of a chain of incidents, each important and all mutually supporting, all contributing to the final result of the business-bringing picture—a graphic commendation of the article to be sold. And to think that the process, or the processes (for they are many), which effect this end are summarily dismissed in current jargon as *photo-mechanical engraving*! There are no doubt a great many leaders of commerce who realise the truth and fitness of things more justly, and it is because they are now numerous that a number of studios have arisen of late years in which men who combine the all-essential artistic sense with a sense also of what is likely to arrest public notice and conciliate public goodwill devote their powers to the glorification, so to say, of humdrum articles. Not necessarily striving after any sort of heroics in such advertising work; it

may be relying purely upon a humorous or simply upon human interest, but in one direction or another, taking the articles out of the common rut, out of the region of the class of mere items, mere commodities. The large engravers long ago established provision for such services under their own roofs. No one who requires to reach the million can afford to disregard the services they offer. Probably not all commercial men are aware how completely it is possible to gain assistance in an illustrated campaign from the very moment when a first faint idea swims into a business man's consciousness to the time when a graceful missive from the press is carrying that idea, substantially materialised and handsomely commended, to the homes of the million.

There may be some cases in which artistry is of minor importance in illustration. What is wanted is that there shall be assurance to the public that it is looking upon a facsimile of the object reproduced. This applies particularly to things which embody some new patent; cases in which the precise working of some contrivance is to be made perfectly clear. Manufacturers of textile goods are among those who stand to benefit very particularly by the advent of the Henschel-Colourtype process. A short while since it was commonly necessary for commercial travellers to carry about with them very weighty and cumbersome parcels largely made up of samples of their coloured carpets or tapestry, or such other materials as might befall, in soft goods. In the past it was commonly impossible to convey upon a very small scale by chromo-lithography a very accurate reproduction of many coloured objects, whereas by the most recent successful three-colour process quite dainty miniature kind of pictures have been made. A manufacturer is flying in the face of opportunities and of economics which are crying out to be availed of, if he does not utilise this new colourtype process and so obtain a portable compendium of what he has to sell. Cakes and confectionery and the like may perhaps dispute with textiles the credit of being those things which are most advantageously illustrated by colourtype process (see *Frontispiece*). But while it is true that one or two classes of subjects lend themselves a little better than do some others to such reproduction, it may be broadly affirmed that there is absolutely no article in commerce or in art which cannot now be satisfactorily illustrated by half-tone or colourtype; and the reasonableness of this will be the better understood when it is grasped that the mode employed is photographic in its base, and thoroughly scientific throughout. It is founded on the law that there are only three fundamental colours in the spectrum or rainbow. The subtle eye of the camera looks at the article to be reproduced but looks at it through coloured spectacles, one colour at a time being placed in front of the sensitive or registering plate. Printing blocks are made from the negatives, and printed in red and blue and yellow inks, and by even so few as three workings reproduce all the colours that were in the original subject, and each in its proper strength.

So far the case of the business man using rather good paper for his illustration and producing issues of the catalogue or booklet class has been considered. Very fine half-tone shows at its best on a smooth white paper; indeed the paper generally used for this class of work has received an enamel-like coating of some sort to correct the roughnesses of manufacture. The best of paper under the microscope presents all sorts of surface holes and hollows,

and when it is understood that a very fine half-tone plate, whether for ordinary advertising purposes and meant for black ink, or whether for colour-type, may present as many as 160,000 metal points or dots to the square inch, each point crowned with some fragment of ink, it will readily be seen that microscopic roughnesses on the paper surface not readily manifest to the eye may well be found out by some of the 160,000 metal points on the printing plate, and may manifest their presence in a degraded print.

There remains something to be said touching a very important use of half-tone illustration—its employment in the advertising columns of newspapers. A few years ago if an editor decided, greatly daring, to admit a half-tone illustrated advertisement into his newspaper, he risked being a laughing-stock of the town. But that has been altered. The conditions have been studied by all who have to contribute to the final result, studied by the photographic operator and the engraver particularly. Business men can obtain the illustrating and disseminating service they require from newspapers. The first thing is to see that the original is suitable. It should be “plucky”; it should present fairly strong contrasts; it should not embody ridiculously small items. The correctness, the suitability of the original is really more important than the use of a coarse screen or grain which was the only expedient which many could think of. It is possible so to coarsen the grain as to abolish the picture altogether. Newspapers of enterprise are beginning to realise that it pays to somewhat improve the quality of the news sheets. They can often be influenced by their larger advertisers towards taking that step, probably with great advantage to themselves as well as to others whose illustrated advertisements are adorning instead of adorning their pages.

There is just one caution to business men proper to be entered here, and that is, that some journals, unless they are watched a little carefully, will bestow a great deal of printing pains upon their literary pages, and will relegate their advertisements, adorned with fine half-tone plates though these may be, to a back section of the journal, there to be printed upon paper looking something like that of the literary pages, but as a matter of fact, of distinctly inferior grade. That is not justice, and it is not common sense. Again, in this instance also, the advertiser who refuses to put up with treatment of that sort will really be the editor's very good friend.

The subject of advertising is special and particular and outside the mere field of illustration, but one generalisation may properly fit in here. Whether your advertisement contain an illustration or not, it should at least be eloquent in its own display. We need strong black and white in anything which is to arrest public notice. We need a clear background against which the actual typed message shall stand out with compelling insistence. Let the obvious truth be pressed home—that nothing can be outstanding which has not something from which it is to stand out. It is a hard saying, no doubt, that blank space should be paid for, and paid for at a high rate. Willingness to pay something for nothing in this sense—willingness to pay something for what seems to be nothing—is a secret of arresting public notice. See ADVERTISING.

CARL HENTSCHEL.

Managing Director, Carl Hentschel, Limited

INDEXES.—In old-fashioned businesses, or under accounting systems which are not up to date, indexes are mainly used as a means of reference to one or other of the various ledgers, but the value of these handy means of reference is by no means confined to this particular quarter. An index may be used in connection with orders, sales, purchases, quotations, tenders, estimates, or any of the various matters of this nature arising out of the conditions of modern business. To take "Orders," for instance, as a single example; the consecutive numbers of the orders may be arranged in a numerical index, and so long as this particular order number is quoted the system will be found to work extremely well, but unfortunately the experience of most persons is that outsiders will not pay any regard whatever to references which do not concern their own books, and a double indexing system is necessary. The aim of all indexes should be to afford a ready means of reference with a minimum expenditure of time and trouble.

The ordinary everyday ledger index is generally bound with the ledger, but it will be found to be an improvement if the index is bound separately. Another form of index is in two parts, one opening to the left hand, and the other to the right, bound in the ledger, but so arranged as to open outside the area of the book of account. Another improvement is that the index is not only arranged alphabetically, but has also vowelled subdivisions. Again, with regard to ledgers, especially those which are used for small sundry accounts, the ledger itself is nothing more nor less than a huge index; that is to say, its leaves are cut for the reception of the indicative letters just as if it were an index, and not a book of account as well. This is called a self-indexing ledger, and is usually very satisfactory, with the exception that it is sometimes difficult to decide as to how much space should be allotted to the various letters. In this particular connection the experience of different towns and different countries varies very considerably. In London the names would be found to be fairly cosmopolitan. In Liverpool a preponderance of the Welsh element may be expected, while, with regard to different countries, some of the vowel indexes made for use, in America, for instance, are full of all kinds of quaint combinations designed for the purpose of dealing with the personal names, which seem to be quite inappropriate so far as this country is concerned, because the foreign element is not quite so strong here.

The most modern system of indexing comprises not only the numerical rotation, but also the use of a card index in order to find the number. For instance, if a customer sends a repeat order without giving the order number, a reference is first of all made to the card index, which is arranged alphabetically, or geographically, and from this index the actual order number is ascertained, when the price of the goods supplied previously could be at once found.

The attention which is now being paid to labour-saving devices is very considerable, and new schemes are constantly being formulated, each of which is designed to go one better than its neighbour in the way of saving time and trouble; and although it would be impossible to describe in detail each one of the many systems which at present abound, it may be said that the most satisfactory methods generally comprise some variation of the double index which has already been mentioned—that is to say, the card index is used

first of all for the purpose of allocating the customer, and from the card a reference is given to all valuable data relating to that customer, such as the folio of his account in the ledger or the number of his card in the card ledger, the factory number relating to goods supplied to him, reference to patterns or drawings, or any other information which may ultimately be of service.

A card index of this kind may thus not only serve the purpose of a reference to a numerical index, but also as a ready means of reference to the ledger itself.

In loose leaf ledgers the index is alphabetical, and is on the same lines as a self-indexing ledger, with the exception that regard need not be given to the space which will ultimately be required for each letter, because leaves may be inserted as occasion may require, and the folio of each account therefore remains constant, while the account is current, at any rate. *See* ACCOUNTING AND ACCOUNTING SYSTEMS.

INSTALMENT BUSINESS. *See* CREDIT INSTALMENT BUSINESS.

INSURANCE: How to Start an Agency.—Insurance agency is much overdone, and so competitive that the average new man, who undertakes the commission because of failure to secure something better, or to add to his income, does not face an encouraging prospect. Solicitors, bank managers, builders, and estate agents can as a rule always secure some insurance business. They know of openings for life or fire business before the ordinary agent, who in such circumstances is under a disadvantage. To succeed, the agent must be an insurance expert, who is competent to advise upon every description of risk covered by the companies. The position is suited especially to the shrewd clerk in an insurance company's office, who has mastered the technicalities and science of the insurance business, and who sees the prospect of a successful start in some large and wealthy centre. If, also, he can combine some other occupation or commissions, he will be better able to provide an income.

Possessed of the requisite insurance knowledge, it may suit his purpose best not to be allied to particular offices, but endeavour to secure business for those offering the best terms to the insurer. Some offices are tariff and some non-tariff; one office gives advantages in endowments, another in special premiums for particular cases, and another in accident and sickness policies, while yet a fourth meets fire risks on a better basis than others—but between the first six of the best offices there is little to choose. Those companies offering the maximum advantage often pay a smaller commission to agents, but the beginner has to choose between a sound and increasing connection or higher profits for himself and lessened advantages for his clients. For the success of his agency, he ought to be in the position of recommending the best office for the business suggested to him. In this way he will maintain and increase his reputation as an expert.

Should he represent only one office respectively in fire, life, accident, sickness, employers' liability, and so forth, there is a fair choice. He will naturally consult the insurance tables for the age of the office with whom he purposes to do business, whether it is a mutual or proprietary office; its liabilities and assets; its premium income; the relation of expenses to

premium income; and the valuation of the existing policies made to the Board of Trade. All this information is readily obtained, but it is to be feared that the ordinary agent troubles but little about comparative tables so long as he can secure profitable business for his particular office.

The requirements for a successful insurance agent consist (1) in the representation of sound and progressive offices; (2) technical knowledge of every phase of insurance business; (3) appreciation of the insurance needs of the district; and (4) tactful approach of possible clients. Opinions will differ concerning the best methods of attack, but obviously the agent must make his presence known in the district both by printed matter and personal calls. If he is representing two or three special offices, the district superintendents of those companies will soon pay him a call to suggest schemes of advertising for which they are usually willing to provide the cost. But even with the ordinary circular and the newspaper advertisement, business does not always follow, especially if competition is keen. To become really successful the agent must proceed on well-defined original lines. Everybody more or less is insured for fire, but it does not follow that the whole of their possible risks are covered. Take, for instance, a large mansion, hotel, or business premises: the proprietor may have insured the contents for a round sum, sufficient according to his estimate to replace them if damaged by fire. Oftentimes he never troubles to obtain an inventory of his goods for insurance purposes, and is at the mercy of his memory, or that of his employees, or the companies, when a disaster occurs. The fire insurance expert will use such a point with advantage. He will either work in conjunction with a local house-agent or possess a clerk competent to undertake an inventory, and offer for a fee to advise upon the whole subject. Such methods invariably bring business, for the large insurer often finds from the experience of friends that the omission of foresight has meant a heavy loss after a fire. Again, many trading firms omit to insure their profits against loss in the event of fire. In trades where conflagrations are more frequent—such as printing and drapery—this risk should be covered. Of course the keen agent will make every local fire of any dimensions a text for insurance.

Life insurance offices offer to-day so many policies, covering such a variety of risks, that the field has been widened to an almost unlimited extent. An experienced man is therefore able, without wearying his friends and possible clients, to present his arguments under several conditions. Take, for instance, two partners in a business—it will be to the advantage of the firm to insure against the death of either partner, so as to provide for an emergency when money may be drawn out of the firm, especially if it is not on a limited liability basis. A professional man may be glad to insure the provision of a sum in order to educate or start his boys in life. But the successful agent is aware that the best opportunity offers in the case of wealthy men who are willing to insure for sums of £500 and upwards. These require less persuasion, and are as a rule much keener in appreciating the value of life insurance as an investment.

Commission varies according to the office. In some cases it is as high as 33½ on the first year's premium, but in first-class offices the usual rate is 1 per cent. on the sum assured. Thus a policy of £1000 would secure

£10 to agents, with a further $2\frac{1}{2}$ per cent. on each succeeding premium. Fire insurance commission works out at 15 per cent. on the first year's premium, with 10 per cent. per annum on renewals. Plate Glass, Employers' Liability, and Accident Companies pay 15 per cent. to 20 per cent. on the first year's premium, and a renewal commission is 15 per cent. per annum. The agent who can do any considerable amount of business with a special company is in the position of securing also an annual retainer of from £20 to £25 for the use of his office windows for the company's advertisement, but obviously he must justify such expenditure by securing new business.

There are seven Industrial Life Offices whose agents collect the premiums weekly, and also canvass for new business. They are paid a wage of between twenty and twenty-five shillings per week, and are dependent upon new business to increase this sum. Their task is difficult and oftentimes vexatious, and brings them into contact with people who generally provide their insurances out of slender resources. The industrial business is the least satisfactory and inviting of insurance work.

INVENTORIES, PERPETUAL AND APPROXIMATE.—The difficulties arising in connection with an inventory of goods on hand, generally called "stocktaking" in this country, are so great in many cases, that there is a constant endeavour to discover some means whereby the time and labour involved in weighing, counting, and pricing a vast number of units may be avoided. The most rough and ready system is naturally that which consists in deducting from sales what is considered to be the average profit thereon, so as to reduce the figures to a cost price basis. The trader then says, My stock on hand at the commencement of the period was, say, £1000. My purchases during the period have been £2000. My sales £4000, on which I make 50 per cent. gross profit. I must therefore have stock on hand at the close of the period £1000, exactly the same in amount as at the starting point. He considers this to be quite satisfactory from his own point of view, and does not bother to consider the details in full. In connection with this method, it should first of all be pointed out, that no system of estimating the amount of stock on hand can possibly be of any use unless it is periodically compared with the results arising from an actual stocktaking, because the figures which are based upon assumption and estimates must necessarily be subject to all kinds of fluctuations, which can only be properly indicated when compared with actual results. In the second place, it is very rare that a trader can definitely say that his figure of profit is a certain percentage. Even in cases where he is only selling one class of article at a standard price, fluctuations in the price of the goods are almost certain to arise, with a corresponding difference in the percentage of profit; but, as in the majority of instances where a large number of articles of various kinds are sold, each class has its own percentage of profit, it is next door to impossible to expect any person to arrive at an equitable average. Since the reduction of the selling price of goods to the cost price basis is one of the first essentials of any system of estimation of stock, it follows that any doubt there may be as to the percentage throws a corresponding doubt upon the result.

The second method, which may be said to be in the nature of a perpetual inventory, involves some considerable skill in handling, and not a little ex-

penditure of time and labour in its evolution. Moreover, if the sum total of time and labour spent in connection with the system be compared with that incidental to actual counting and pricing of stock, it is very doubtful whether the latter would not be far less expensive. In the perpetual system it is necessary to record against each sale the cost price of the goods. These cost price figures are then summarised, and being deducted from the total stock at the commencement of the period, after the purchases during the period have been added thereto, the resulting balance may be taken as the book value of the stock on hand at the close of the period.

In order to present the figures in an intelligible manner, it is usually the custom to classify the stock, the figures of purchases, which, of course, are necessarily at cost price, together with the cost price of goods sold, being carried to a summary each month, the total of which gives the required inventory at the end of the period.

The following form will suggest to the reader the method in which such a record appears:—

FORM A.

PERPETUAL INVENTORIES

	A 202				B 406			
	Purchased		Sold		Purchased		Sold.	
Stock on hand at commencement of period								
January .								
February								
March .								
Etc								
Total								
Deduct ,								
Estimated value of Stock on hand at close of period.								

Telephone No 5555 Avenue 4 Lines
Telegraph Address Wyckoff London



CONTRACTORS TO
HIS MAJESTY'S GOVERNMENT
THE ROYAL NAVY



Remington Typewriter Company

Prices quoted for Cash

*101 Gracechurch Street
London E.C.*

Sold to

Messrs Smith & Co.,
Liverpool

We do not guarantee the safe delivery of goods sent by rail

May 27, 1910

2 Purple Remtico Paragon Ribbons for No 7	6 0 net
100 Blue Paragon Q'to Carbons	10 0 net
4 Reams No 8 Wove Large Q'to Paper	2 0 0
1 Purple Cop. Remtico Paragon Ribbon for No. 10 on spool	3. 6 net
1 Purple Cop. Remtico Paragon Ribbon for No 7	3. 0 net
100 Black Remtico Paragon Carbons F'cap	<u>12 6 net.</u>

£3.15. 6

An Example of Modern Invoicing by Typewriter.

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For the guidance of the reader it may be said, that in England such perpetual inventories are mostly applicable to businesses which sell goods in original packages, or to outfitting businesses where the classification of stock can be easily attempted, but the system is much more generally used in America, where the trading conditions are vastly different.

INVOICING.—A few years ago nearly every British concern sent out penwritten invoices, in spite of the fact that (in many instances) the same concern would be using a typewriting machine for correspondence. At the first blush it would seem an exceedingly short-sighted policy to admit the superiority of the machine in one case and deny it in the other, but there was, in those days, a good reason why letters should be typewritten and bills or invoices handwritten.

Briefly, the ordinary typewriter easily outstripped the penman so far as straightforward writing was concerned, but in the case of tabular and columnar work generally this superiority was not demonstrated. In the latter case the typewriter carriage had to be adjusted to the various writing points, and this was slow work. What made invoicing by typewriter a matter of ease was a simple but efficient device termed the tabulator. A general description of this device is not necessary, but a more extended reference to it will be found in the article on **TYPEWRITING MACHINES**. The purpose of the tabulator is to enable the operator to bring the typewriter carriage to the exact writing point by a simple key pressure; thus sweeping away the old tiresome need of hand adjustments.

The tabulator then is the foundation of the billing machine, and by its use the operator can typewrite invoices in less time than a swift penman can write them. The saving of time is not all that is effected; there is in addition the superior legibility of the typewritten bill and its more business-like and neater appearance.

These salient points have been so far recognised that a large number of firms have adopted the billing typewriter for the simple typing of invoices; more particularly in cases where a considerable quantity of invoices is sent out in the course of a week or month.

The billing machine will, however, do more than take care of the typewritten bill. It will in addition reproduce from four to a dozen copies of the original invoice, as well as a sheet of day-book entries (for binding purposes in loose leaf books). These duplicate copies are, of course, made by the use of interleaved carbon paper, not quite the ordinary carbon paper but a special variety known as billing carbon—a stiffer material and one more easily handled. It is in America where the billing system has reached its greatest possibilities, although we are assured that even there much more remains to be done. In that country, for instance, it is no uncommon instance to find a billing machine used for the writing of invoice and from a dozen to fifteen duplicate copies of same as well as a record of day-book entries. In many cases copies of the original invoice are made so that certain items are omitted from the duplicates, the omission being contrived by the arrangement of various different sizes and shapes of forms, and by ingenious cutting of carbon sheets. Forms are inserted in the machine *en bloc* and afterwards taken apart from their perforated edges.

In Great Britain these elaborate systems are seldom called for. In the ordinary routine of the British merchant's business an order is received by

post or 'phone, or is received personally. It is entered in the duplicate order-book, or on a loose order slip, which is sent to the despatching room, and thence to the office to be extended and copied on invoice form, and afterwards copied to day-book or abstract-book. Possibly a delivery or carter's sheet is also made out, and very often all these processes are separate operations. This is the old method. When an invoicing machine is used, orders are sent to the office to be extended and then copied on the machine, all the necessary copies being made in one operation. First copy, despatching or packing slip; second copy, carter's slip (these two having no prices on them); third copy, invoice; fourth copy, day-book.

It is argued by conservative concerns, and very often by members of the staff who for personal reasons are opposed to innovations, that this system necessitates a second checking. The argument is not sound, inasmuch as two-thirds of the time of a clerk is spent in the writing of the details on the invoice, and only one-third of his time in extending and checking. Therefore two-thirds of a clever man's time is wasted on mere copying, whereas anybody can do the copying on an invoice machine, at a far less salary than would be paid to the expert on extensions. A boy will type the invoices better than any expert invoicing clerk can write them, and only requires a boy's salary. This is practically the basis on which rests the effectiveness of the invoicing system so far as this country is concerned.

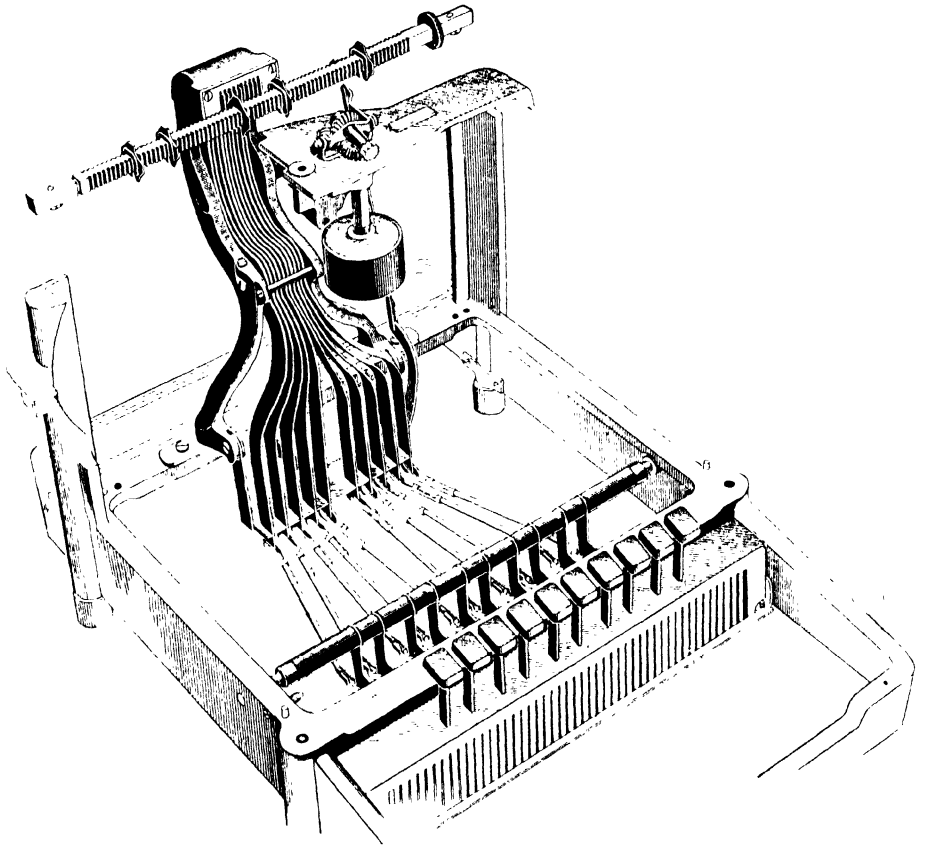
Some concerns do not keep a copy of their invoices in a day-book; the only copy kept being the order form. In these cases the invoice alone can be copied on the invoicing typewriter 30 per cent. speedier than it can be written with the pen. Such concerns enter up an abstract-book, giving name and address of customer and the amounts of the goods purchased in each department, under the departmental headings. The names, addresses, and total of sales can be written in abstract-book with the invoicing typewriter and the departmental amounts filled in with the pen.

The system of invoicing by typewriter in this country has hitherto suffered from two drawbacks; the first being our innate conservatism, and the second the flowery stories of salesmen who in many cases have little understanding of their subject. It is not every business concern that can use the system with advantage, but in many houses of business of to-day there are complicated systems of invoicing in use, entailing copying and the recopying of order in various forms. The order is copied and recopied because no satisfactory method of checking extra copies was to be had when the old systems of invoicing were introduced. The system of invoicing by typewriter is the one which should appeal to these people.

Invoicing by this system may be accomplished with or without the assistance of the loose leaf principle, *i.e.* the principle of securing the day-book sheets in a loose leaf binder instead of making day-book transfers in a bound book. Some firms have a confirmed objection to the loose leaf proposition, but it cannot be said that the objections are nowadays founded on substantial grounds. Ordinarily the loose leaf day-book is found to be quite satisfactory in operation, and as the day-book entries are written with the invoice at one and the same writing, the gain of time and the economy of labour is obvious—where the business of the office lends itself to the installation of the system.

H. WENTWORTH JAMES.

Advertising Manager of the Remington Typewriter Co.



Decimal Inbuilt Tabulator.
See INVOICING.

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J

JOURNALISM—1. **How to Enter it as a Profession.**—No royal road to journalism has yet been discovered. Technical cramming may admit young men to some professions, but classes and examinations—useful in their way—cannot provide a sure and certain passport to the newspaper profession. Granted first of all that the aspirant possesses a good average education, he should in addition be able to present facts and arguments in lucid style, with convincing effect, and by the use of simple English (on some daily newspapers the rule obtains that no foreign words or phrases shall be used). He should show aptitude in gathering news and acquiring facts, discriminating between the essential and non-essential, and recognising the determinating pros and cons on the matter or subject under consideration. This means that he must perceive the heart of things and impress readers with his knowledge of the subject. Unless also he is enthusiastic in his desire to enter the profession he had better adopt some other calling, for journalism has its treadmill, and at least 90 per cent. of its candidates must be prepared for heavy work.

The ordinary method of entering newspaperdom is by a junior reporter-ship on a weekly metropolitan or provincial paper. A knowledge of shorthand is essential. In many cases the newspaper proprietor requires a premium varying according to circumstances, and stipulates for a term of three to five years' apprenticeship, according to the age and ability of the apprentice. For the first year he may receive £20 as salary, £30 for the second, and £40 or £45 for the third. At the end of his apprenticeship he may obtain £45 to £50. Minor engagements will be given him at first. His instructions will probably include attendance at second-rate concerts and small meetings in order to obtain materials for paragraphs. When fairly proficient he will be expected to visit three or four villages every week to collect news. This is excellent training, and, if he has the making of a journalist, will enable him to cultivate what is called "the nose for news." When he has become an expert note-taker he may be entrusted with verbatim reports. Application and study will by degrees qualify him for any work done on behalf of his journal. When he has reached the best the paper has to offer, he should seek a better appointment with a view to further experience.

The staff of a weekly journal is usually small, but the work is always heavy, so that at the end of the week, prior to the time of the paper going to press, the reporter may expect to be on duty from 10 A.M. of one day until at least 2 A.M. of the following, and yet be at his desk again at the ordinary hour next day. Sixty hours per week is not an unusual average for the country reporter, who can rarely depend upon any settled leisure. Even Sunday is not free from professional engagements.

When the journalist meets with some success, his salary increases and his work becomes more interesting. After five or six years' experience he will receive 35s. to 42s. per week, and obtain more important engagements. Many country journalists under such circumstances also possess the opportunity of adding to their income by contributing to the dailies and news-

agencies. But for these perquisites, his income would not be better than that of a linotype operator or skilled mechanic. He can often double his income by this extra work, and by skill and discernment in executing such commissions for the dailies he often obtains introductions to more important journals. The technical term for these outside contributions is "lineage." Again, he may receive the appointment of official reporter to the local Bankruptcy Court, and occasionally commissions for full notes on a legal action or inquiry may fall to his lot, still further assisting him to a professional income. But on the whole, even with these additions, the staff of weekly provincial papers is not adequately remunerated.

The London dailies are recruited principally from Scottish and provincial papers. The salaries paid to reporters on the principal dailies is £5 per week; sub-editors receive £6; special writers, £6 to £8; chief sub-editors, about the same; leader writers and news editors, £10 to £15; and editors, £20 to £30. Most of these appointments are reserved for those who have served at the bottom of the ladder, but occasionally a barrister or well-known writer will obtain a post on the writing staff because of his name. As a rule the man who knows the technicalities of his profession, and has skill as a writer, is preferred. To enter journalism without previous technical training is a doubtful policy. Some men may and do succeed under these conditions, but they are born journalists who ought to have made journalism their original profession. The outsider is generally chosen for such posts as leader writing, where the technicalities are few, or in reviewing, dramatic criticism, and so forth. University graduates are often chosen as leader writers and reviewers.

To-day the conductors of important daily journals endeavour to secure men who have made a study of either social or industrial problems, the navy, the army, music, art, religion, automobilism, local government, trade and commerce, fashions, &c. Thus in addition to being a skilled journalist, he may possess an expert knowledge which will prove most valuable to his paper and of considerable service to his own advancement. In a word, specialisation is the order of the day with regard to newspaper management. The chance for women in journalism is along these lines. As an ordinary reporter a woman is at a disadvantage. No newspaper manager would care to send a lady to carry out some engagements. But as a dress expert she can describe weddings and social functions and prove of considerable service on a large staff. In the general routine of a newspaper office she cannot work on an equality with man. She makes an admirable librarian, indexer, and secretarial assistant, but in the "rough and tumble" of journalism her male contemporary is more useful. As a profession for women journalism cannot be recommended, under ordinary circumstances.

2. Outside Contributions to the Press.—People of both sexes, who can write clear topical English and are possessed of ideas and know their subject, can become outside contributors to the press upon certain conditions. First, they must be prepared to win their way, unless of course they acknowledge influential friends; secondly, they must expect disappointments; and thirdly, they should not at first depend upon such contributions as their sole means of livelihood. The market embraces fiction, topical and polemical articles, literary sketches, personal and other

paragraphs and news. Obviously the contributor cannot at first become proficient in all these departments, and the wiser course is to test the literary capacity in either one or the other direction. A practical method is to study carefully the requirements of three or four magazines or journals and ask the question, "Can I supply any of the matter that the editor requires?" If the answer is affirmative, then try, for instance, the fiction side, and submit a short story. If this be returned with the stereotyped letter of thanks, analyse its defects by the light of the refusal. Sometimes this is occasioned by a lack of dramatic power, insufficient or uninteresting narrative, and a want of originality. Again, the editor may possess preferences for the unconventional and ban the sentimental, and *vice versa*. An article may fail to secure admission for a variety of reasons. The subject may prove unsuitable to the particular publication, or for the reason that one on a similar topic has recently appeared in its pages. It may be too heavy or too light in its treatment, or it may possess errors in fact and faults in construction. Diligent and persistent study can alone correct these mistakes, but until they are overcome success cannot be assured.

At the present time editors are anxious to secure good short stories, of between two thousand and three thousand words. A careful study of the daily and weekly press, as well as the magazines, will inform the literary aspirant of the chances in this direction. The average payment is one guinea per thousand words, but writers whose names are known secure higher rates. The popular type of journal may offer a beginning. In the case of refusal by *Pearson's* the editor indicates the reasons for non-acceptance. Perfect your style and study the market, is the best advice under the circumstances.

All the reviews are open to consider articles of topical interest. But one condition obtains here, viz. that the writer must be an expert upon the subject discussed. The aim of the intended article should consist in the contribution of new facts or opinions, stated with lucidity, without perverted bias, and with well-reasoned judgment. New writers have a chance even in the most high-class monthly, but everything depends upon the subject and its treatment. An intelligent anticipation of public interest often ensures acceptance of an article by the editor, whose endeavour is always to maintain his literary contents as nearly to date as possible.

Outside the half-a-crown monthlies and one or two other magazines, such as *Chambers's Journal*, there are few opportunities to-day for placing the ordinary three-thousand-word article. Fiction has entered so strongly into the ordinary monthly that it has superseded almost everything else. If, therefore, a budding writer has an idea for an article, it would be to his advantage to write to an editor and to ask whether he would consider its acceptance before putting it into literary shape. A stamped envelope for reply will, as a rule, ensure an answer. If in the negative, the applicant should immediately try another monthly. One refusal need not negative the suggestion. Should four or five editors refuse, then it had better be dropped or modified in some important particular. If the serious article is less welcome, there exists, however, a new and growing field for the topical, descriptive, and humorous sketch, such as is used by *London Opinion*,

John Bull, and the sixpenny weeklies. A light touch, a pleasant fancy, and a keen art need to be cultivated, and if these qualities can be tempted on to the MS. the writer will after a time find a market. For such work the usual pay is from twenty-five to thirty shillings per thousand words. Ultimate success can only be won by unlimited perseverance and skilful reading of the signs of the times.

When articles are accepted and proofs submitted, months may supervene before the article appears, so that it is unwise to depend upon such payment for the ordinary and immediate necessities of life. In rare cases a cheque will be sent upon acceptance, but in the larger number of instances a settlement is not received until some time in the month of its publication.

Another form of outside contributions is to be found in the opportunity of forwarding paragraphs to the London correspondents of provincial dailies, for their London letters. The *Manchester Guardian*, the *Birmingham Daily Post*, the *Yorkshire Post*, the *Liverpool Post*, and the *Sheffield Telegraph*—to name a few—are open to consider paragraphs of a hundred to a hundred and fifty words embodying some important item of news either on political, literary, artistic, dramatic, or religious topics. This paragraph must be news at first-hand and authoritative, and in sympathy with the general tone of the paper. Payment is made usually at the rate of from 3s. 6d. to 5s. each paragraph at the end of every month. A different style of paragraph is received by the *Daily Chronicle* for its "Office Window," and a study of this interesting feature will afford the aspirant some idea of the editor's requirements in this direction. Personal items again are accepted by the *Westminster Gazette* for the London Letter on its first page. Threepence per line is paid for all paragraphs so appearing. The editor of *Pearson's Weekly* also welcomes biographical stories for which he pays about the same rate as the *Westminster Gazette*.

General news may also be forwarded to the leading dailies, but many difficulties bar the way of the ordinary amateur. Unless he or she is in an exceptional position for obtaining first-hand information promptly and with accuracy, the advantage lies with the professional journalist whose training naturally enables him to outdistance other competitors. The contribution of news is not as a rule a profitable or desirable venture to outsiders. For general guidance it should be stated that the daily press is always open to receive news of prominent public men, their doings and their speeches, commercial developments that are free from suspicion of advertisement and particulars of social and scientific progress. Before attempting to forward such items, the amateur may avoid fruitless labour by satisfying himself that his news is exclusive. On the best dailies payment is made from 1½d. to 3d. per line, with a minimum of 2s. 6d. for a paragraph. If the news appears, it is necessary to forward an account at the end of each month.

Statements are made from time to time concerning the receipts possible to outside contributors. To a large extent these are misleading if taken as a basis for others. Literary earnings depend upon many considerations. Writers must not only possess the ability to write, but also the business quality of selling their wares to the best advantage. Failure in either direction is fatal to complete success. Subtle distinctions of style and outlook count for much and must enter into these comparisons. The only safe

advice for the beginner is to test his or her qualifications as far as opportunity and policy suggest. In the course of a year or so the financial possibilities will be better understood and appreciated.

C. T. BATEMAN.

L

LANGUAGES: Their Value.—In another part of this Encyclopædia there is an article on Shorthand and Typewriting and their value in a business career. To the student who is equipping himself for the higher walks of business the present article might very fittingly be read in conjunction with what is said about shorthand and typewriting. To succeed in business nowadays the beginner cannot have too many qualifications, and it is generally accepted by authorities that while mechanical ability to take a rapid note, and to transcribe it satisfactorily, is an excellent credential for a business start, it does not follow that it leads to any great prospect of advancement. It is necessary to supplement the elementary preparation for a business life by other qualifications which make the worker more and more indispensable. The acquisition of a language is probably the most valuable qualification an ambitious business man can select. Just as a few years ago shorthand and typewriting were almost novel accomplishments, to-day a knowledge of languages, capable of practical application, sets the worker on a separate plane. The English people are not linguists and show great reluctance to learn any other language than their own, and the man who can speak and write one, two, or three other languages is undoubtedly a valuable member on the staff of many businesses. Trade, to-day, is an international activity, and it grows more so as the years go on. The necessity for knowledge of the languages of other countries is constantly a growing one, and the man who can satisfactorily take charge of the international correspondence of a business concern should always find substantial remuneration for his efforts.

To-day languages are easy to acquire owing to the improvements in educational systems. In London and the cities, nearly all commercial colleges have language classes, as also have the smaller technical schools, where for a very reasonable fee excellent tuition can be obtained. The most practical languages, from the business point of view, are French, German, and Spanish, and with these three languages most business requirements are met. French is an excellent first language to acquire, while German is usually taken as a second. If the student is keen on the subject, the third language, Spanish, is always a useful business language to know.

Opportunities for students of languages occur in nearly all great export houses, and the beginner who starts in such a concern with a knowledge of languages is sure of advancement up to a certain point. The probabilities are that the mere study of the language itself so broadens his intellectual outlook, that not only does he become valuable as a foreign correspondent, but he also develops into a useful man of affairs. Foreign correspondents in the great houses have pleasant positions which are paid above the ratio of the average clerical positions without special qualifications. In addition, the

man who is in touch with the international side of a firm's business has a broader outlook on business affairs, and is brought into closer personal touch with the clients of his firm. He has, therefore, additional opportunities of becoming useful and establishing his position with his house, while he has opportunities also of gaining experiences which make his services increasingly and specifically valuable as time goes on, should he wish to make a change.

The business man with languages has also an extended scope as a representative of the firm. With improved opportunities of travelling, business with foreign countries grows daily in intimacy, and the travelling representative who can visit Germany and France and make himself understood in business negotiations is a man which many firms increasingly value. As time goes on, the foreign traveller of English manufacturing houses will become more and more important, and the field will present a widening one for his activities. A man accustomed to travel, whose experience has taught him to understand the outlook of men in other countries outside his own, can always find opportunities which are closed to the stay-at-home Englishman, who has neither the experience of other peoples nor a knowledge of languages which will enable him to gather it.

Competition is so keen that the system of doing business by agencies in various countries is weakening, and direct and special representation must increase in all the big centres. The man who starts in an exporter's office with a knowledge of two or three languages, who is able to master the intricacies of their foreign dealings and handle their correspondence on the subject, is naturally marked out as the man who will go further afield to represent interests in wider areas. Apart from the monetary value of this kind of service, to a certain type of man the extended horizon is attractive and makes the business life additionally interesting. In addition, it adds to his experience in many ways which cannot be described definitely in words, but it is an experience for which manufacturing firms are constantly looking, and the man who has it need not go far before he finds satisfactory employment.

The student of languages will never be content to learn his language in the various schools existing for the purpose of teaching him. To-day, in almost every centre, it is possible to find natives of the countries whose languages the student is learning, and the best supplementary way of acquiring conversational proficiency is to seek such men out and talk to them in the language being learnt. There are some authorities who say that the best way to learn languages is by conversational methods, and one or two schools have lately sprung up which teach them in that way. Teachers, however, differ on this point, and the more conservative solidly emphasise the necessity of learning a language by mastering the rules of its grammar. Both schools of teachers would agree that, side by side with the ordinary teaching to be found in a class, conversational exercise with people familiar with the language being learnt is a most valuable aid to a complete understanding. For this reason, holidays abroad are strongly recommended, as much for the extended knowledge obtained by intimacy with other national conditions as for the facility they give for employing practically linguistic attainments learnt theoretically at home.

LEGISLATION. See COMMERCIAL LEGISLATION (RECENT).

LIQUIDATION AND INSOLVENCY ACCOUNTS.—Companies may be wound up in three ways—

1. Compulsorily by the Court.
2. Voluntarily.
3. Voluntarily, but under the supervision of the Court.

Each of these three methods requires separate treatment.

1. Compulsory Liquidation.—The first document of importance having bearing on the accounts in a compulsory winding-up is the statement of affairs. The statement has to be prepared by one or more of the directors or ex-directors with the secretary, and they are allowed remuneration for so doing. It must be filed within fourteen days after the making of the winding-up order unless further time is allowed. The statement contains particulars of—

(1) All the assets of the company, giving names and addresses of all debtors and persons owing money for calls.

(2) All the liabilities with the names and addresses of the creditors and particulars of any securities they hold.

(3) The capital of the company, specifying the different classes of shares and names and addresses of the shareholders.

(4) The result of the company's trading during the previous three years, if it has been formed so long.

A summary of this statement is circulated, and all creditors and contributories may inspect the complete statement and require a copy thereof; by doing so they are often able to give information of value in the winding-up.

When the liquidation has commenced the official receiver and, when he is appointed, the liquidator, are responsible for keeping accounts of the liquidation. An elaborate form of cash book is prescribed, and a record book must be kept, setting out all the happenings of importance during the conduct of a liquidation. If the liquidator carries on for a time the business of the company he must keep a separate trading account of those transactions.

Except where a local banking account has been authorised—and this is not done without special reason—the liquidator must pay all sums as he receives them into the company's liquidation account at the Bank of England, notifying the Board of Trade on each occasion. Monies are only paid out of this account on cheques drawn by the Board of Trade, to whom the liquidator must apply when he desires to make any payments. If a liquidator retains more than £50 in his hands for more than ten days, he renders himself liable to heavy penalties.

If a special manager is appointed in the early stages of the liquidation he must account to the official receiver. The liquidator's accounts are audited (1) by the Committee of Inspection; (2) by the Board of Trade.

(1) *The Audit of the Committee of Inspection.*—If the liquidator is carrying on the business, he shall submit the trading account for audit to the committee of inspection or such member as they appoint for the purpose at least once a month; and before doing so he shall certify it by affidavit. Not less than once in three months he shall submit the cash book and record book, with the necessary vouchers, to the committee for

audit. In each case the committee shall certify on the account whether they are satisfied the same is correct.

(2) *The Audit by the Board of Trade.*—The liquidator shall transmit his accounts to the Board of Trade for audit at the end of each six months while the liquidation continues. He shall also do so when he applies for his release, or as soon as he has completed the realisation and distribution of the assets. The Board of Trade requires at the audit two copies of the cash book (one verified by affidavit), the record book, special manager's account, if any, all vouchers, receipts, and allocations, and lists of all paid and unpaid dividends, and a report on the position of the liquidation in the prescribed form. At the first audit a copy of the front sheet of the statement of affairs is required and also a copy of some of the schedules. When the accounts are passed a summary of them is issued to the creditors. If a liquidator has neither received or paid any monies, he sends to the Board of Trade an affidavit of no receipts or payments.

The accounts of the liquidator are open to the inspection of any creditor or contributory.

If the winding-up is not concluded before the expiration of twelve months from its commencement, the liquidator must send to the registrar of joint-stock companies a statement of his receipts and payments verified by affidavit; and this account is open to inspection by any creditor or contributory. A similar statement must be sent by the liquidator at the end of every subsequent six months until the termination of the winding-up. If in any period he has neither received nor paid any money, he shall send an affidavit of no receipts or payments.

If it appears from the above statement that the liquidator has in his possession any money representing unclaimed or undistributed assets, which have remained unpaid for more than six months, he shall forthwith pay the same into the Bank of England; in default he becomes liable to heavy penalties.

All charges of any persons employed by the official receiver or the liquidator, such as accountants, solicitors, managers, auctioneers, and brokers, must be taxed before they are paid.

Unless the Court otherwise orders, the liquidator's remuneration shall be fixed by the committee of inspection and shall be calculated, partly as a percentage on the amount realised after deducting (1) the sums, if any, paid to the secured creditors (other than debenture holders) out of the proceeds of these securities; (2) the amount realised by the official receiver, and partly on the amount distributed in dividends. If the Board of Trade think the remuneration excessive, they may apply to the Court, and the Court shall fix it. If there is no committee of inspection, the remuneration shall be calculated according to the scale for official receivers. The liquidator must in all cases bear the cost of his security.

In the event of the assets in a winding-up being insufficient to meet all the costs, they shall be paid in the following order:—

1. The actual cost of realisation.
2. Costs of petition (taxed).
3. Remuneration of special manager (if any).
4. Costs of statement of affairs.
5. Taxed costs of shorthand writer appointed to take an examination.

6. Liquidator's necessary disbursements.
7. Costs of persons appointed by the liquidator with the sanction of the committee.
8. Liquidator's remuneration.
9. Out-pockets of the committee of inspection, subject to the approval of the Board of Trade.

2. Voluntary Liquidation.—No statement of affairs is officially required in a voluntary winding-up, though a statement is often submitted to the meeting passing the resolution for winding-up. The liquidator does not have to pay the monies realised into the Bank of England, and there is no official audit. There is no statutory provision for a committee of inspection.

At the end of each year during the winding-up the liquidator must summon a general meeting of the company and lay before it an account of his acts and dealings during the year. At the conclusion of the winding-up he prepares a final account and summons a general meeting (which must be summoned by advertisement—if the company is registered in England an advertisement must appear in the *London Gazette* a month before the meeting). It is suggested that liquidators should also send a notice to all the members of the company by post or as provided in the company's regulations. The liquidator should get from the meeting instructions as to the disposal of the books, and if his remuneration is not already fixed—it is often fixed when he is appointed—the meeting should fix it. The meeting may fix the remuneration in any manner they choose. If the liquidator was appointed by the Court, the Court will fix his remuneration. No order is presented in which the costs should be paid if the assets are insufficient to pay all.

At the end of each year, as in compulsory winding-up, an account must be sent to the registrar of joint-stock companies; and similarly, unclaimed and undistributed assets must be paid into the Bank of England.

3. Winding-up subject to the Supervision of the Court.—The accounts in these liquidations are subject to the same regulations as those in voluntary winding-up, except as the Court otherwise orders. Usually the liquidator has to file a quarterly report, and often has to pass his accounts in the Court periodically.

Bankruptcy Accounts.—The regulations governing these are much the same as for compulsory liquidation. A statement of affairs is prepared by the bankrupt. There is a bankruptcy estate account at the Bank of England. Special books are prescribed; there is often a committee of inspection, and the accounts are audited very much as described above. A statement of account is sent to each creditor with each dividend, and not after the audit. A creditor can demand, on payment, a copy of the cash book or of the list of creditors, and one-sixth of the creditors may require, also on payment, a statement of account made up to date and sent to each creditor. The creditors or the committee of inspection (or where there is no committee, the Board of Trade) may resolve that the cost of the trustee's security be paid by the estate.

Deeds of Arrangement.—The trustee must send to the Board of Trade during January in each year an account up to 31st December previous, verified by affidavit. The committee of inspection, if any, may audit same. If the trustee is carrying on the business, a separate trading account must

be kept and supplied to the Board of Trade. The trustee must, of course, observe any special provision as to accounts in the deed.

F. GATUS BOWERS, C.A.

LOOSE LEAF LEDGERS. *See* ACCOUNTING AND ACCOUNTING SYSTEMS.

END OF VOL. VI.

