

Q.2-73. → Explain the slip system of posting. Discuss the types, features and advantages and disadvantages of Slip system?

Ans.

Slip system of posting refers to the method in which the transaction is entered into the books of accounts on the debit or credit side as per the nature of the transaction.

It is adopted by the banking companies to keep a record of the deposits made and withdrawals made by the customer's out of their account.

Slips are the loose leaves of the paper which is used to perform a transaction with the banks. Each bank has its own name on the slips and format of the slip may vary from the bank to bank.

\* Types of slips: —

These are usually three kinds of slips: —

(A) Pay - IN - slip :- This is also known as deposit slip. It is a form supplied by a bank for a depositor to fill out and to deposit the money in the bank. Pay-in-slip is used to deposit the amount in the bank.

These slips contains the following particulars to be filled:

- (a) Name of the depositor having bank account
- (b) Contact number
- (c) Account number
- (d) date

- (e.) Branch of the bank
- (f.) Denominations of the money deposited
- (g.) Signature of the depositor

(B.) WITHDRAWAL SLIP :- Withdrawal slip is the used for drawing the amount from the bank account. It is a document of bank on which a person writes the date, account number and amount of money to withdraw from the bank. These slips contains the following particulars to be filled:

- (a.) Name of the drawer having bank account
- (b.) Account number
- (c.) Date
- (d.) Branch of the bank
- (e.) Signature of the drawer

(C.) CHEQUES :- cheque is a negotiable instrument which can be transferred by mere hand delivery. It is a document issued by an individual to his or her bank, directing them to pay the person whose name is mentioned in the document the sum specified in it for such a document to be valid, it is important that the person issuing it has an account in the said bank. An issuer of the cheque is called drawer, and the one to whom it is issued is the drawee. cheque is used to make safe and convenient payment. It is less risky and danger of loss is minimized.

## \* Features of Slip System :-

- (i) Slip system of posting is based on the double entry system. Double entry system is a system in which each entry affects two accounts with same amount, i.e. debit is equal to the credit.
- (ii) The transactions are entered into providing the details on the slips.
- (iii) It contains the different slips i.e., withdrawal slip, pay-in-slip and cheque for different types of transactions.
- (iv) It records the transactions in ledger book of accounts.
- (v) Slips serve as the evidence for the transactions.

## \* Advantages of Slip System of posting :-

- (1) Division of Labour :- In this system of posting the customer himself fills up the slip for the transactions. It reduces the burden of the clerks and thus promotes the efficiency.
- (2) Easy method and scientific :- The slip system of posting is a very easy method. As there are loose slips which are to be filled, so this is a scientific method. Each slip has a particular kind of function performed by it.
- (3) Evidence in the court :- Under slip system of posting the slips are prepared. These are kept as records for the future. In case of any dispute, these slips can be used as evidence in the court of law.

(4) Helps in keeping the Accounts up to date:—

From the slips filled in by the customers, the amount of transactions are posted on the debit side and credit side of the account of the customer which keeps the account updated.

(5) No Need to Prepare subsidiary books:— In this system of posting the transactions are posted to the ledger accounts directly from the slips. So there is no need arises to prepare the subsidiary books.

\* Disadvantages of Slip system of posting:—

(1) Chances of Loss of slips:— Slips are just like the loose leaves of the paper. It may be lost, distorted or misappropriated very easily. Thus it is unjustified to maintain the records in form of the slips.

(2) No Verification:— As the posting is done directly to the ledger accounts and no entry is made in the subsidiary books. So verification of accounts is not possible.

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