SRCP's ➤ e-senze

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Editorial ....

Dear Readers,

As we celebrated the Republic Day, time has come to introspect. Being a citizen of democratic country leaves in our shoulder greater responsibility. Responsibility is caste upon us to do things the best as we can true to our ability. **e-senze** *also tries bring the best we can through e-journal*

L. Muralidharan
& Editorial Team of e-senze

Designed by: **Mr. G. Natarajan**

Index

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Remember "ACCOUNTING STANDARDS" applicability -Easily!!! *By Mr.L.Muralidharan*

Classification of AS and their applicability:

Accounting standards are classified into two types:

(i) Accounting

(ii) Disclosure

"Accounting" accounting standards cover accounting aspects such as recognition, measurement, presentation as well as disclosure. Disclosure is a part of accounting.

"Disclosure" Accounting standards cover only the disclosure aspect of financial statement.

Accounting is so basic that it is applicable to all levels of enterprises whereas, disclosure accounting standards are applicable predominantly to level 1 enterprises. The following list gives idea as which accounting standards are applicable to which level of enterprises:

AS No	Type	Applicable To
1,2,4,5,6,7,9,10, 11,12,13,14,15, 16,19,20,22,26, 28,29	Accounting	All
3,17,18,21,23,24, 25,27	Disclosure	Level 1

A careful analysis of the above table will reveal some interesting facts about Accounting Standards in general. Accounting is a basic thing followed by all levels of enterprises therefore "Accounting" AS will be applicable to all the 3 levels of enterprises. Whereas "Disclosure" accounting standards are rather luxury for level 2 and level 3 enterprises, are applicable to only Level 1 enterprises.

It becomes very easy for students, professionals and industrialist to find as which AS would be applicable to what type (level) of enterprises. The above analysis can be used to find not only for the existing AS but can be employed for any AS to be published in the future by ICAI.

However, it is to be understood that there are certain exceptions in the above understanding.(refer FAQ)

Frequently Asked Question: [FAQ]

1. How AS 1 is an "accounting" AS?

When disclosure of accounting policy is a part of financial statement and anything concerned with financial statement is only a part of accounting; hence this AS shall automatically be taken under "accounting" AS.

2. How AS 21, 23 and 27 are Disclosure AS?

These accounting standards deal with the presentation and disclosure of Investments in subsidiaries, associates and joint ventures in consolidated financial statement. Since consolidation is a post SFS presentation for better disclosure of the performance of group as a whole, it serves no accounting through these Accounting standards. Hence they can be classified as "disclosure" accounting standards

3. How AS 2 is an accounting AS?

Finished goods are to be valued at cost or NRV whichever is lower, is a known fact. But the fact of cost shall be captured through stock records. With the presence of accounting of cost, either through FIFO, Weighted average methods, the value of inventory at cost is ascertained. The process of booking all expenses to arrive at the cost is achieved through accounting. Therefore, AS 2 is "accounting" AS

4. Why AS 3 cannot be taken as "accounting" AS?

Cash flow preparation is not a must to all enterprises even though it can be argued as desirable. When cash flow statement is not a must like, disclosure of accounting policies, it cannot be regarded as "accounting" AS. Therefore it should be taken as "disclosure" AS

5. When AS 20 is "disclosure" AS, why it is applicable to all the three levels?

AS 20 EPS is applicable to all the 3 levels even though it is a "disclosure" accounting standard because of the implication of Companies Act requirement of submission of annual return with EPS as an important information to be submitted to Registrar of companies. In the same AS, all the provisions of diluted EPS are not applicable to all the three levels of enterprises. Similarly certain paragraphs of some of the other "Accounting" AS related to disclosure are relaxed for level 2 and level 3 enterprises.

DIFFERENTIAL CALCULUS *By S. Ramasubramanian*

Calculus is a branch of mathematics that includes the study of **limits, derivatives, integrals,** and **infinite series.** Calculus is usually developed by manipulating very small quantities. On a number line, these would be locations which are not zero, but which have zero distance from zero. No non-zero number is an infinitesimal, because its distance from zero is positive. Any multiple of an infinitesimal is still infinitely small, in other words, infinitesimals do not satisfy the Archimedean property.

In calculus, **l'Hospital's rule** (also called **Bernoulli's rule**) uses derivatives to help evaluate limits involving indeterminate forms. Application (or repeated application) of the rule often converts an indeterminate form to a determinate form, allowing easy evaluation of the limit. The rule is named after the 17th-century French mathematician **Guillaume de l'Hospital.**

The **Stolz-Cesàro theorem** is a similar result involving limits of sequences, but it uses finite difference operators rather than derivatives.

The development of the calculus, both the differential calculus and integral calculus is one of most important achievements in mathematics. The practical applications of differential calculus are so wide ranging that it would be impossible to mention them all here. Suffice to say that differential calculus is an indispensable tool in every branch of science and engineering.

In elementary mathematics there are two main applications of differential calculus. One is to help in sketching curves, and the other is in optimisation problems.

Perhaps the simplest functions in mathematics are the constant functions and the functions of the form xn.

A function f(x) may or may not have a maximum or minimum value in a particular region of x values. However, if they do exist the maximum and the minimum values must occur at one of three places:

- ✈ At the endpoints (if they exist) of the region under consideration.
- ✈ Inside the region at a stationary point.
- ✈ Inside the region at a point where the derivative does not exist.

Procedure for finding the maximum or minimum values of a function

- ✈ Find the endpoints of the region under consideration (if there are any).
- ✈ Find all the stationary points in the region.
- ✈ Find all points in the region where the derivative does not exist.
- ✈ Substitute each of these into the function and see which gives the greatest (or smallest) function value.

A differential equation is relation between a collection of functions and their derivatives. An ordinary differential equation is a differential equation that relates functions of one variable to their derivatives with respect to that variable. Differential equations arise naturally in the physical sciences, in mathematical modelling, and within mathematics itself.

A partial differential equation is a differential equation that relates functions of more than one variable to their partial derivatives.

RULES FOR DIFFERENTIATION: There are a few basic rules of differentiation that we may use from time to time. These and other rules can be derived using the formal definition of the derivative above.

(1)Addition Rule:

If k is a constant, then $\frac{d}{dx} k = 0$

(2) Product Rule:

$$\frac{d\,[f(x) * g(x)]}{dx} = f'(x)\,g(x) + f(x)\,g'(x)$$

An application for constants:

$$\frac{d\,[a * g(x)]}{dx} = a * g'(x)$$

(3) Quotient Rule:

$$\frac{d\,[f(x) \div g(x)]}{dx} = \frac{f'(x)\,g(x) - f(x)\,g'(x)}{[g(x)]^2}$$

4) Polynomial Rule:

If $f(x) = x^n$, then $f'(x) - Nx^{N-1}$ (for all real **N**)

(5) Chain Rule:

If $y = f[g(x)]$, then $\frac{dy}{dx} = \frac{df[g(x)]}{dx} = f'(x)\,g'(x)$

MERA BHARAT MAHAAN *by Mr. V. S. Thyagarajan*

Part - I

Continued from previous issue.

The entire political system has to be changed/revamped by bringing more amendments to the constitution & the electoral college by putting various procedural changes into place

1. No MP or MLA should be allowed to contest for more than Two Terms whatsoever be the reason

2. NO MP or MLA should allot any Government Work to their families and their nearest relatives.

3. Every MLA, MP must be adequately Qualified i.e. they must be a Graduate minimum to hold the post of MLA or MP

4. There should be a reservation for Qualified Professionals other than those who are Lawyers other professions other than Law should be given preference such as CA, MBA, Doctors, Architects, etc.

5. All Parliamentary Committees must have a Special Invitee in the form of a Retd. IIT / IIM / IISc / University Chancellor / Bank Chairman / Retd. Judge/ Retd. Major General or a Air Chief Marshal must be accommodated to give the National Committees some valuable suggestions / guidance and direction.

6. No new programmes should be started for the next 7 years i.e. upto 2016 until all the programmes which were started by Rajivji, PV Narasimha Rao, Atalji, Manmohan Singh era are completed and a compliance certificate from all the state Governments are Obtained that the programmes are fully completed & implemented and dedicated to the nation . This is due to the fact that many programmes which were started during their tenure are NON STARTERS and several thousands of crores of rupees have been spent on their INAUGURATION alone but they have been given a silent burial by the POLITICIANS (for example the Golden Quadrilateral) connecting the four metros, the New Railway Zones & DIVISIONS announced by Ram Vilas Paswan and Lallu during their tenure as Railway ministers, the Nanguneri SEZ announced by the Late Murasoli Maran, the Broad Gauge Direct Train between Chennai & Kumbakonam via Cuddalore, Mayavaram & Kumbakonam; this project is unlikely to see the light of the day due to the fact that many rich & influential OMNI BUS operators are behind the delay and are working hand in glove with the powers that be.

7. Despite boom in our Economy as it is being claimed by our Finance, Commerce, Industries Ministers and our PM why then all our Central Govt. Organizations & PSU Banks are under staffed thereby putting the ever valuable and important customer service has taken a severe beating. Now it is a fact that the INCOME TAX, CUSTOMS, EXCISE, NATIONALISED BANKS , Public Sector OIL Companies, the Navratna Public Sector Companies such as BHEL, BEL, BEML, SAIL etc & the various Major Ports around the country employees are under severe stress and are made to work on holidays, sit upto late hours every day toiling day in and day out due to increase in work load, new systems, technologies with which it is difficult for the average 45-55 years of age old workmen who are made to understand the nuances and deliver the goods which their very own bosses could not do anything much about on their own. That is the situation prevailing in these organizations, yet neither their respective Managements nor the Communist Controlled Workers Unions have understood the gravity of THESE LIVE WIRE Problems and have not moved any stone to redress these issues. One statistics reveals that the Customs, Income Tax , Revenue Intelligence, Excise departments need a minimum of 40000 OFFICERS to share the present work load arising out of various SEZ companies, old and new age automobile and components and other manufacturing companies, and other industries which have come up in the last 15 years similarly the PSU banks need a minimum of over 1 lakh officers fresh from various colleges/universities to make up for the One Lakh + officers and workmen who have gone on VRS in 2000 and have gone on voluntary & regular retirement programmes. Similar is the case of the Navratna organizations , Oil companies. It is a sad fact that RPL is allowed to expand on a massive scale while the Public sector Oil companies have not expanded although there was a wide scope for refining and for producing LPG where the demand - supply gap is ever widening with boom in economy and more and more cities have sprung up in various Tier II & Tier III cities. But the final question WILL THESE FALL ON THE DEAF EARS OF THE POLITICIANS AND THE POWERS that be ?? now u will nod for the first time to my judgment made in the beginning.

To be continued ..

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THE BRUTAL EXAM

by Mr. L.N. Venkataraman

The BBC English Dictionary defines an exam as "a formal test that you take to show your knowledge of a subject". Certainly the exam is a means to find the essence of education which is knowledge. However such a noble thought has lost relevance in today's academic world especially in India. The exam has become the most dreaded nightmare in the average student's mind. To many it is another four letter word to relegate as an outcast from the student's life. Right from primary school to higher education, today's students show several symptoms that eventually have severe consequences in their lives. Nervousness and stress have gripped the mind making education a bitter experience. The severe competition in the real world has added to the woes of the student. How else can one explain the reports in the media of suicides by bright students? This calls for a serious revision of our exam patterns and the outlook on education.

Some Indian students have no doubt excelled in several areas and are among the brightest in the world. In my humble opinion the brightest are those who have transcended the attitude of scoring marks in exams. They are mentally tough and have a supportive environment. To them learning is a pleasurable experience and they understand subjects so well that exams don't matter. There are many students who score marks but know little. They memorise in the hope of a better life ahead. Will they have a better life for sure? Will they be able to deal with problems in life? Will they be able to manage people? Will they become men and women with initiative, boldness, creativity and vision? Can they become leaders? What ails our education system? These are questions we must deeply ponder on.

While most of the questions need intensive analysis of the flaws in education policy and sociological causes, some answers are clear. Our school children are loaded with a heavy syllabus right from the lower Standard. It is a common sight to see school children carrying a load of 1.5 kilos of books on their back. It is a pity to see this physical hardship and the consequent mental toil because of exams. The load must certainly be cut down. Schools must stress mutual exchange of ideas, team activities, sports and originality. Too often children are taught to follow strictly the written word in books. They must instead be encouraged to create ideas on their own. The experiment is as important as theory. The marks system should be abolished and replaced by the grade system. The student must understand that competition is to improve and not prove. The mark oriented approach has resulted in the mushrooming of tuition centres which is big business. Weightage must increase for the overall development, not just for the academic subjects. Special attention must be given to the students who are mentally weak or have an unsupportive family. Schools must be looked upon as temples of knowledge and wisdom.

Industry and people in general do not value degrees as they know the secret to passing is simply memorising. College classes are not taken seriously. It is sad to see college students not attending classes because of lack of interest. Exams must become simpler with practical problems to solve. They must veer away from testing of mental retention for facts and theory. Unfortunately the questions in exams are repetitive. If the examiners lack creativity in setting the question papers, how can we expect our students to be creative? Exam guides have emerged that ensure the student scores high marks simply by remembering the answers. Open book exams must be implemented to resolve this issue.

We cannot afford to lose our bright students to the narrow-mindedness of the policy makers. As the BBC Dictionary put it, it is the knowledge to be tested, not memory.

The author can be reached at his ID: lnvraman@gmail.com

Legal World - Corporate Laws - LW 160.12.2008 & LW 161.12.2008 by Mr. Kamal Garg

CHANDRASINGH JAISINGH MAHIDA v. STATE OF GUJARAT & ANR [(2008) 146 COMP CAS 69(GUJ)] Ms. H.N.Devani J. [Decided on 02.04.2007]

Companies Act, 1956 - Section 630 - Withholding of company's property - First criminal complaint withdrawn by company after the process was issued by the trial court - Second complaint filed - Whether permissible-Held, No.

Brief Facts : Upon termination of the services of the petitioner by the company, he was asked to vacate the company quarters. As the petitioner continued in possession the company filed a criminal complaint under section 630(1) and (2) of the Companies Act, 1956, before the Judicial Magistrate on November 30, 1988.

A suit filed by the petitioner claiming to be a tenant of the premises was dismissed and an appeal was pending. The company withdrew the complaint after it was registered and notice issued,and the trial court acquitted the petitioner. The company filed

another complaint and by an order dated May 7, 1991, the petitioner was held guilty of the offence under section 630(1) of the 1956 Act. The sessions judge while accepting the contentions of the petitioner, on appeal, that the petitioner having been acquitted by the earlier order, as long as that order was in force,a second complaint could not be lodged under section 300 of the Code, however, held that the offence was a continuous one and that the complaint for the subsequent period was maintainable.

The petitioner petitioned the High Court.

Decision : Petition allowed.

Reasons : Once a trial begins it must end in acquittal or conviction. When an accused person is held to be acquitted, it cannot be said that there was no trial, because it would be a contradiction in terms and it cannot be said that a person was acquitted without trial. Therefore, an acquittal at whatever stage and for whatever reason is an acquittal after trial. Even at the early stages of trial, once a trial has commenced, it is nonetheless a trial. It cannot be said that it is not a trial until a matter is fully heard on the merits and decided after that it is not a trial until a matter is fully heard on the merits and decided after recording evidence. Therefore, a person can be said to be tried for the purpose of section 300 of the Criminal Procedure Code, 1973,once the trial has commenced.

Though refusal to vacate the company's quarters constituted a continuing offence, the fact that the offence was a continuing one would come to the aid of the company for the purpose of overcoming the bar of limitation under section 468(2)(a) of the Code of Criminal Procedure, 1973, but could not come to the aid of the company while considering the bar under section 300 of the Code in as much as when on the same set of facts and for the same offence, the petitioner had already been acquitted after trial, he could not be tried again for the same offence for a subsequent period.

LW 161.12.2008

TCI INFRASTRUCTURE FINANCE LTD., In re [(2008) 146 COMP CAS 133 (RAJ)] Shiva Kumar Digest of Legal Cases Legal World Sharma J. [Decided on 19.02.2007] Companies Act, 1956 - Sections 391 and 393 - Material facts not disclosed properly – Exorbitant sacrifices from the creditors proposed - whether the scheme to be sanctioned - Held, No.

Brief Facts: On approval of a proposed scheme of arrangement by the board of directors of the company at a meeting by a resolution ,the meeting of the secured creditors was held under the directions of the court at which two secured creditors voted in favour of the proposed scheme of arrangement and objections were raised by one secured creditor, H, on the ground that the petitioner-company failed to disclose the material facts in the explanatory statement of the scheme as to why a special favour had been accorded by the company to one of the secured creditors, the State Bank of India , by pre-payment of its entire outstanding separately and prematurely against its loan and as to why the scheme was being proposed for the other identically situated secured creditors, I and H, proposing to pay an unreasonably low amount at 47.50 per cent. Only of the outstanding principal amount under the proposed scheme, that the scheme also failed to disclosed that an application for recovery of debts due from the petitioner-company to H was pending before the Debts Recovery Tribunal and criminal cases under Section 138 of the Negotiable Instruments Act, 1881, were pending against the managing director and other directors of the petitioner-company. In a petition under sections 391 and 393 of the Companies Act, 1956, the petitioner-company sought sanction of the scheme of arrangement with the secured creditors of the company contending that since the company was running at a loss it was not able to repay the debts due to the secured creditors.

Decision : Petition dismissed.

Reasons : The scheme in question had been proposed for the identically situated secured creditors, I and H, proposing to pay a low amount at 47.50 per cent only of the outstanding principalamount. Material facts had not been disclosed in the explanatory statement of the scheme. The facts that the applications filed by H against the petitioner-company before the Debts Recovery Tribunal and criminal cases under section 138 of the Negotiable Instruments Act, against the managing director and other directors of the petitioner-company were pending were not disclosed. Indisputably, A was a director both in the petitioner-company and B from whom the petitioner-company had borrowed a certain amount and the charge had been registered with the Registrar of Companies on the "cut off date" in the proposed scheme. The scheme also compelled the secured creditors to sacrifice 51.50 per cent of the outstanding principal amount as well as the interest,cost and expenses. The scheme is not within the purview of fairness.

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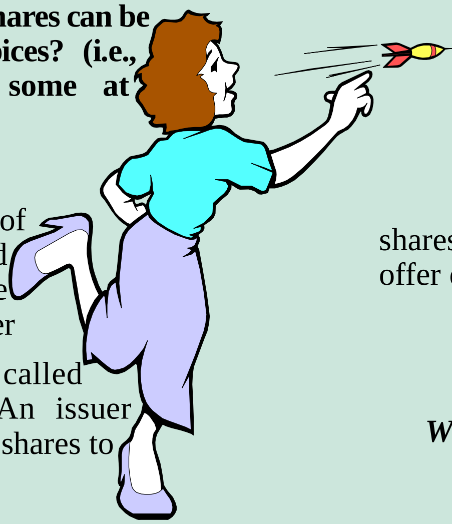
Continued in next edition

Dart-Board

Last *Week's* Question

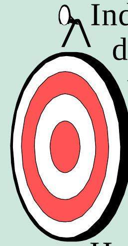
Whether preference shares can be issued at different pices? (i.e., some at par and some at premium).



Answer

When one category of investors is offered shares at a price different from the other

Category it is called differential pricing. An issuer company can allot the shares to retail



Individual investors at a discount of maximum 10% to the price at which the shares are

Offered to other categories of public.

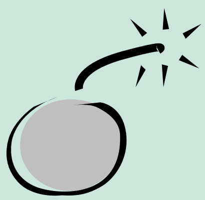
However, Reason for offering shares at different prices has to be quoted in the offer document.

By P. Lakshmi, SRO 0018491

This Week's Question

What is the difference between Contract of Service and Contract for Service

Send your queries and suggestions to : joinsreeram@gmail.com



J o k e s

Man 1: I haven't slept all night in the train.
Man 2: Why?
Man 1: Got upper berth!!!
Man 2: Why didn't you exchange?
Man 1: There was nobody to exchange in the lower berth
Man 2: ??? !!!

= =oo0oo= =

A man wins Rs.20 crore from Rs.20 lottery ticket. Dealer gave him Rs.11 crore after deducting tax. The man got angry and told the dealer "Give me Rs.20 crore or else return my Rs.20 back"!

= =oo0oo= =

Man 1: Why are you writing letter to your son so slowly?"
Man 2: "I'm writing to my 6 year old son. He can't read very fast"

= =oo0oo= =

Man 1: Where were you born?
Man 2: Kashmir
Man 1: Which part?
Man 2: Whole body is born in Kashmir only
Man 1: ??? !!!

= =oo0oo= =

Boss: I am giving you job as a driver. You are selected. STARTING salary Rs.2000/-. Is it ok?
Driver: You are great sir! Starting salary is O.K. But, how much is DRIVING salary?
Boss: ??? !!!

= =oo0oo= =

Ram: Last year the name-plate outside your house was "Shyam B.A". This year I read "Shyam M.A.". When did you finish yours Masters Degree?
Shyam: "You don't understand. Last year my wife died, I put B.A. to indicate Bachelor Again. Then I took a second wife, So M.A. is Married Again.

= =oo0oo= =

Man 1: I have seen your password when you are drawing money in ATM. It is 4 asterisks (****). "
Man 2: "Ha! Haa! Haaa! You are wrong. It is 1258"

= =oo0oo= =

2 men were fixing a bomb in a car.

Man 1: What would you do if the bomb explodes while fixing.

Man 2: Don't worry, I have a one more

= =oo0oo= =

Wife: Honey, what are you looking for?

Husband: Nothing!

Wife: Why have you been reading our marriage certificate for an hour?

Husband: I was just looking for the expiry date......

= =oo0oo= =

Man 1 was busy in removing a wheel from auto.

Man 2: Why are you removing a wheel from your auto?

Man 1: Can't you read 'Parking for two wheelers only

= =oo0oo= =

Failures are the stepping stones for Success

Abraham Lincoln is rated as one of the best American presidents. However, until he was elected as president in 1860, he had numerous failures in his career. This shows that failure is not a shadow for every person in this world. The reason for his success is he doesn't give up.

Lincoln actually was considered a fairly successful politician in Illinois and a leader of the Whig party in his state, as well as a successful lawyer.

The following is the chronological list of Lincoln's Failure and Final Success

1831

At age of 22, he lost his job because his father wanted to move the family.

1832

At age 23, due to Black Hawk War involvement, he did not spend sufficient time campaigning and was defeated in running for the Illinois State Legislature.

1834

At age 25, he started a store in New Salem, Illinois with a partner. He was appointed postmaster of New Salem and deputy surveyor of Sangamon County. Unfortunately, his partner died causing the business to fail. Lincoln later paid off the whole debt for the failed business. Then he was elected to the Illinois State House of Representatives.

1835

Lincoln's sweetheart, Ann Rutledge, died.

1836

At age 27, Lincoln reportedly had a nervous breakdown. Lincoln was re-elected to Illinois State Legislature and led the Whig political party delegation in moving Illinois state capital from Vandalia to Springfield. He also received a license to practice law in Illinois state courts and became law partner of John T. Stuart.

1838

At age 29, he was nominated for Illinois House Speaker by Whig caucus but did not win the election, because the Whigs could not garner enough votes.

1848

At age 39, Lincoln's term in office was up and was not a candidate for Congress, per an agreed-upon arrangement among the Whigs. He did however try to get an appointment as Commissioner of the General Land Office at Washington D.C. but didn't get appointed.

1849

Lincoln was admitted to practice law in U.S. Supreme Court. He was offered appointment as governor of the Oregon Territory, but he declined the position.

1854

He was elected to the Illinois State Legislature but declined the seat to run for U.S. Senate.

1855

At age 46, Lincoln ran for the U.S. Senate but then willingly deferred his Whig votes, as a political move, to allow Trumbull to win the seat. It was a intentional move and not a defeat as the list claims.

1856

At age 47, Lincoln received votes in the Philadelphia Republican convention for the vice presidency. But he did not gain the nomination.

1858

At age 49, he ran for the U.S. Senate and won the popular vote. But the Illinois State Legislature overthrew the popular vote, as was legal in those days. In 1913, President Woodrow Wilson eliminated that practice with the 17th amendment to the constitution. Thus, Lincoln ran for the Senate and was defeated.

1859

Lincoln had a very successful and lucrative law practice but hesitantly agreed to run for the presidency.

1860

At age 51, Lincoln became president of the United States.

Conclusion

Setbacks will be common for anyone trying different things. Abraham Lincoln is rated as one of the best American presidents, but it is often noted that he had numerous failures in his career. The above lists of setbacks are meant to show that even a failure can successful, if he doesn't give up.