

MACHINE METHODS OF ACCOUNTING

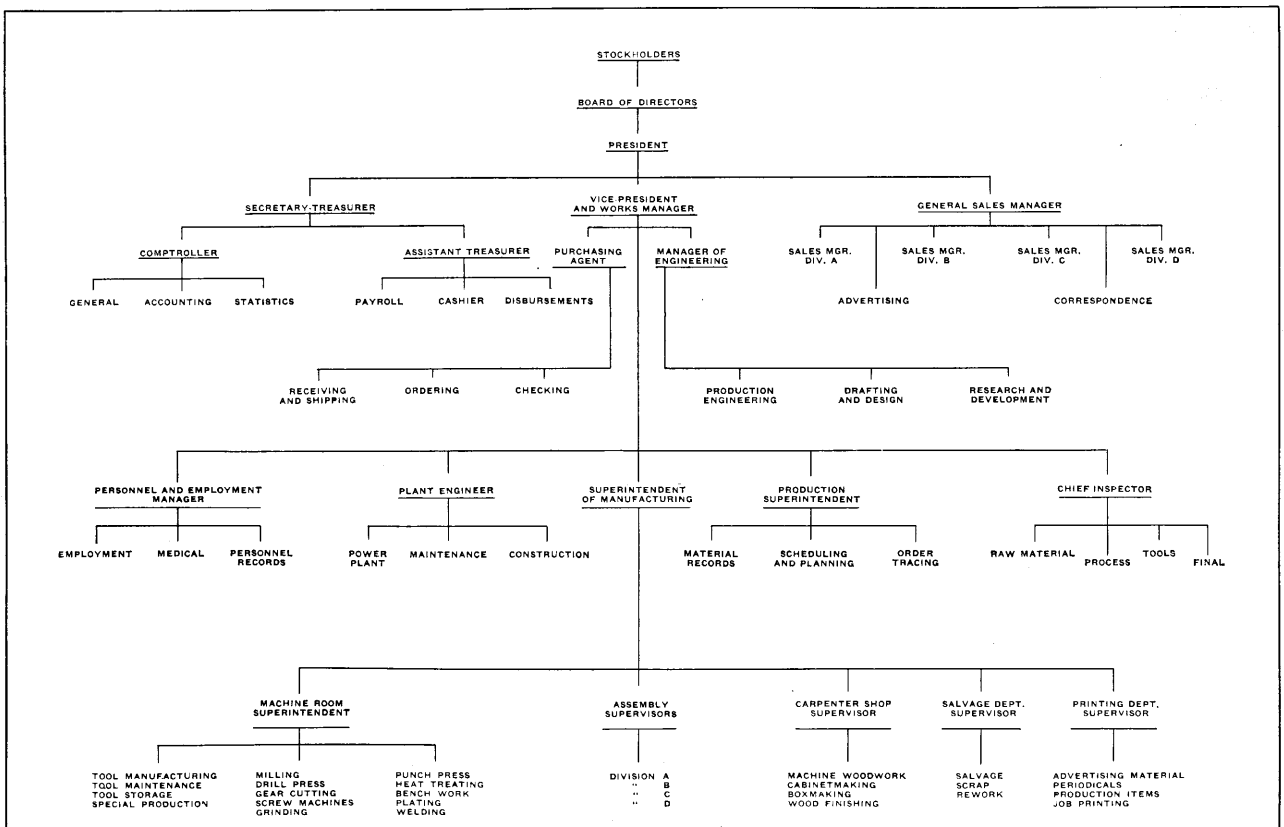
APPLICATION OF MACHINES TO ACCOUNTING FUNCTIONS

THE nature of business is characteristically complex. The growth in volume of transactions and size of organizations through merger and expansion were accompanied by an increased number of managerial problems and responsibilities. This growth of business necessitated the division of management control among several executives so that proper attention might be accorded to each of the many operating problems which arose. Specialization made its appearance—a specialization based upon functions. Each executive was called upon to serve in a particular field, such as Selling, Manufacturing, Engineering, Purchasing, or the like.

Accounting record-keeping followed similar lines of division as a matter of course. The establishment of numerous auxiliary accounting records in addition to the summary en-

tries of general accounting proved to be necessary. These records were essential to furnish the summarized figure-facts that would satisfy the requirements of each functional executive for scientific or “planned” business management.

The nature of these various accounting subdivisions, together with a brief description of the International Electric Bookkeeping and Accounting Machine Method of obtaining the desired results is presented in this booklet. A full explanation of the details of the application of International machines to each specific problem is impossible because of limitations of space. The illustrations and text are included in this book only to indicate a part of the scope of the uses to which these machines have been adapted.



INDUSTRIAL ORGANIZATION CHART

An illustration of the division of authority and responsibility in a typical manufacturer

General Accounting

Events move swiftly today. It has become increasingly important that the general accounting books be closed promptly at the end of the month, and that the balance sheet and profit and loss statement be available as early as possible. Such practice makes possible exact knowledge of the accomplishments of the month just passed in time to use that knowledge in planning the current month. The gain of even a few days is important. Under the Electric Accounting Method the preparation of the earnings statement and the balance sheet has been speeded up from one to twenty days, as compared with previous methods.

The trend in accounting procedure has been to segregate detail accounts in subsidiary ledgers, leaving the general ledger essentially a series of controlling accounts.

ance in each account. These summary cards can be combined with the detail charges and credits for the succeeding month, to obtain a new monthly balance. Subtraction is performed automatically by the Electric Bookkeeping and Accounting Machine.

Following the tabulation of account totals, the cards are replaced in the machine and listed to print the account, reference number, and amount punched in each card. This detail listing serves to support the totals printed in the previous tabulation by account. It is preserved as a permanent reference.

Any special analyses and subsidiary statements which may be desired are easily prepared. The proper cards are selected by the

GENERAL ACCOUNTING																														
DATE			VOUCHER NO.	REQUISITION NO.	VENDOR	BRANCH	DEPT.	JOB OR APPROPRIATION		ACCOUNT		COMMODITY	UNIT OR CLASS	QUANTITY OR HOURS	AMOUNT															
MO.	DAY	YR.						MAIN	SUB.	MAIN	SUB.																			
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1										
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2										
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3										
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4										
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5										
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6										
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7										
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8										
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9										

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The use of punched tabulating cards for subsidiary detail is well established, as briefly described in the succeeding pages of this booklet. The automatically prepared summary or total cards resulting from these procedures become available for general ledger accounts and the automatic preparation of the balance sheet.

At the close of the month all general ledger cards are sorted by account number and tabulated to prepare the entries to the general ledger accounts. At the same time a summary card may be punched each month, showing the bal-

ancing machine, and the supplementary reports are tabulated. The most important of these is the operating statement.

Whenever reference is made in these pages to summary cards or balance-forward cards, it should be understood that these are punched automatically during the process of tabulating the detail cards. The summary cards are therefore by-products of the tabulated report, obtained with practically no separate expenditure of time, and assured of being in agreement with the detail cards.

The detailed procedure followed in the preparation of financial statements and ledger records of any company may be modified to extend the basic principles of machine use to the preparation of consolidated financial reports for corporations which control many subsidiary operating companies. The accounting procedures which are involved in the summarizing of records for the preparation of such holding com-

pany financial statements may be simplified by the use of automatic accounting machines.

A further advantage of the application of Electric Bookkeeping and Accounting Machines is derived from the facility with which detailed lists may be printed to permit the preparation of subsidiary ledger records and transaction registers. These may be prepared according to any sequence that will simplify the subsequent auditing routines.

TRIAL BALANCE				BALANCE SHEET			
ACCOUNT	DEBITS	CREDITS		DEBITS	CREDITS	ASSETS	
TOTAL FIXED ASSETS	1650017			1650017		FIXED ASSETS	
TOTAL DEPRECIATION RESERVE		310029			310029	RESERVED FOR DEPRECIATION	1337788 Net Fixed Assets
MERCHANDISE INVENTORIES	1000024			1000024		MERCHANDISE INVENTORIES	
MATERIALS & SUPPLIES	200016			200016		MATERIAL & SUPPLIES	
ACCOUNTS RECEIVABLE-N Y C	500017					ACCOUNTS RECEIVABLE	
ACCOUNTS RECEIVABLE-CH GO	500018			1000035		NOTES RECEIVABLE	
NOTES RECEIVABLE	200019			200019		RESERVE FOR BAD DEBTS	
RESERVE FOR BAD DEBTS		10020			45041	ADVANCES TO EMPLOYEES	
SPECIAL RESERVE		35021		25022		CERTIFICATES OF DEPOSIT	
ADVANCES TO EMPLOYEES	25022			50023		CASH IN BANK & ON HAND	398073 Net Current Assets
CERTIFICATES OF DEPOSITS	50023					DEFERRED CHARGES	135714 Deferred Charges
CASH IN BANKS	1000024					LIABILITIES	
CASH IN BANK-SPEC. ACCOUNT	500025					CAPITAL STOCK	
CASH ON HAND	28088			1550075		LESS UNPAID	
PREPAID INSURANCE	3702					DEMAND NOTES	
PREPAID TAXES	3704					ACCOUNTS PAYABLE-N Y C	
EQUIPMENT ON RENTAL	3708					ACCOUNTS PAYABLE-CHICAGO	
PREPAID ADVERTISING	3714			135114		Current Liabilities	
CAPITAL STOCK	5000	1500031			1500031	Capital Stock	
SUBSCRIPTION ACCT. UNPAID	5300	50031			50031	LESS UNPAID	
DEMAND NOTES	5600	50032			50032	DEMAND NOTES	
ACCOUNTS PAYABLE-N Y C	6000	240049			240049	ACCOUNTS PAYABLE-N Y C	
ACCOUNTS PAYABLE-CHICAGO	6200	500034			500034	ACCOUNTS PAYABLE-CHICAGO	
ACCRUED LOCAL TAXES	7002	25035				Total	875289
COUPON ACCOUNT	7004	35036			155146	Current Liabilities	
ACCRUED INTEREST	7005	45037			1500059	ACCRUED ITEMS	
SALARIES & WAGES	7009	50038				SURPLUS END OF LAST YEAR	
SURPLUS	9000	1500039			60040	SURPLUS ADJUSTMENTS	
ADJ. TO SURPLUS	9100	60040			1490041	PROFIT OR LOSS	
PROFIT AND LOSS	9400	1490041				TOTAL ASSETS	5455275
DIVIDENDS PAID	9600			90168	Dividends Paid	TOTAL LIABILITIES	5455275

GENERAL LEDGER DETAIL

MONTH OF July 193

ACCOUNT	SUB-ACCOUNT	INVOICE OR VOUCHER		DEBIT AMOUNT	CREDIT AMOUNT
		NUMBER	DATE		
1	106	01	1024 21	327	
1	106	01	321 08	1200	
1	106	01	626 17	1000	
				2527*	
1	106	05	1452 30	9100	
1	106	05	1097 26		17250
					8150*

Material Accounting

Accounting for materials is acknowledged today to be no less important than the final accounting for the balance sheet and profit and loss statement. The prevalence of standard costs, including material, labor, and expense, is sufficient evidence that control of these principal elements of expenditure is essential to profitable operation. Adequate control requires that material records be kept in detail, showing the specific material used, the particular job or product charged, and the cost. If standard costs are used the variance should be available by item as an aid to future planning. In addition to these operating records, material accounting should provide accurate statements of the capital invested in materials. These requirements call for precision in the compiling of a voluminous amount of detail. The Electric Accounting Method accomplishes this very effectively.

Materials are issued by storekeepers only upon presentation of a formal requisition, properly filled out and authorized. These requisitions may be tabulating cards, showing the information in both written and punched form. The information includes unit price, extended amount, and job or account charged. Parts requisitions may contain labor and expense amounts also, thus furnishing complete order costs for processed parts. The written cards, signed by the storekeeper, are forwarded to the records department.

The written information is punched in the requisition cards. No computation of extensions is required since these can be both computed and punched automatically. Daily or periodically, the requisition cards are tabulated with the inventory and receipts cards to obtain a re-

MATERIAL BALANCE

MATERIAL RECEIVED

MATERIAL REQUISITION

SERIAL NO 49033

DATE MO. DA	VENDOR	DATE 6/14	DEPT CHARGED 21-40	ORDER NO 54361	ACCT 214	PART NO 4-62141-A312	QUANT 2	AMOUNT 12.60	DELIVERED BY L. A. Perkins	RECEIVED BY John Drury
0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0	0 0 0 0 0 0 0
1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1	1 1 1 1 1 1 1
2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2	2 2 2 2 2 2 2
3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3	3 3 3 3 3 3 3
4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4	4 4 4 4 4 4 4
5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5	5 5 5 5 5 5 5
6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6	6 6 6 6 6 6 6
7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7	7 7 7 7 7 7 7
8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8	8 8 8 8 8 8 8
9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9	9 9 9 9 9 9 9
1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7

A tabulating card is punched for each item of material in stores—raw materials, semi-finished parts, and supplies. The cards which show a complete description of the item, its cost, and the quantity in stock, are placed in an inventory file. Other tabulating cards are punched for subsequent receipts of material, showing item identification, quantity, and amount. These too are placed in the inventory file by item number.

part of the stock position. All deductions and additions are computed automatically by the machine and new balances are printed. Summary cards, punched during the tabulation, represent the new balances of each item in stock, and these constitute the materials inventory file for the opening of the ensuing period. This file supplants the materials ledger—usually posted manually—since the card file is itself a complete record of the status of materials.

After the preparation of new balance cards, the direct materials requisition cards are available for sorting and tabulating for the work-in-process accounts.

In many organizations, indirect material is budgeted and actual amounts are measured against budgeted amounts periodically, sometimes even daily.

The indirect materials requisition cards are

sorted by department and account and tabulated with budget master cards to prepare the budget report, showing actual and budgeted amounts, and the variances from budget. Summary cards, produced during this tabulation, are used to make journal entries for expense materials. The detail cards are then released to prepare various distribution analyses, and are finally filed for future use in preparing statistical reports.

MATERIAL RECORD							
PLANT NO. <u>3</u>				MONTH OF <u>July</u> 193 <u> </u>			
MATERIAL		MAXIMA	MINIMA	RECEIPTS.	DISBURSEMENTS	QUANTITY BALANCE	AMOUNT BALANCE
CLASS	ITEM						
20	101	4000	2000	250	1280	2340	24716
20	102	800	500	127	342	702	7425
20	103	1000	600		841	257	10419
20	104	200	50	55	129	243	12637
24	201	6000	2200	476	3152	3105	49108
24	203	4500	2000	1507	1680	2219	30416
24	206	250	85		128	131	8165
24	208	1250	500	250		550	13976

VALUE REPORT			
MATERIALS REQUISITIONED			
MONTH OF <u>July</u>			
NAME OF MATERIAL	CODE NO.	Value of Material Requisitioned LAST Month	Value of Material Requisitioned THIS Month
BARE COPPER WIRE NO 4	626	427580	436740
INSULATED COPPER WIRE NO 4	627	79045	86379
BARE COPPER WIRE NO 6	636	649811	753078

EXPENSE MATERIAL DISTRIBUTION						
PLANT NO. <u>4</u>			PERIOD ENDING <u>June 30</u> 193 <u> </u>			
DEPT	ACCOUNT	BUDGET AMOUNT	ACTUAL AMOUNT	VARIANCE		DEPARTMENTAL TOTAL ACTUAL
				OVER	UNDER	
10	120	405050	384725		20325	
10	121	121000	121530	530		
10	123	214060	210363		3697	
10	126	95000	95000			
10	134	3500	5120	1620		
						816738
12	120	45000	45526	526		
12	123	32000	32000			
12	124	125000	105147		19853	

DISTRIBUTION OF PRODUCTIVE MATERIAL						
DATE <u>May 31</u>						
Order Number	MATERIAL		Actual Amount	Standard Amount	VARIANCE	
	Number	Name			Over	Under
3120	832	BRASS PLATE	41650	40000	1650	
3120	1044	BRASS TUBING	1946	2000		54
3120	1120	6X9 INSULATING PANEL	1071	1250		179
3120	1141	COILS	2247	3000		753
			46914 *	46250 *		
8450	402	RHEOSTAT	65000	65000		
8450	730	BOLTS AND NUTS	21000	21000		
8450	955	SP DT SWITCH	5000	6000		1000

3190250806008000

345005

Payroll and Labor Accounting

Accurate production costs are essential for proper control of manufacturing. Payroll and labor distribution records must, therefore, meet the requirements of cost accounting as well as those of general accounting. The allocation of labor costs to the particular cost unit—order, part and operation, process—involves more detailed information than is required for general accounting. The two records must agree. If standard costs are used, the variance is often computed for each unit as well as carried in total for the general ledger. The Electric Accounting Method fulfills these requirements with speed, accuracy, and economy, and accommodates itself readily to any of the accepted cost accounting systems.

atically under the Electric Accounting Method.

If the time cards are job tickets, these are listed daily, controlling on employee number, to prepare a labor summary. Simultaneously, a summary card is punched for each employee, showing total hours and amount. These are used to tabulate the payroll. The direct job tickets are placed in the work-in-process file by cost unit; the indirect tickets are filed by account number.

If the time cards are daily time reports, these contain the total hours and amount in punched form. One distribution card is punched for every job on the time report, showing complete

MAN NO.		ORDER OR ACCT.		JOB TICKET										
MAN NAME		DATE	MAN	ORDER	PART	DEPT.	MACH.	OPER.	PIECES	HRS.	RATE	AMT.		
		MO.	DAY	DEPT. NO.	OR ACCOUNT	NO.	NO.	NO.	NO.	NO.	NO.	NO.		
16-53		9625												
J. K. Dale		DESCRIPTION OF WORK												
DATE		CLOCK NO.	EMPLOYEE NAME										D W	
21-423		Henry A. Bronson										11 PW		
ELAPSED TIME	RATE	EXTENSION	QUANTITY	CUSTOMER	PART NUMBER	MFG. ORDER NO.	OPERATION NAME		OVERTIME		STOP			
									IN	OUT	IN	OUT		
9 4.0	2.5	.48	1.20	140	425	8-215	4123	4	OUT		403	1		
											006 403			

The employee's time card is usually a dual tabulating card—that is, both written and punched. This card may be either a job ticket, covering a single job; or a daily time report, recording all jobs worked upon during the day. It shows the date, identification of the job and the employee, starting and stopping time, rate, elapsed time, and amount earned.

After being filled out by the employee, the time card contains in written form the identification information, starting and stopping clock registrations, and pieces produced. At the end of the day the elapsed time is computed from the clock registrations and checked with that shown on the attendance record. The cards are rated, extended, and punched. The computing and punching of extensions are performed auto-

atically for each. The time report cards are used to tabulate the payroll; the direct distribution cards are placed in the work-in-process file, and the indirect cards in the expense labor distribution file.

Cards are punched for each payroll deduction—such as insurance, savings, purchases, advances—and are filed to be included in the payroll tabulations. A permanent file of master cards is also maintained, which show employee's name, department, and clock number. At the end of each payroll period, the master, payroll, and deductions cards are machine-sorted together by department and employee number, and tabulated on the payroll sheet (shown on the following page). Deductions are made automatically, and names as well as numbers may be printed.

During the printing of the payroll, summary cards may be punched automatically showing the earnings for each employee; these cards may also serve as the payroll checks themselves. The summary cards may be tabulated for current wage statistics and, at the end of the year, for income tax reports. The check application is described more fully on a later page.

At the end of the accounting period, the cards which have accumulated in the distribution file are tabulated to obtain the distribution of direct and indirect labor costs from which journals are prepared charging and crediting the

particular direct and indirect labor accounts affected.

If an order cost system is in effect, orders are closed and costed immediately upon their completion. Direct labor cards are tabulated (with materials cards) to secure the direct cost. Burden rates are then applied to obtain total costs.

Supplementary reports also, such as payroll analyses, efficiency reports, wage incentive reports, and wage studies of various types, may be prepared from the payroll and distribution cards.

PAYROLL							
							PERIOD ENDING July 31 193
NAME	CLOCK NO.	CLOCK NO.	HOURS	GROSS PAY	DEDUCTIONS		NET PAY
Paul Goldsmith	130	130	4 00	24 00		25	23 75
Marvin London	132	132	4 32	26 58		25	26 33
William Mero	133	133	5 05	30 30		5 25	25 05

STANDARD-ACTUAL LABOR COST						
PLANT 17			PROGRESS OF OPEN ORDERS TO Oct 1			
ORDER NO.	PIECES ORDERED	PIECES DELIVERED	ACTUAL AMOUNT	STANDARD AMOUNT	ABOVE STANDARD	
11475	100	75	54 50	48 75		5 75
11486	150	97	177 72	193 76		
11494	20	18	9 06	2 70		6 36

DIRECT LABOR DISTRIBUTION AND UNIT PARTS COST							
							PERIOD ENDING July 31 193
PART	OPERATION	PIECES	HOURS	AMOUNT	AVERAGE UNIT COST	AVERAGE UNIT TIME	
3842	6062	4200	2189	9280			
3842	6063	4200	1436	8575			

PAYROLL REGISTER									
PLANT Clearwater									PERIOD ENDING July 9 193 5
NAME	CLOCK NO.	HOURS	GROSS EARNINGS	DEDUCTIONS				NET PAY	
				INSURANCE	SAVINGS	TOOLS	MISC.		
THOMAS REDWOOD	110	4 80	68 50	1 10	5 00		60	61 80	
JOSEPH IRVINGTON	115	4 80	44 75	1 40	50	90		41 95	
FREDERICK MARTIN	116	4 40	50 00	1 00			3 50	45 50	
NORMAN MOREHOUSE	120	5 25	76 50	2 20	4 00	1 35	37	68 58	
ALFRED WESSELDORF	124	6 00	45 00		1 00			44 00	
RALPH MILLINGTON	125	4 80	42 50	1 80		7 5		39 95	
HARLAND DONALDSON	130	4 80	54 00	1 10	2 00		1 85	49 05	
WILLIAM BRANTLINGTON	139	4 20	36 25	1 60	1 25			33 40	
RONALD GREENLIEF	140	1 20	18 00	1 10			2 66	14 24	
MALCOLM SPRECKER	141	4 80	42 50	1 80		7 5		39 95	

Accounts Payable

The nature of the particular accounts-payable system of an organization exercises important effects, both internal and external. It should provide prompt payment of creditors, the securing of all profitable discounts, and an accurate statement of the total liabilities of the business. Expense distribution, compiled from the same sources, must be completed early for the monthly closing. These records involve a large amount of detail with a peak load at the end of the month if the method is one of individual posting and balancing. Under the Electric Accounting Method no posting is required, with the exception of transcribing the source data into punched-hole form. Balances are obtained automatically by the action of the machine. Month-end peak loads are eliminated.

separate sheet for each vendor. Credit amounts, punched in credit cards, are deducted automatically by the machine, and the net total is printed on the remittance statement. A check is drawn for the net amount and mailed with the remittance statement to the creditor.

The remittance statement may be a separate form distinct from the check; or it may be combined with the check, separable from it by a line of perforations. The check itself may be a tabulating card. The advantages of such a check are described on a later page.

At the time of punching an accounts-payable card from each invoice, a second type of card is punched, one card for each distribution ac-

ACCOUNTS PAYABLE																					
INVOICE DATE			VENDOR'S INVOICE NO.	APRON NO.	VENDOR NO.	DEPT.	DUE DATE		TERMS	GROSS AMOUNT	DISCOUNT	NET AMOUNT	TRANSPOR-TATION	TOTAL COST	TOTAL RETAIL	% MARK UP	POSTED		PAID	TRANS.	
MO.	DAY	YR.					MO.	DAY									MO.	DAY			
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80

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A tabulating card is punched from each invoice. The cards are first listed by invoice number to prepare the invoice register. A tabulation is then made by due dates, the totals are posted to a control, and the cards are placed in an unpaid file by due date. A few days before each due date the cards for the day in question are removed and tabulated for a total which is checked to the control. The tabulated commitment statement is forwarded to the treasurer as advance notification of cash requirements on each due date.

The cards for invoices due are sorted by vendor, placed in the Electric Accounting Machine, and listed on remittance statements, a

count appearing on the invoice. The two sets of cards are tabulated together for a balance. This automatic check, established at the outset, with the subsequent balancing of all reports to a control, eliminates manual checking and guarantees the agreement of account distribution with actual liabilities incurred during the month.

The distribution cards are filed until the end of the month when they are electrically sorted and tabulated by account number to prepare the account distribution statements.

Purchase distribution reports also may be tabulated, showing purchases analyzed by ac-

count numbers, commodities, and vendors. Any special or subsidiary reports are easily prepared by selecting and resorting the proper cards.

voices. Therefore, with a small increase in card punching, the balance of general ledger entries, originating outside of invoices, may also be recorded in punched card form, with the result that the general ledger itself, in addition to the preliminary records, is automatically prepared.

Most general ledger charges consist of in-

DISTRIBUTION BY ACCOUNTS							
MONTH OF <u>July</u> 193 <u> </u>							
ACCOUNT	SUB ACCOUNT	DEBIT AMOUNT	CREDIT AMOUNT	ACCOUNT TOTAL			
				DEBIT		CREDIT	
1 106	01	2527					
1 106	05		4800				
1 106	06	2000					
1 106	15	795				522	
1 107	01		2150				
1 107	02	4585					
1 107	04	2580					
						5015	

GENERAL LEDGER							
ACCOUNT No. 261				NAME Maintenance			
MONTH	ACCOUNT NUMBER	VOUCHER NUMBER	KIND	AMOUNT DEBIT	AMOUNT CREDIT	BALANCE	
12	261	1201	3	562842			
12	261	1250	1	84162			
12	261	1254	1	50067			
12	261	1258	2		7438		
12	261	1265	1	34727			

INVOICE REGISTER							
ENTRY DATE <u>January 26</u>							
INVOICE NO.	VENDOR	VENDOR NO.	INVOICE DATE	GROSS	DISCOUNT	NET	
1001	A J HENDERSON AND SONS	1261	1 15	17500	1750	15750	
1002	MARSHALL AND SMITH CO	1329	1 16	25700	2570	23130	
1003	SMITH THOMAS AND CO	1534	1 10	19325	1932	17393	
1004	HARRY WORTH SONS	1712	1 11	1050	105	945	
1005	HAHNE JACKSON AND KURZ CO	1250	1 15	21950	2195	19755	
1006	U S MAN CO	1321	1 15	15200	1520	13680	
1007	HERMAN AILES AND CO	1025	12 15	17600	850	16750	
1008	WHITMAN SMITH AND CO	1542	1 16	10000	750	9250	
1009	CHARLES T GOOD CO	1202	1 19	5000	500	4500	
1010	JAMES GORDON AND DAVIS CO	1276	1 13	7500	750	6750	

Electric Accounting Checks

Electric accounting checks serve a double purpose—they are used both as checks and as tabulating cards. As checks they contain in written form all the elements legally necessary to establish them as authentic media of payment—preprinted name of bank and check number; the date, payee, amount, and authorizing signature. As tabulating cards they are used to prepare, by the Electric Accounting Method, the various records connected with check payment. The presence of the information in both written and punched form is an added protection to the check. The use of the cards to prepare accounting and statistical reports insures speed and accuracy in the preparation of these records.

The punched date and amount are printed automatically on the check, the amount preceded by asterisks for protection. Any explanatory data which are desired may also be printed on the check—for example, gross amount, deductions, discount.

The punched and printed checks are balanced to controls and machine-listed by check number to prepare the check register. They are then signed and mailed. When the canceled checks are returned by the bank they (or their duplicates) are tabulated for totals and balanced with the bank charges.

The cards are next used to obtain the bank

CHECK NUMBER
13261

REPRESENTATIVE COMPANY
NEW YORK, NEW YORK

DATE
JUL 11 193

PAY *** * * * 65** DOLLARS **34** CENTS

TO THE ORDER OF

Robert D Morrison

TO

STANDARD NATIONAL BANK 19-749
I-N-Y
OF THE CITY OF NEW YORK

0	
1	
2	
3	
4	
5	
6	
7	
8	

IBM 12345

John J. Jackson

W. W. Sorenson

CHECK NUMBER	MAN NUMBER	AMOUNT
999999	999999	999999
64	70	75

The preprinted check number is prepunched in the card if desired. If the source records from which the check is prepared are tabulated records, the check is punched automatically during the process of tabulating. In this way it becomes a by-product, secured at a minimum cost in time and money.

A single check card may serve all purposes—for payment and for the preparation of accounting and statistical records. A duplicate check may be used, in which case the duplicate is either punched simultaneously with the original or prepared automatically from it. The duplicate is used to prepare accounting and statistical records, and the original becomes the medium of payment.

reconciliation. If the single-check method is used the checks are listed by check number, with an automatic indication of missing numbers. This list is used to check off the returned checks on the original check register. The unchecked items represent the outstanding checks.

If the duplicate-check method is used the returned checks are combined with all the duplicates in the file, sorted to check number and listed. The actuation of the Electric Accounting Machine causes the amounts from the original and duplicate cards to be printed on a single line, in offset columns, with a total for each column. The difference between these totals

is the amount of checks outstanding. The identity of the individual outstanding checks is apparent at a glance, from the absence of an amount in the column containing the amounts of original checks.

The duplicate check cards (or the originals, under the single-check method) are finally tabulated to prepare any desired analyses of dis-

bursements—for example, by account, payee, class of payee, bank.

Electric accounting checks are particularly advantageous in connection with accounts-payable, payroll, and dividend-disbursement systems, due to the number of allied records which can be prepared from them. Their use is not confined to these records, however, but is effective for any straight check procedure.

PAYROLL AND PAY CHECK REGISTER									
DEPT. <u>16</u>			PERIOD ENDING <u>March 15</u>						
NAME	CLOCK NO	CLOCK NO	GROSS PAY	DEDUCTIONS	NET PAY	CHECK AMOUNT	CLOCK NO	CHECK NO	
Haslett, T.	1301	1301	2340	178	2162	2162	1301	26731	
Warwick, H. T.	1302	1302	2486	220	2266	2266	1302	26732	
Reeves, P.	1303	1303	2630	100	2530	2530	1303	26733	
Sanderson, E.	1304	1304	2245	50	2195	2195	1304	26734	
Smith, W.	1305	1305	2350	140	2210	2210	1305	26735	

BANK RECONCILIATION				
DATE _____ 193__				
CHECK NO.	DATE	DUPLICATES	ORIGINALS	
1251	6 21	1978	1978	
1252	6 21	2189		
1253	6 21	2935	2935	
1254	6 21	3500	3500	
1255	6 21	2163		
1288	6 21	2678	2678	
1289	6 21	4300	4300	
1290	6 21	3286		
1291	6 21	1642	1642	
		970145 *	813952 *	
		813952		
	Checks Outstanding	156193		

Finished Stock Control

The chief problem in securing an effectual control of finished stock is that of coordinating the contributing data. These include continuous records of all activities which affect the status of finished stock, either directly or indirectly. All these facts should be assembled into a single report, in detail by stock number or item classification. The report should be available as frequently as is useful to the management, and when completed should be up-to-date. These requirements have been difficult to meet, which accounts for the fact that scientific control of finished stock has rarely been achieved to its fullest extent. Recent developments in the Elec-

placed in the stock file by item identification number.

In addition to the individual transaction cards, the stock file contains balance cards showing the balance forward in each of the "status" fields.

The cards in the current file are tabulated at predetermined intervals to prepare the "position" report, so called because it shows the complete position regarding finished stock, both actual and developing.

The alignment of the punching of quantities causes all transaction cards to be registered

NEMA CODE		STANDARD COST NO.	TOTAL STANDARD COST	CLASS OF GOODS	FACTORY PRODUCTION ORDER NO.	MIN INVENTORY	INVENTORY	INVENTORY LOCATION	CUSTOMER ORDER NUMBER	DATE	SHIPMENTS	UNSHIPPED ORDERS	STOCK ON HAND	DUE FROM FACTORY
000	0000	000	000	000	000	000	000	000	000	000	000	000	000	000
111	1111	111	111	111	111	111	111	111	111	111	111	111	111	111
222	2222	222	222	222	222	222	222	222	222	222	222	222	222	222
333	3333	333	333	333	333	333	333	333	333	333	333	333	333	333
444	4444	444	444	444	444	444	444	444	444	444	444	444	444	444
555	5555	555	555	555	555	555	555	555	555	555	555	555	555	555
666	6666	666	666	666	666	666	666	666	666	666	666	666	666	666
777	7777	777	777	777	777	777	777	777	777	777	777	777	777	777
888	8888	888	888	888	888	888	888	888	888	888	888	888	888	888
999	9999	999	999	999	999	999	999	999	999	999	999	999	999	999

tric Accounting Method make such control entirely practicable.

A tabulating card is punched for each single transaction originating from every source which affects the stock position—namely, customers' orders, production or purchase orders, production finished or purchases received, shipments, and all types of adjustments, such as transfers, canceled orders, waste, shrinkage, customers' returns. The card form is designed to contain complete identification of the item and the transaction, and also separate quantity fields for stock on hand, unfilled orders, due from factory or vendor, and sales. Each transaction is recorded in the proper quantity field, the other fields remaining unpunched. The cards are proved and balanced to controls daily, and

only in those counters of the machine whose quantities they properly affect. Deductions are performed automatically by the machine, and a net total is printed for each item. During the process of tabulation, a summary card is punched for each item, showing the new net balances. If desired, sales to date may be accumulated in the same manner and printed in a separate field on the report.

The frequency of reports is governed entirely by the requirements of the particular company. The method accommodates itself equally well to a daily, weekly, or monthly schedule.

The position report may include only active items, and may be prepared daily. Since normally only a portion of the entire line moves

daily, the report is brief and yet brings to the attention of the executive all items which potentially require action. Such daily reports may be supplemented quarterly by a tabulation showing the entire line. Tabulations also may be made of the inactive items.

With each punching of balance cards, the detail cards are released from the current file. From them numerous valuable subsidiary reports may be prepared in connection with production costs, sales analysis, accounts receivable, branch inventories, and special studies.

DAILY SUMMARY OF ORDERS, PRODUCTION, AND SHIPMENTS
DAILY INVENTORY OF UNFILLED ORDERS AND STOCK AVAILABLE

DATE June 30

Type	GRADE		CLASS SIZE	ORDERS RECEIVED	PRODUCTION	SHIPMENTS	PRESENT POSITION	
	Mdse.	Tread					ORDERS	STOCK
1	1101	01	30350	2500	800	3500	9000	5300
1	1104	01	32400	3000		2000	11500	4000
1	1106	01	30300		125	600	3000	4525

STOCK REPORT

WEEK ENDING July 7 193

CATALOG NO	SALES		UNFILLED ORDERS	STOCK ON HAND	DUE FROM FACTORY
	YEAR TO DATE	MONTH TO DATE			
93	4950			21855	
103	1750	1500		4160	20
104	56600	6250	11880	210106	
105	6500	500	1000	27565	

STOCK RECORDS

DATE June 30 193

CLASS	STOCK NO	COMMODITY	RECEIPTS	DISBURSEMENTS	BALANCE ON HAND	PRODUCTION OR PURCHASE ORDER	ASSIGNMENTS
61	109	NO 7 WOOD SCREWS	161299	66900	99300	200000	5200
61	101	NO 8 WOOD SCREWS			32000		
61	206	NO 4 MACH SCREWS	113120	113120			
61	303	SPEC BRASS SCREWS	108945		108945	100000	100000

Physical Inventory

The chief purpose of a physical inventory is to evaluate stock on hand in order to adjust this asset in the general ledger and in the detail stock records. A second purpose, scarcely less important, is to analyze stock into various significant classifications. The profitable disposition of present stock and the planning of future activity are greatly simplified by the use of such analyses. The usual results are a reduced inventory investment and an increased stock turnover. By the Electric Accounting Method the inventory-taking is accomplished in a minimum length of time—an important point, since most organizations find it necessary to suspend production operations during this period. The accounting information is available shortly after the inventory has been taken—often the following day. Various statistical reports, which under a manual method would require so much time as to be prohibitive, are completed in a few days.

The cards are issued to the inventory-takers by serial number, and each one must be accounted for when the listing is completed and the cards have been turned in to the accounting department.

The quantity of each item in stock is counted and written on the proper card, each count usually being checked by a second counter. The cards are finally detached from their stubs and the stub is affixed to the article or bin as a visual indication that the item has been inventoried. The serial number on the stub serves to identify the latter with its tabulating card in the event that a re-count of particular items is desired.

The tabulating cards are sorted by serial number and machine-listed to detect any missing cards. After all cards have been accounted for it remains only for the quantity, or quantity and extension, to be punched.

R 1076
NO. 1491

TAKEN

PATENTED AUGUST 16, 1916 AND PATENTS PENDING

R 1076
NO. 1491

DO NOT FOLD TEAR OR DESTROY

PLANT 8	DEPT 12	CLASS 3	WEIGHT
PART NO 210757-A		SIZE B6-1XA	
DESCRIPTION <i>Spark Plug</i>			
QUANTITY 1200	PRICE 40	AMOUNT 480.00	
HAND COUNT <input type="checkbox"/>		SCALE COUNT <input checked="" type="checkbox"/>	
SECTION 16	BIN NO 71	BLOG. NO 5	FLOOR NO 2
COUNTED BY <i>M. Moer.</i>		ENTERED BY <i>Grant</i>	
PRICED BY <i>Wessel</i>		STUB CHECKED BY <i>C.B.</i>	

ALL TAGS MUST BE ACCOUNTED FOR

INVENTORY TAG

TAG NO	PLANT	DEPT	CLASS	PART NUMBER	QUANTITY	MATERIAL UNIT PRICE	MATERIAL AMOUNT
0000	0000	0000	0000	0000	00	0000	0000
1111	1111	1111	1111	1111	11	1111	1111
2222	2222	2222	2222	2222	22	2222	2222
3333	3333	3333	3333	3333	33	3333	3333
4444	4444	4444	4444	4444	44	4444	4444
5555	5555	5555	5555	5555	55	5555	5555
6666	6666	6666	6666	6666	66	6666	6666
7777	7777	7777	7777	7777	77	7777	7777
8888	8888	8888	8888	8888	88	8888	8888
9999	9999	9999	9999	9999	99	9999	9999

LICENSED FOR USE UNDER PATENT 1,172,482

A dual stub tabulating card is used to record the inventory count, one card for each item of stock. The cards are serially numbered on the card itself and on the detachable stub. The serial number is prepunched at the card factory. The card form provides for information, in both written and punched form, covering a description of the item in all detail, its quantity, unit price, and total price.

The identifying information and unit price are written and punched previous to the inventory-taking in order to reduce the time required later for listing the inventory and punching the cards.

By means of the punched card procedure known as "progressive digiting" the extension of individual items may be omitted altogether if only total values by departments are required. From the punched quantity and unit price the Electric Accounting Machine accumulates the total values. Through the use of the digiting method total values for labor and material, cost and market, or other combinations of costing and pricing may be secured simultaneously.

If extensions are required for each card, these are computed and punched automatically from the quantity and unit price already punched in the cards.

The cards are tabulated to obtain the required accounting totals, either by departments or in total. Following this a listing is made by stock number, which serves as a support for the accounting totals and as a cross reference with the previous listing by tag number.

Any special inventory analyses which are desired may be provided for by including the proper punching when the cards are originally prepared, and are easily obtained by electric sorting and tabulating after the accounting work has been completed.

INVENTORY REPORT				
(EXTENDED CARDS)				
PLANT <u>Pittsburgh</u>			DATE <u>Dec. 31</u> 19 <u>3</u>	
PART NO.	DESCRIPTION	UNIT	QUANTITY	AMOUNT
40304	CABLE IGN WIRE BRAIDED LARGE	FT	110	3300
40305	CABLE IGN WIRE BRAIDED SMALL	FT	173	3460
40306	STANDARD IGNITION WIRE	FT	200	1600
40317	WIRE MANIFOLD CLAMP TUBE	EA	60	4800
40318	SPARK PLUG GROUND ASSEMBLY	EA	31	4650

INVENTORY DETAIL								
(EXTENDED CARDS)								
PLANT <u>New York</u>				DATE <u>September</u> 19 <u>3</u>				
DEPT. OR LOCATION	TAG NUMBER	MATERIAL CLASS	PART NUMBER	LAST OPERATION	QUANTITY	UNIT COST	AMOUNT	
40	16	2047	22	12500	136	450	1125	50625
40	16	2139	22	12501	210	200	750	15000
40	16	1648	22	12502	125	190	1050	19950
40	16	2102	22	12503	193	350	1050	36750
40	16	1862	22	12504	168	210	975	20475

INVENTORY DETAIL							
(DIGITING CARDS)							
PLANT <u>Pittsburgh</u>				DATE <u>December</u> 19 <u>3</u>			
DEPT. OR LOCATION	TAG NO.	PART NO.	LAST OPER.	QUANTITY	UNIT LABOR COST	UNIT MATERIAL COST	
	24	6548	15680	205	125	143	650
	24	6549	15682	208	50	1853	300
	24	6550	15686	209	60	1236	3210
	24	6551	15687	209	200	760	204
	24	6552	15690	211	1500	400	1365
	24	6553	15693	211	5	4297	2053
	24	6554	15695	214	50	1143	250
	24	6555	15696	215	25	1266	735
	24	6557	15697	215	200	625	3204
	24	6558	15700	218	1200	400	1032
	24	6559	15706	222	50	341	209
	24	6561	15707	222	100	329	214
	24	6562	15709	222	1670	1005	864
	24	6566	15712	224	543	882	675
	24	6567	15713	224	1000	435	411
	24	6569	15715	225	657	211	198
	24	6570	15717	226	1400	438	335
	24	6572	15719	230	527	788	677
	24	6580	15800	231	1200	1000	890

Sales Accounting

Selling and the cost of selling are matters of serious concern to present-day business. Both of these problems are subject to scientific control similar to that which has been so successfully applied to production. The first essential for such control is the possession of detailed information covering all the facts which pertain to sales activity. The specific factors to be included among the sales analyses for a particular company depend upon the type of business. In general these factors include the product itself in all pertinent classifications, the extent and character of demand, and the channels through which the product is brought to its market.

anced to a control and filed until required, at which time they are sorted and tabulated to prepare the various analyses desired. Since all reports are run from a single set of cards, their totals are certain to be in agreement, and accuracy is assured. Accumulative reports are prepared with no extra effort by the use of the periodic summary cards, automatically punched.

The sales analysis card may be used also to provide essential information for the general ledger. Accounts such as sales, returns, cost of goods sold, and other real and nominal accounts

SALES ANALYSIS CARD												SALES			RETURNS																	
DATE		INVOICE NUMBER	SOURCE	TERMS	LEADER NUMBER	CUSTOMER NUMBER	CLASS OF TRADE	CITY	STATE	SALESMAN NUMBER	SUSP. OR SPL. ARRANGEMENT	ARTICLE NUMBER			QUANTITY	SALES AMOUNT	COST AMOUNT	QUANTITY	SALES AMOUNT	COST AMOUNT												
MO	DAY											KIND	GROUP	LINE OR ASSORTMENT																		
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1											
CODED AUTOMATICALLY BY												2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
CUSTOMER'S MASTER CODE CARD												3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4											
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5											
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6											
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7											
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8											
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9											

LICENSED FOR USE UNDER PATENT 1,772,492

Formerly the securing of such sales analyses was not practical because the amounts of time and money required were prohibitive. With Electric Bookkeeping and Accounting Machines, however, this is one of the most appropriate and profitable applications since the value of the machines increases with the amount of detail to be classified and compiled.

A tabulating card is punched for each item or classification on the customer's invoice, showing, for example, customer number, salesman, district or territory, trade class, complete item identification, and amount. The cards are bal-

may be posted from or checked with the sales analysis reports. Salesmen's commission statements, royalty statements, and tax statements also may be prepared from the sales analysis cards.

The repeated use of a single card for many purposes is one of the conspicuous advantages exclusive to the punched-hole method. All individual postings are eliminated. The tabulating card once punched and proved is permanent and unalterable. Consequently, the danger of the transposition, omission, or duplication of figures is entirely removed.

The variety of analyses which can be prepared for the use of management is practically unlimited. The answers may be readily found for such basic questions as—"What was sold?", "Who sold it?", "Where was it sold?", "Who bought it?", "What was the profit?" Other valuable facts concerning distribution such as the relative profitableness of products, salesmen, branches, channels of distribution, classes of industry, and advertising media may be intermittently prepared. These valuable analyses

are compiled by the International Electric Book-keeping and Accounting Machine Method with practically no additional cost and no disruption of the regular accounting routine.

A few representative reports appear below which show some of the typical analyses of sales which may be prepared. Many others may be designed to incorporate the essential figure-facts required for each specialized type of business.

STATEMENT OF SALES AND EXPENSES BY SALESMEN					
MONTH OF <u>July</u> 19 <u>3</u>					
BRANCH	SALESMAN	THIS MONTH		YEAR TO DATE	
		SALES	EXPENSE	SALES	EXPENSE
21	220	3 025 00	6 420 00	1 782 100	3 021 00

COST OF SALES						
MONTH OF <u>July</u> 19 <u>3</u>						
BRANCH	PRODUCT		QUANTITY	SALES AMOUNT	COST AMOUNT	GROSS PROFIT AMOUNT
	CLASS	NUMBER				
21	10	601	178	3 560 00	2 136 00	1 424 00

SALES AND EXPENSES BY CLASS OF CUSTOMER					
MONTH OF <u>July</u> 19 <u>3</u>					
CLASS OF CUSTOMER	NUMBER	THIS MONTH		YEAR TO DATE	
		SALES	EXPENSE	SALES	EXPENSE
Automotive	1	6 435 00	4 850 00	3 168 000	6 185 00
Electrical					7 224 00
Hardware					3 863 00
Radio					7 400 00
Miscellaneous					2 178 00

COMMISSION STATEMENT					
NAME <u>Anderson</u> MONTH OF <u>July</u> 19 <u>3</u>					
BRANCH	SALESMAN	INVOICE NUMBER	SALES	RETURNS	
32	315	4236	12 500		
32	315	4438	34 085		
32	315	9042			2765

Accounts Receivable

Accounts Receivable is one of the most important accounts to be found in the books of any industrial or commercial organization. It is upon accounts receivable that an organization principally depends for the income with which to meet maturing obligations and to continue operations. The Electric Accounting Method provides the necessary means for performing economically the detail work involved in the accounts-receivable procedure. It reduces errors, insures the prompt rendering of statements and places no limitations upon the selection of the particular type of statement which is best adapted to the needs of the individual business.

The debit cards are balanced to a control and placed in the current accounts-receivable file by account number, behind their corresponding index tab cards.

There are several methods of applying payments. The choice of a particular method necessarily depends upon the requirements of the individual business.

From the remittance slip, the cash received is recorded in a tabulating card, either in the corresponding debit card itself or in a separate credit card. The paid debit cards may be re-

1794004		122432		103473		21500		21133					
CUSTOMER NO.		CODE		MO. DAY YEAR		INVOICE OR REF. NO.		DEBIT AMOUNT		CREDIT AMOUNT		MO. DAY YEAR	
BRANCH OFFICE	SALES-MAN	CUSTOMER NUMBER	CD.	STATE	CREDIT LIMIT	DATE MO. DAY YR.	INVOICE OR REFERENCE	DEBIT AMOUNT	COMPLEMENT OF CREDIT AMOUNT	CREDIT AMOUNT	PAID MO. DAY YR.	ACCOUNTS RECEIVABLE	
0000	0000	0000	00	00	0000	000000	000000	000000	000000	000000	000000	00000000000000000000000000000000	
1111	1111	1111	11	11	1111	1111	111111	111111	111111	111111	1111	11111111111111111111111111111111	
2222	2222	2222	22	22	2222	2222	222222	222222	222222	222222	2222	22222222222222222222222222222222	
3333	3333	3333	33	33	3333	3333	333333	333333	333333	333333	3333	33333333333333333333333333333333	
4444	4444	4444	44	44	4444	4444	444444	444444	444444	444444	4444	44444444444444444444444444444444	
5555	5555	5555	55	55	5555	5555	555555	555555	555555	555555	5555	55555555555555555555555555555555	
6666	6666	6666	66	66	6666	6666	666666	666666	666666	666666	6666	66666666666666666666666666666666	
7777	7777	7777	77	77	7777	7777	777777	777777	777777	777777	7777	77777777777777777777777777777777	
8888	8888	8888	88	88	8888	8888	888888	888888	888888	888888	8888	88888888888888888888888888888888	
9999	9999	9999	99	99	9999	9999	999999	999999	999999	999999	9999	99999999999999999999999999999999	



A master duplicating card and an index tab card are first set up for each account, showing customer number, name, and address, and any credit information desired, in both written and punched form.

A debit card is punched from each invoice. The common information from those invoices which apply to a single customer is duplicated (that is, punched automatically) in the debit cards by means of the master duplicating card. The rapidity of duplication adds considerably to the speed of punching.

The accounts-receivable debit card may be a summary card punched automatically from a tabulation of the sales-analysis detail cards.

moved daily from the current file. In this event, the accounts-receivable file contains only the open items, and continues to contain such items until they are cancelled by payment.

At the end of the month the open file is first tabulated by account number for the trial balance and then listed upon the customers' statements. The original statements are mailed to customers and the duplicates retained for reference.

The open file may be started anew each month by punching a balance-forward card for each month's balance. Current debit and credit cards are then punched and placed in the open file.

No cards are withdrawn during the month. Each month's statement is complete in itself, showing the old balance, every debit and credit item of the current month, and a new balance.

Under some conditions the tabulating card may serve as the invoice itself. In this case the card contains its information in both written and punched form. After the cards have been used to tabulate the statements, those applying to each statement are attached thereto, as a support, and sent to the customer.

Following the mailing of statements, an aged trial balance is tabulated, showing the amounts owing for the current month and for periods

over 30, 60, and 90 days.

The cards, both debit and credit, for the month just ended are next tabulated to prepare a history of customer's account, a separate sheet for each customer.

If a separate credit card is employed, the cash book and deposit slip may also be tabulated records, prepared simultaneously by means of an overlapping flyleaf form and carbon paper. This provides an automatic balance of accounts receivable with the general accounting records.

The accounts-receivable records may be combined with those for billing. The billing procedure is described in an earlier section.

DUPLICATE STATEMENT		JONAS & SMITH BRIDGEPORT, CONN.				CODE 1 INVOICE 2 CASH RECEIPT 3 DEBIT MEMO 4 CREDIT MEMO			
NAME <u>W. S. Allen</u>		ADDRESS <u>412 26th St.</u>		No. <u>13</u>		DATE <u>March 1</u> 193 <u>1</u>			
		New York, N.Y.							
CREDIT LIMIT	CUSTOMER NUMBER	DATE			INVOICE OR REFERENCE NO	CODE	DEBIT AMOUNT	CREDIT AMOUNT	BALANCE
		MONTH	DAY	YEAR					
2000	15								
	15	11	06	30	1275	1	20000		
	15	11	14	30	1084	4		6800	

DETAIL AGED TRIAL BALANCE												
NAME OF CUSTOMER	PLANT DIV	MONTH	DAY	DATE MO DAY	RECEIPT NO	KIND OF ENTRY	MONTH OF July 193				BALANCE	
							90 DAYS AND OLDER	60 DAYS	30 DAYS	CURRENT		
Abendroth Box Co., 20 422 Pine St., Philadelphia, Pa.					2000							
	1051	10	51	408	33310		4250					
	1051	10	51	420	67110		1572					
	1051	10	51	516	27310			3654				
	1051	10	51	608	33410				3500			
	1051	10	51	622	103410				4590			
	1051	10	51	716	57510					3690		
												112657*

CASH RECEIVED						DEPOSITED FOR ACCOUNT OF JONAS & SMITH	
						DATE February 16	
ACCOUNT NUMBER	DAY	CREDIT AMOUNT	DISCOUNT	BANK NO.	NET AMOUNT		
13	2 15	108660		307	108660		
96	2 15	70650	7065	307	63585		
101	2 15	231500		307	231500		
124	2 15	117890		307	117890		
187	2 15	83610	8361	307	75249		
203	2 15	197655		307	197655		
243	2 15	67990		307	67990		
266	2 15	187560		307	187560		
344	2 15	40675		307	40675		
378	2 15	131170	13117	307	118053		
423	2 15	40180	4018	307	36162		
436	2 15	197675	19768	307	177907		
466	2 15	224780		307	224780		
468	2 15	35050	3505	307	31545		
487	2 15	63455		307	63455		
505	2 15	85600		307	85600		
511	2 15	75775		307	75775		

Budgetary Control

The extensive adoption of budgetary control is one of the most important recent developments in management. Budgeting is a subject of keen interest among business leaders everywhere, either because they are operating under a budget or because they feel the need of doing so.

The successful budget requires that, first, estimated income and costs, and second, variance of actual from standard be broken down by item or classification, and that this variance be known promptly at the close of the period. These requirements formerly constituted the chief impediments in the operation of the budget, from the viewpoints both of clerical cost and of time. With the use of International Electric Bookkeeping and Accounting Machines, however, budgeting becomes a thoroughly practicable undertaking, and a valuable means of current control and of future planning.

tail cards and a tabulation is prepared showing actual amount, budget amount, and the amount over or under the budget. No manual computation is necessary, the subtraction for variances being accomplished automatically.

Accumulated amounts for the period to date—actual budget and variance—are also computed automatically. The total amounts for the first month of the period are punched in new cards by the Automatic Summary Punch at the time the budget report is tabulated. These total cards are included for tabulation with the succeeding month's budget and detail cards. In this way the accumulated amounts for the period to date are automatically carried forward each month.

In addition to preparing the periodic budget reports, the detail cards are used to make a

EXPENSE SUMMARY									
DATE			CLASSIFICATION	EXPENSES YEAR TO DATE	EXPENSES FOR MONTH	BUDGET		BUDGET BALANCE + OR -	CLASS
MO.	DAY	YR.				MONTH	YEAR TO DATE		
0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

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Detail cards are punched daily for each item of sales, material, labor, and expense. These are first used in their respective current accounting procedures. After they have served this purpose they are sorted and tabulated by budget classification.

Budget cards are punched monthly, showing department, item or classification, and the budget amount. These are combined with the de-

variety of analyses upon which the forecasts for a new budget period are based. Such information as sales by territory, salesman, trade class, customer, and other data suitable for making exhaustive sales and market analyses is available from the sales detail cards. Similarly the production, material, labor, and expense cards contain any information which is pertinent to a thorough analysis of these records.

With the last day's detail cards, all punching for the month is complete, and the budget report is ready to be tabulated, the total or balance-forward cards and the budget cards being already available. The printed reports as they

issue from the machine are complete in detail, accurate against controls, and ready for the attention of executives while their contents are still news of the current status and when effective remedial measures may be taken.

SALES AND EXPENSE BUDGET REPORT										
MONTH OF <u>May</u> 193 <u> </u>										
DEPT.	ACTUAL SALES			SALES BUDGET			SALES EXPENSE			
							ACTUAL AMOUNT	OVER BUDGET	UNDER BUDGET	
1	94007	50	90000	00	9123	47	623	47		
2	66431	10	70000	00	7210	41			789	99
3	84721	40	84000	00	8764	31	1264	31		
4	20432	00	25000	00	3284	10			758	49
5	9321	50	9000	00	976	05				7500
6	10946	25	15000	00	1543	12				12052

BRANCH MONTHLY EXPENSE STATEMENT										
BRANCH <u>Philadelphia</u> MONTH OF <u>May</u>										
	Account Number	BRANCH	CURRENT MONTH				YEAR TO DATE			
			Budget	Expense	% of Net Sales	Variance	Budget	Expense	% of Net Sales	Variance
DIRECT EXPENSE										
Advertising	301	301	4	563	414		149-	6756	13585	6829
Commissions	303	303	4	30	796		766	360	1118	758
Management Salaries	305	305	4	450	450			5400	5400	
Management Traveling	307	307	4	250	331		81	3000	4136	1136
Salesmen's Salaries	309	309	4	1800	1561		239-	21600	23853	2253
Salesmen's Traveling	311	311	4							
TOTAL DIRECT	312	312	4	3093	3552		459	37116	48092	10976
INDIRECT EXPENSE										
Auto Expense	314	314	4							
	315	315	4	125	125			1500	1525	25

MANUFACTURING BUDGET REPORT									
MONTH OF <u>March</u> 193 <u> </u>									
DEPARTMENT	ACCOUNT	BUDGET	ACTUAL TO DATE	ACTUAL THIS PERIOD	VARIANCE TO DATE	TOTAL ACTUAL TO DATE			
4	01 01	25000	25000	8334					
4	01 05	8500	8000	2500	500-				
4	01 12	11000	9500	3500	1500-				
4	01 16	9500	17500	10000	8000				
4	01 17	3000	1500	1000	1500-				
4	01 24	1000	200	200	800-				
4	01 32	2500	6000	3500	3500				
4	01 33		560	560	560				
4	01 34	22500	21610	7300	890-				
4	01 35	8000	7500	2550	500-				
4	01 37	1000	800	300	200-				

Billing

Billing is one function common to all business concerns no matter what their particular type of activity may be. It is one of the most frequent points of contact between buyer and seller. The billing procedure also has a direct bearing upon many of the internal operations of a business. It is apparent, therefore, that speed and accuracy are essential. Under the Electric Accounting Method many of the operations involved in billing can be performed in advance of the receipt of the order. This often leaves little more than the printing of the bill to be accomplished at the time of billing. The bill is produced automatically by the action of the machines. Neither manual- nor key-posting is required. Billing totals are assured of being in agreement with the original records from which the cards were punched, and with any records subsequently produced from the same punched cards.

The detail cards and name and address cards are combined and listed by the Electric Accounting Machine to print a multiple-copy set of records, one set for each customer. These may be used as the internal order, the duplicates serving as packing slips and warehouse, office, and salesmen's records. In this case, when the order is ready for shipping the same cards are used to print a multiple-copy set of invoices, the duplicates serving as accounts-receivable, general office and statistical copies. In other cases, the original listing may be used both as the order and as the invoice. Under different conditions the detail cards may be punched from shipping memos after shipment has been made.

The invoices are checked to the warehouse or shipping records, and extensions are verified. After this operation the customer's invoices are placed in window envelopes and mailed.

BILLING														DESCRIPTION																											
DATE		CUSTOMER			BR.	SALES-MAN	CITY	ST.	QUAN.	SALES AMOUNT	COST AMOUNT	UNIT PRICE																													
MO.	DAY	CL.	NO.								SALES	COST	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2			
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
DUPLICATED									KEY PUNCHED				PUNCHED BY				PREPUNCHED																								
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9

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A file of customer code cards is maintained, which show in both printed and punched form the customer's name and address, and any credit data which are desired. From the customer's order the proper code card is withdrawn from the file and used to duplicate the common customer information in the detail cards.

A detail card is punched for each item on the order, containing a description of the item, the quantity, price, and extension.

If the product is a standard one, and the same quantities recur frequently on customers' orders, a reservoir file of prepunched cards may be used to supply the item information. These cards show a description of the item, quantity, price, and extension, and are filed by item number. The file always contains a number of cards for every quantity potentially appearing on customers' orders—or for smaller quantities which by addition can be used to compile such quantities. For example, the quantity "142"

might be represented by three cards, those for 100, 40 and 2 respectively. The prepunching is performed automatically.

As orders are received, prepunched cards for each item are removed from the reservoir file to make up the quantity specified. If prices change so frequently that the prepunching of price and extension is not practicable, the price is written on the order and punched in the card. From the punched quantity and price, the computation and punching of the extension are performed automatically.

If the product is received and issued in standard units, the reservoir file may become a stock

file containing a prepunched card for each unit in stock. Receipts are recorded by the insertion of additional cards in the file, disbursements by the removal of cards. The cards removed are used to print customers' invoices. Under this unit-control plan the prepunched file represents current stock at all times, and may be tabulated for periodic stock reports.

Under all the above methods the detail billing cards, or summary cards prepared from them, may be used currently in the accounts-receivable and inventory procedures. The same cards are finally available for preparing various statistical analyses pertaining to shipments.

CHAIN STORE INVOICE						OFFICE BILLING RECORD			
STORE NO.	MONTH and DAY	STORE LOCATION	STREET AND NUMBER	INVOICE NO.	STORE NO.	MONTH and DAY	INVOICE NO.		
856	3 16	1	SELECTION LINE	2134	856	3 16	2134		
118	1 24	No 2	CORN AVQN	12 2.88	118	1 24	2.88	2.00	
122	1 24	No 1	PEACH SLCD	10 2.40	122	1 24	2.40	1.98	
131	1 12		CANVAS GL	10 1.20	131	1 12	1.20	.80	
133	1 12	8 OZ	CHERRIES	.08 .96	133	1 12	.96	.78	
137	1 24	3	TOMATOES AVQN	15 3.60	137	1 24	3.60	2.40	
141	1 12	8 OZ	PINE APPLE	.08 .96	141	1 12	.96	.76	
143	1 12	8 OZ	RASP BERRIES	.10 1.20	143	1 12	1.20	.96	
154	1 12	MD	BEANS HEINZ	15 1.80	154	1 12	1.80	1.23	
167	1 24	No 2	BEAN STRNC STAND	22 5.28	167	1 24	5.28	3.88	

THE NATIONAL MANUFACTURING CO.

CUSTOMER'S ORDER No. & DATE 2105 4-21 REQUISITION No. CONTRACT No.	702 BROADWAY NEW YORK, N. Y.	REFER TO INVOICE No. 21156 INVOICE DATE 4-28 VENDOR'S Nos.
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SOLD TO GEORGE L HENDERSON CO 50 FRONT ST TORONTO ONT	SHIPPED TO AND DESTINATION DATE SHIPPED CAR INITIALS AND No. HOW SHIPPED AND ROUTE Express TERMS: NET CASH 30 DAYS
---	---

QUANTITY	DESCRIPTION	PRICE	AMOUNT
40	NATIONAL NO 17 TIRE GAUGES	72	2880
100	REPLACEMENT HUB CAPS	35	3500
20	ALUMINUM PISTONS NO 58	200	4000
5	EXCELLO ROLLER BEARINGS	75	375
50	SPECIAL SPARK PLUGS	100	5000
30	PARKING HEAD LIGHTS	150	4500
50	STOP LIGHT ASSEMBLIES	200	10000
100	WINDSHIELD WIPERS	180	18000

COLLECTION RECORD
INTERNATIONAL PUBLIC SERVICE CORP.
270 Broadway, New York, N. Y.

DATE	DEBIT	CREDIT	DEPOSIT	SERVICE TO	AMOUNT	DESC
5 29				OCT 2	3.96	GS
				SEP 1	3.52	AR
5 29	5.00			OCT 2	1.92	CL
					.06	TX
				OCT	5.00	MD
OUTSTANDING BALANCE						
5	25.00					

\$1446

INTERNATIONAL PUBLIC SERVICE CORP.
270 BROADWAY, NEW YORK, N. Y.

METER READING		METER NO.		METER TYPE		METER RATE		METER CHARGE		METER AMOUNT		METER DESCRIPTION	
PREVIOUS	CURRENT	NO.	NO.	NO.	NO.	PER HOUR	PER MONTH	PER HOUR	PER MONTH	PER HOUR	PER MONTH	PER HOUR	PER MONTH
1098	1062	36		SEP 1	1 OCT 12			3.96	3.96	GAS	20.5	3.96	3.96
				AUG 1	1 SEP 11			3.52	3.52	GS APS		3.52	3.52
2468	2442	24		SEP 1	1 OCT 12			1.92	1.92	ELEC		1.92	1.60
								.06	.06	H.S. TAX		.06	.05
								5.00	5.00	M'D'SE		5.00	5.00
DEFERRED MERCHANDISE ACCOUNT													
BALANCE		ARTICLE CODE		INITIAL NO.									
5.00		26		3									

\$1446 \$1381

CASHIER'S COUPON
INTERNATIONAL PUBLIC SERVICE CORP.
270 Broadway, New York, N. Y.

CUSTOMER'S NUMBER	DESC	AMOUNT	NET AMOUNT
205	GS	3.96	3.96
	AR	3.52	3.52
	CL	1.92	1.60
	TX	.06	.05
	MD	5.00	5.00

\$1446 \$1381

TO: Wm. H. Campbell
314 East 64th Street
Apt 5-H New York City 125 - 050800
REAL ESTATE MANAGEMENT CO.
70 BROADWAY
NEW YORK, N. Y.

REAL ESTATE MANAGEMENT CO.
70 BROADWAY
NEW YORK, N. Y.
CASHIER'S RECORD

FROM		ITEM	TO		ARREARS	CURRENT	TOTAL	CODE			AMOUNT
MONTH	DAY		NO.	DAY				HOUSE	SPACE	ITEM	
5	01	RENT			12500			125	508001		12500
3	25	ELECT	4	27	874			125	508002		874
3	25	TAX	4	27	17			125	508003		17
3	27	GAS	4	30	180			125	508005		180
4	18	REPAIR			2850			125	508008		2850
6	01	RENT				12500		125	508001		12500
4	28	ELECT	5	26		819		125	508002		819
4	28	TAX	5	26		16		125	508003		16
5	16	REPAIR				565		125	508008		565
4	30	GAS	5	28		100		125	508005		100
							30421				30421