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Simplified uniform accounting system for retail coal merchants

National Retail Coal Merchants Association

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SIMPLIFIED UNIFORM
ACCOUNTING SYSTEM

FOR

RETAIL
COAL MERCHANTS



Published by

National Retail Coal Merchants Association
1414 South Penn Square
Philadelphia

1922

An Appreciation

It is a pleasure to record in this permanent form a slight testimonial to the exhaustive research work, covering several years, of the Committee on Statistics in behalf of the membership of the National Retail Coal Merchants' Association.

The results attained on the part of this committee is a contribution not alone to the membership of the National Association, but to all the retail coal merchants of the United States and Canada, and such being the case THE RETAIL COALMAN considers it a special privilege to be permitted to co-operate to the extent of printing and giving this work of the Committee distribution to all retail coal merchants.

THE RETAIL COALMAN.

1535 Monadnock Block,
Chicago, Ill.

NATIONAL RETAIL COAL MERCHANTS ASSOCIATION'S SIMPLIFIED UNIFORM ACCOUNTING SYSTEM.

The National Retail Coal Merchants Association, in connection with the preparation of its Complete Uniform Accounting System, has prepared a Simplified System requiring only a limited knowledge of bookkeeping and a minimum expenditure of time and effort, but furnishing all essential information as to the cost of doing business and the profits resulting therefrom, information without which no retailer in coal or any other commodity can hope to meet successfully the competition incident to modern business methods.

The proposed Simplified System requires of a retailer only that he ascertain the amount of his assets and liabilities at a given date and from that date on maintain accurately the simple records described below. If he will do this, his records will furnish sufficient information to enable any accountant or skilled bookkeeper, at a reasonable cost, to compile at the end of a month, a quarter, or a year, statements which will show, among other things:

Whether a fair return is being secured from the capital he has invested in his business;

Whether any operating costs are unduly high, and if so which ones; and

Whether or not all operating costs are being taken into consideration in fixing the gross working margin. This term should be understood to mean the difference between the cost of coal alongside or on track at destination (but not unloaded) and the retail sales price delivered *at curb*.

The records mentioned above and the methods for keeping them are described briefly below. Columnar books or loose-leaf sheets, to be found at almost any stationery store, may easily be adapted for use in this connection. Any retailer desiring advice concerning the preparation or procurement of specific forms for these records should apply to the Executive Secretary of the Association, who will be glad to furnish all possible assistance.

Delivery Tickets.

In many communities the law requires the issuance of duplicate delivery tickets with each load of coal, showing the number of pounds and the kind of coal carried. This plan is strongly recommended to all retailers, who, by the use of triplicate tickets, consecutively numbered, may send out duplicates with each delivery and retain the third copies; charges may then be posted to customers' accounts from these office tickets and summarized on the sales record. The duplicates,

returned by the drivers and bearing the customers' signatures, should be preserved for use in case it becomes necessary to prove delivery.

Sales Record.

The purpose of this record is to summarize the delivery tickets and show the quantities and amounts of the different classes of sales. In it should be recorded the dates, the ticket numbers or customers' names, the total tonnage and amounts charged to customers (with the amounts of cash sales recorded in a separate column), and, with separate columns for labor charges and each of the different kinds and sizes of coal and other commodities sold, the tonnage and amounts making up those totals.

Purchase Record.

The purchase record should show the tonnage and cost alongside or on track (but not unloaded) of each kind and size of coal or other commodities purchased. In it should be recorded the car numbers, the shippers' names, the invoice cost, the cost in respect of freight or other similar charges, the sum of these or the total cost, the total tonnage, and, with separate columns for each of the different kinds and sizes of coal and other commodities, the cost and tonnage making up those totals.

Cash Book.

The cash book should be divided into two sections, one for receipts and one for expenditures.

The left-hand or receipts side should show the date, the name of the person or firm from whom the cash is received, the net amount of cash received, the amount of any deductions for discount, etc., and the sum of these two amounts, with separate columns to show how much of this sum was received from customers on account of charge sales, how much on account of cash sales, and how much from other sources. A complete explanation regarding the latter should be recorded.

The right-hand or disbursements side should show the date, the name of the person or firm to whom the check is issued (see below under "Petty Cash Fund" for method of handling currency disbursements), the amount of the check, the amount of any deductions for discount, etc., and the sum of these two amounts, with separate columns to show how much of this sum was expended for merchandise, how much for each of the four general classes of expense, and how much for other purposes. A complete explanation regarding the latter should be recorded. It is believed that every dealer will want to classify his expenses in groups, in which case the four groups recommended are Unloading and Yard Handling, Delivery, Selling, and General Administrative Expenses; these groups may be subdivided to give as much

detailed information as is desired. For the use of those who adopt these four groups a classification of items is listed on a separate page to show under which group each item of expense should be classified.

The cash book may also be used as a journal by anyone having some knowledge of bookkeeping; without such knowledge there will be no occasion for journal entries.

Petty Cash Fund.

Retailers who have not already done so are urged to adopt the practice of depositing in the bank (daily if possible) all cash received, no matter from what source, and of making all payments by check except where the use of currency is unavoidable or where the amounts are very small and perhaps numerous. To take care of items of the latter sort, a "petty cash fund" should be established by setting aside an amount of, say, \$25 or \$50; this fund should be kept in a separate cash drawer or cash box, and when all or nearly all spent, a check for the exact amount of the spendings should be cashed and the proceeds put into this separate drawer or box so as to restore the fund to its original amount.

Ledger.

In the ledger an account should be carried with each customer except those on a cash or c. o. d. basis. Charges should be posted to these accounts from the office copies of the delivery tickets and credits from the receipts side of the cash book. If any other entries are made, complete explanations of them should be made and preserved in a binder or other place especially provided for such explanations.

General accounts and accounts with shippers may be carried in the same ledger if desired.

Inventories.

In addition, record should be made at the close of each period (month, quarter, half-year or year) of the quantity of coal, coke, wood and other merchandise on hand, together with the cost thereof (including all transportation costs); if the current market value is less than such cost, it should be used instead.

Assembly.

It should be understood that the foregoing data, while it includes all the information referred to on page 1, must be properly assembled in statement form before that information will be apparent and usable. Any retailer desiring help or advice in this connection should apply to the Executive Secretary of the Association.

Classification of Expenses.

UNLOADING AND YARD HANDLING:

- Yardmen's wages.
- Supplies used in yard.
- Repairs to hoppers and other yard buildings and equipment.
- Rent paid for yard or yard buildings.
- Fire insurance on hoppers and other yard buildings and equipment.
- Liability and accident insurance on yardmen.
- Taxes on yard, yard buildings and yard equipment.
- Depreciation applicable to yard buildings and equipment.
- Demurrage.

DELIVERY:

By Teams—

- Drivers' and barnmen's wages.
- Feed and bedding.
- Horse shoeing and veterinary.
- Repairs to barns, wagons, harness, etc.
- Rent paid for barns.
- Livery and boarding.
- Fire insurance on barns, wagons, etc.
- Taxes on barns, wagons, etc.
- Depreciation applicable to barns, wagons, etc.
- Liability insurance on drivers and barnmen.
- Barn supplies and expenses.

By Trucks—

- Drivers' and mechanics' wages.
- Gasoline and oil.
- Tires and repairs.
- Supplies.
- Fire, theft and liability insurance on trucks, garages, etc.
- Liability and accident insurance on drivers and mechanics.
- Depreciation on trucks, garages, etc.
- Garage supplies and expenses.

SELLING:

- Salesmen's salaries, commissions and expenses.
- Advertising.
- Cost of operating salesmen's automobiles.
- Insurance on salesmen's automobiles.
- Depreciation on salesmen's automobiles.
- Provisions for bad debt losses.
- Collection expenses.

SIMPLIFIED UNIFORM ACCOUNTING FOR RETAIL COAL MERCHANTS

GENERAL ADMINISTRATIVE:

Proprietor's salary.
Office salaries.
Telephone and telegraph.
Printing and stationery.
Rent paid for office.
Light, water and ice, towel supply, etc.
Repairs to office equipment.
Fire insurance on office buildings and equipment.
Taxes on office buildings and equipment.
Depreciation on office buildings and equipment.
Liability and accident insurance on office employes.
Cost of operating office automobiles.
Depreciation on office automobiles.
Postage.
Legal (other than collection).
Auditing.
Miscellaneous.

A Car Record

THE first need in the accounting scheme of every retail coal business is a proper record of the coal purchased and cars received. So many details are required to do this that unless a specially ruled form is used some important point about the movement of the car may be overlooked and cause inconvenience and actual loss should it be necessary later to use this information when filing a claim or in tracing a certain shipment.

The car record should not be too elaborate or complicated, because then the tendency will be not to complete the record. Simplicity and ease of recording are the two essential qualifications.

CAR RECORD										CAR RECORD									
Date Shipped	SHIPPER	INITIAL	Car Number	KIND	PRICE	No. of W. Cars	BOOKS BOUND HERE	DATE RECEIVED	By	At	State	County	City	State	Date Received	Date Shipped	Car Number	Car Service	REMARKS

Illustration of Car Record (reduced). The actual record is 16 1/4 inches wide when open, and 12 inches from top to bottom. Capacity 1,500 cars.

The Car Record form, a reduced fac simile of which is shown herewith, meets these requirements. It is simple, easily kept and provides all the information required for the average retail coal business. The thousands in use in retail coal offices all over the country prove its worth.

The form is ruled on strong ledger paper, suitable for either ink or pencil entries. The book is of convenient size and substantially bound to withstand hard usage. It has black cloth sides and leather back and is stamped, in gold, Card Record.

The price is \$2.50, postage and packing prepaid.

Distributed only by

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