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What's New in Reading

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while actual transportation is provided by another.

Tickets may be purchased through the use of cash or credit as provided in the air travel plan, or through the use of United States Government requests, or by an exchange order or issue wire from an authorized agency or carrier.

The original supporting document for the recording of income from passenger fares or excess baggage is the Ticket Agent's Report. This report is executed daily and mailed to the treasury department of the airline. The report covers every ticket issued and shows all the information necessary for the revenue section of the treasury department to properly record the income from the transportation of persons. Each daily Ticket Agent's Report must be audited and analyzed before a compilation of total income can be obtained. When the volume of work warrants it, business machines are used to compile the totals after the Ticket Agent's Reports have been audited.

The supporting record for the recording of air mail revenue is the United States Post Office Form 2702. On this form is shown the weight of each pouch of mail carried and an authorized employee of the Post Office Department must certify to the correctness of the weight before the Department will accept liability for payment of the service rendered. The air mail revenue is computed monthly from the data shown on Form 2702. At the same time the income is recorded, the receivable due from the United States Government is set up.

Expenses: The operating expense accounts of an airline are broken down into nine major functional groups—flying operations, ground operations, flight equipment maintenance-direct, equipment maintenance-indi-

rect, passenger service, traffic and sales, advertising and publicity, general and administrative, and depreciation. These major functional groups are further subdivided into 184 primary accounts. This breakdown with cost data which are of invaluable aid in controlling expenditures.

Whenever possible, expenses are charged directly to the account in the functional group to which they apply. Indirect costs such as heat and power, rent, insurance, etc., are allocated to the functional group accounts on a prorated basis. However, depreciation or general and administrative costs are not apportioned, but are considered merely as operating expenses. Jobs or work orders are charged only with direct material and labor costs, and there is no absorption of overhead expenses through the work-in-progress account.

Non-operating income and deductions: The non-operating income, and deductions from gross income, include those items which show the net income from miscellaneous sources such as the profit or loss from the sale of physical property, cash discounts, etc. These amounts are relatively unimportant, but must be considered in order to arrive at the net income of the air carrier.

Conclusion: In a brief treatise of this nature, it is not possible to discuss every phase of airline accounting. Therefore, only those accounts have been discussed which are primarily characteristic of the air transportation business, or are considered unusual. The problems which arise in airline accounting cannot always be solved in the light of the past experience of other types of common carriers. Both vision and courage are needed to find the answer to many questions in this newest of all fields of transportation—the air.

What's New in Reading

HELEN M. HETH, *Detroit, Michigan*

TERMINATION FINANCING AS PRESENTED IN CURRENT PERIODICALS

The annual convention of the American Bankers' Association was held in Chicago in October and no small part of their meeting was devoted to the bank's part in the reconversion program of the nation. The Credit Policy Commission of the Association has

published a booklet, *Contract Termination Loans*, which presents complete information on T loans. This may be secured at your local bank.

Business Week for November 18, 1944, in a very brief article called "Loan Pool Grows," states that 60% of the nation's business organizations have net worths of \$3,000 or less and 5% have net worths of more than

\$200,000. In *American Business* for October, Mr. Mark A. Harris, Vice-President of The Harris Trust and Savings Bank of Chicago, presents "A Banker Talks About Loans." He tells that private banking pools have been organized to aid these small companies with their financial difficulties during a post war period. It is estimated that between \$500,000,000 and \$750,000,000 will be at their disposal. Mr. Harris describes a plan in three parts that any company should follow if it is anticipating a need for financial assistance: analyze its needs, present "accurate display of . . . whole financial picture—inventory, equipment, plant, contracts, payrolls, sales, taxes, commitments, and liabilities, real and potential," and before need is pressing "go and talk to your banker." The emphasis is on the needs of small business during the reconversion period; large business is expected to take care of itself.

The Burroughs Clearing House for October contained "Post-War Loans to Small Business," by Carl F. Wente, Senior Vice-President, Bank of America, N. T. & S. A., San Francisco, California. The November issue of the same magazine carried on the same theme with "Diversified Lending," by G. A. Walker, President, Farmers & Merchants Bank of Long Beach, Long Beach, California. Both men are with banks that have had wide experience in making small loans to small companies. They stress that they investigate not only the financial data of the

small company, but the character, reputation, and ability of the individual in back of the request for the loan. As to T loans, Mr. Walker states, "In my opinion, the new T loans will aid materially with interim financing over the period of negotiation following cancellation, when the government will be delayed in making the proper payments. We believe the small commitment charge is insignificant compared to the protection contractors will receive, and feel that all producers having war contracts should be encouraged to apply for T loans."

Advantages of T loans over VT loans and over partial payments on terminated contracts are discussed by Arnold J. Doescher of the War Problems Service Department of the Chicago Association of Commerce in the *Commerce Magazine* for November, in an article called, "Converting War Contract Termination Claims Into Cash." The general workings of the T loan is explained.

Termination Financing for War Contracts, a booklet published by the Superintendent of Documents, Washington, D. C., at a price of 10c is the best, current guide to the mechanics of applying for a T loan or for a partial payment on a terminated contract settlement proposal. It has illustrations of application forms, and presents in simple language the regulations to be followed when making application for either type of financial assistance.

NOTICE

In reply to inquiries of many members, we are showing below information as to prices of pins officially approved by the two societies. These pins should be ordered through your local chapter secretary or through the national secretary.

A. S. W. A. pin	\$1.50
A. S. W. A. pin with plain guard showing chapter number	2.00
A. S. W. A. pin with enameled guard showing chapter number	2.25
Pin with 4 pearls on guard (Past president's pin)—additional	2.00
C. P. A. guard—additional	1.00

20% federal tax and 3% State of Washington sales tax are to be added to all of the above prices.