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Accounting trends and techniques, 6th annual survey, 1952 edition

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Accounting Trends and Techniques

IN PUBLISHED CORPORATE ANNUAL REPORTS

Sixth Annual Survey of Corporate Annual Reports by the Research Department of The American Institute of Accountants

AMERICAN INSTITUTE OF ACCOUNTANTS

Accounting Trends and Techniques

In Published Corporate Annual Reports • 1952 Edition

Sixth annual cumulative survey of the accounting aspects of 600 corporate annual reports, to which are added excerpts from and comments upon unusual accounting treatments found in 700 additional reports. The reports analyzed are those with fiscal years ending May 1, 1951 to April 30, 1952.

AMERICAN INSTITUTE OF ACCOUNTANTS

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INTRODUCTION

ACCOUNTING TRENDS AND TECHNIQUES IN PUBLISHED CORPORATE ANNUAL REPORTS—1952 is the sixth in a series of such studies carried out by the research department of the American Institute of Accountants. It is a continuation of the long-range program initiated by the Council in 1946 for the analysis of corporate reports. The current survey is based upon corporate annual reports of companies with fiscal years ending between May 1, 1951 and April 30, 1952.

THE 1952 SURVEY IS expanded to cover the annual reports of 600 companies, as compared with the 525 companies included in the prior surveys. This expanded coverage allows the inclusion of a greater variety of companies and greater industry diversification. It results in a better sample and a more stable base for statistical and comparative purposes. Whenever a tabulation in the survey is presented in comparative form for the current and prior years, the same 600 companies are included in summarizing the data for each of the tabulated years. Since many of the tabulations are in comparative form, covering as many as six years in some cases, they clearly reflect certain accounting trends during the past few years.

THE SCOPE OF ANALYSIS OF the annual reports is expanded in the 1952 survey. Numerous new tabulations are added and others are amplified. The important feature of direct quotations from the various corporate annual reports and the inclusion of a great number of illustrative examples taken directly from the reports is continued in the 1952 survey. New quotations and illustrations from the reports of different companies have, of course, been selected for inclusion in this year's survey. Many of these clearly reveal the accounting techniques followed by these companies in their annual reports.

THERE IS SET FORTH IN the appendix a list of the 600 companies whose reports are included in the survey. A number is assigned to each company and throughout the survey there is continued reference, by company number, to annual reports which are pertinent to the subjects being discussed. Nearly 700 additional reports were informally reviewed and are referred to, whenever appropriate, throughout the study.

CARMAN G. BLOUGH, *Director of Research*
AMERICAN INSTITUTE OF ACCOUNTANTS

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Section 1: FINANCIAL STATEMENTS

Certified Financial Statements

CUSTOMARY CERTIFIED STATEMENTS

The customary certified financial statements are the balance sheet, the income statement, the retained earnings statement, the combined income and retained earnings statement, the capital surplus statement, the unclassified surplus statement, and the stockholders' equity statement. Each of the 600 companies included in the 1952 survey presented a balance sheet in its annual report for 1951. All but two of the 1951 reports contained either a separate income statement or a statement combining income with retained earnings or surplus. Approximately two-thirds of the 1951 reports contained separate retained earnings statements, and approximately one-third of such reports presented capital surplus statements. The other types of customary certified statements were relatively infrequently used. The various combinations of the customary certified financial statements, as presented in the annual reports of the 600 companies included in the survey, are set forth in detail in Table 1.

Changes During 1951

The changes during 1951 in the presentation of the various combinations of statements shown in Table 1 may be summarized as follows:

(A) Balance Sheet, Income, and Retained Earnings Statements

Adopted by 25 companies, with:
17 companies changing from Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *10, 99, 101, 118, 188, 208, 217, 225, 235, 267, 268, 313, 343, 384, 386, 450, 512*)
1 company changing from Balance Sheet and Income Statement (Consolidated Paper Company)
6 companies changing from Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *115, 239, 260, 439, 501, 519*)
1 company changing from Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Pittsburgh Steel Company)

Abandoned by 17 companies, with:
7 companies changing to Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *92, 207, 220, 250, 408, 541, 561*)
1 company changing to Balance Sheet, Income, and Stockholders' Equity Statements (Niles-Bement-Pond Company)
8 companies changing to Balance Sheet and Combined Income & Retained Earnings Statements (See Company Appendix Nos. *66, 204, 454, 458, 493, 524, 556, 583*)
1 company changing to Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Crane Co.)

(B) Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements

Adopted by 19 companies, with:
7 companies changing from Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *92, 207, 220, 250, 408, 541, 561*)
1 company changing from Balance Sheet, Income, and Unclassified Surplus Statements (Jones & Laughlin Steel Corporation)
3 companies changing from Balance Sheet and Income Statement (See Company Appendix Nos. *61, 375, 395*)
5 companies changing from Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *202, 369, 397, 418, 445*)
2 companies changing from Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *181, 388*)
1 company changing from a Balance Sheet (The Ohio Match Company)

Abandoned by 26 companies, with:
17 companies changing to Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *10, 99, 101, 118, 188, 208, 217, 225, 235, 267, 268, 313, 343, 384, 386, 450, 512*)
1 company changing to Balance Sheet, Income, and Stockholders' Equity Statements (National Steel Company)
1 company changing to Balance Sheet and Income Statement (Alan Wood Steel Company)
6 companies changing to Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *18, 41, 209, 215, 275, 367*)
1 company changing to Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Le Roi Company)

(C) Balance Sheet, Income, and Stockholders' Equity Statements

Adopted by 3 companies, with:
1 company changing from Balance Sheet, Income, and Retained Earnings Statements (Niles-Bement-Pond Company)
1 company changing from Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (National Steel Company)
1 company changing from Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Pennsylvania Coal and Coke Company)

(D) Balance Sheet, Income, Retained Earnings, and Stockholders' Equity Statements
No change during 1951 (The Budd Company)

(E) Balance Sheet, Income, and Unclassified Surplus Statements

Abandoned by 1 company
Jones and Laughlin Steel Corporation changing to Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements

(F) Balance Sheet and Income Statements

Adopted by 2 companies, with:
1 company changing from Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (Alan Wood Steel Company)
1 company changing from Balance Sheet and Combined Income & Retained Earnings Statement (A. E. Staley Manufacturing Company)

Abandoned by 6 companies, with:
1 company changing to Balance Sheet, Income, and Retained Earnings Statements (Consolidated Paper Company)
3 companies changing to Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *61, 375, 395*)
2 companies changing to Balance Sheet and Combined Income & Retained Earnings Statements (See Company Appendix Nos. *437, 594*)

(G) Balance Sheet and Combined Income & Retained Earnings Statement

Adopted by 19 companies, with:
8 companies changing from Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *66, 204, 454, 458, 493, 524, 556, 583*)
6 companies changing from Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *18, 41, 209, 215, 275, 367*)
2 companies changing from Balance Sheet and Income Statement (See Company Appendix Nos. *437, 594*)
3 companies changing from Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *309, 478, 496*)

Abandoned by 16 companies, with:
6 companies changing to Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *115, 239, 260, 439, 501, 519*)
5 companies changing to Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *202, 369, 397, 418, 445*)
1 company changing to Balance Sheet and Income Statement (A. E. Staley Manufacturing Company)
4 companies changing to Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *131, 245, 354, 558*)

TABLE 1: CUSTOMARY CERTIFIED FINANCIAL STATEMENTS

Combination of Statements	1951	1950	1949	1948	1947	1946
(A) Balance Sheet, Income, and Retained Earnings Statements	199	191	202	180	159	152
(B) Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements	154	161	172	202	219	235
(C) Balance Sheet, Income, and Stockholders' Equity Statements	18	15	14	8	6	7
(D) Balance Sheet, Income, Retained Earnings, and Stockholders' Equity Statements	1	1	1	1	1	0
(E) Balance Sheet, Income, and Unclassified Surplus Statements	12	13	14	16	18	17
(F) Balance Sheet and Income Statement	18	22	17	17	25	22
(G) Balance Sheet and Combined Income & Retained Earnings Statements	174	171	157	153	147	138
(H) Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements	18	19	17	16	18	21
(I) Balance Sheet and Combined Income & Unclassified Surplus Statement	3	3	2	2	2	2
(J) Balance Sheet and Stockholders' Equity Statement (including income details)	1	1	1	1	1	1
(K) Balance Sheet	2	3	3	4	4	5
Total	600	600	600	600	600	600

(H) Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements

Adopted by 6 companies, with:
1 company changing from Balance Sheet, Income, and Retained Earnings Statements (Crane Co.)
1 company changing from Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (Le Roi Company)
4 companies changing from Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *131, 245, 354, 558*)

Abandoned by 7 companies, with:
1 company changing to Balance Sheet, Income, and Retained Earnings Statements (Pittsburgh Steel Company)
2 companies changing to Balance Sheet, Income, and Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *181, 388*)
1 company changing to Balance Sheet, Income, and Stockholders' Equity Statements (Pennsylvania Coal and Coke Company)
3 companies changing to Balance Sheet and Combined Income & Retaind Earnings Statement (See Company Appendix Nos. *309, 478, 496*)

(I) Balance Sheet and Combined Income & Unclassified Surplus Statement

No change during 1951 (See Company Appendix Nos. *318, 321, 465*)

(J) Balance Sheet and Stockholders' Equity Statement (Including income details)

No change during 1951 (Veeder-Root Incorporated)

(K) Balance Sheet

Abandoned by 1 company
The Ohio Match Company changing to Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements

Income Presentation

Although the review of the annual reports of the 600 companies included in the survey discloses that the great majority of such reports (approximately two-thirds) contain a separate statement of income, there has been a moderate trend over the past few years toward the adoption of a combined income and retained earnings statement. The manner of income presentation in the annual reports is set forth in detail in Table 2.

TABLE 2: INCOME PRESENTATION IN REPORTS

Manner of Presentation	1951	1950	1949	1948	1947	1946
As a separate statement of income	401	402	420	424	428	433
As a combined statement of income and retained earnings	193	191	174	169	165	159
As a combined statement of income and unclassified surplus	3	3	2	2	2	2
As a section within the stockholders' equity statement (*No. *575*)	1	1	1	1	1	1
As an item within the balance sheet (*No. *269*)	1	2	2	3	3	4
In a note to the financial statements (*No. *441*)	1	1	1	1	1	1
Total	600	600	600	600	600	600

*See Company Appendix Section

Retained Earnings Presentation

As shown by Table 3, the great majority of the 600 companies (546 in 1951) have included either a separate statement of retained earnings or a combined statement of retained earnings and income in their annual reports. There is a moderate increase in the use of the combined statement and in the inclusion of retained earnings in stockholders' equity statements.

TABLE 3: RETAINED EARNINGS PRESENTATION IN REPORTS

Manner of Presentation	1951	1950	1949	1948	1947	1946
As a separate statement of retained earnings	353	352	375	383	379	387
As a combined statement of retained earnings and income	193	191	174	169	165	159
As a section within the stockholders' equity statement	19	16	15	9	7	8
As an item within the balance sheet (*Nos. *4, 9, 20, 105, 107, 263, 269, 286, 338, 355, 436, 441, 446, 505, 506, 525, 544, 568, 569, 598*)	20	25	20	21	29	27
Total	585	584	584	582	580	581
Unclassified surplus statement	15	16	16	18	20	19
	600	600	600	600	600	600

*See Company Appendix Section.

Capital Surplus Presentation

The survey of the 600 companies reveals three general methods of presentation of capital surplus. The most commonly used (244 companies in 1951) is a caption in the balance sheet with any changes during the year explained under this caption or elsewhere in the report. The next most common practice (172 companies in 1951) is to present capital surplus in a separate statement. The third method (17 companies in 1951) is the inclusion of capital surplus within the stockholders' equity statement. The manner of presentation of capital surplus in the annual reports of the 600 companies included in the survey is shown in Table 4.

Cents Omitted or Presented

The review of the reports of the 600 companies included in the survey reveals a marked trend toward the elimination of "cents" in published financial statements. In 1951, approximately three-fourths of the companies omitted the cents from the figures in the financial statements included in their annual reports. Table 5, based on the 600 companies included in the survey, shows the extensive change in presentation in this regard over the past six years.

TABLE 4: CAPITAL SURPLUS PRESENTATION IN REPORTS

Manner of Presentation	1951	1950	1949	1948	1947	1946
As a separate statement of capital surplus	172	180	189	218	237	256
As a section within the stockholders' equity statement	17	14	14	9	7	6
As an item within the balance sheet:						
With changes during the year shown under this caption or disclosed in notes to the financial statements or in the letter to the stockholders (*Nos. *10, 53, 99, 144, 193, 253, 303, 387, 450, 508, 595*)	83	65	53	52	46	50
With no change during the year indicated (*Nos. *17, 51, 102, 133, 174, 218, 268, 305, 342, 390, 406, 470, 509, 539, 579*)	104	108	110	96	83	63
With "No change during the year" stated (*Nos. *49, 146, 219, 288, 356, 429, 496, 564*)	57	60	57	55	55	57
Total	433	427	423	430	428	432
No capital surplus	152	157	161	152	152	149
Unclassified surplus (*Nos. *13, 44, 51, 54, 90, 139, 211, 318, 321, 326, 449, 465, 474, 479, 562*)	15	16	16	18	20	19
	600	600	600	600	600	600

*See Company Appendix Section.

TABLE 5: CENTS OMITTED OR PRESENTED

Figures Shown:	1951	1950	1949	1948	1947	1946
Cents Omitted. (*Nos. *49, 81, 132, 154, 203, 259, 296, 329, 369, 402, 438, 496, 530, 568*)	440	405	362	330	291	254
Cents Presented. (*Nos. *54, 101, 150, 190, 286, 310, 395, 433, 486, 536, 567*)	160	195	238	270	309	346
Total	600	600	600	600	600	600

*See Company Appendix Section.

Stockholders' Equity Statements

Table 6 sets forth the various types of data found in the stockholders' equity statements presented in the 600 reports covered by the survey.

TABLE 6: STOCKHOLDERS' EQUITY STATEMENTS

Presenting Details of:	1951	1950	1949	1948	1947	1946
Capital stock, retained earnings, and capital surplus (*Nos. *15, 86, 117, 156, 228, 272, 314, 336, 385, 413, 443, 499, 515, 530, 531, 553*)	16	13	13	8	6	5
Capital stock and retained earnings (*Nos. *421, 498*)	2	2	1	0	0	1
Capital stock and capital surplus (*No. *112*)	1	1	1	1	1	1
Capital stock, income, and retained earnings (*No. *575*)	1	1	1	1	1	1
Total	20	17	16	10	8	8
No stockholders' equity statement	580	583	584	590	592	592
	600	600	600	600	600	600

*See Company Appendix Section.

COMPARATIVE CUSTOMARY CERTIFIED STATEMENTS

Comparative Policy of Companies

The 1952 survey of the 600 companies discloses a continued trend toward the use of comparative financial statements, which is in accordance with the recommendation of the Committee on Accounting Procedure of the the American Institute of Accountants contained in its Accounting Research Bulletin No. 6, dated April, 1940. This trend and the extent of the presentation of customary certified statements in comparative form is shown in Table 7.

TABLE 7: COMPARATIVE POLICY

Customary Certified Statements	1951	1950	1949	1948	1947	1946
All statements comparative	296	270	246	222	186	152
Some statements comparative	101	102	98	93	98	93
No statements comparative	203	228	256	285	316	355
Total	600	600	600	600	600	600

Of the 296 companies which presented fully comparative statements in their 1951 reports, 133 of these companies have consistently presented such comparative statements over the past six years. (See Company

SIGNODE STEEL STRAPPING COMPANY AND SUBSIDIARIES

Consolidated Statement of Financial Position

DECEMBER 31, 1951 AND 1950

	1951	1950	1951	1950
CURRENT ASSETS:				
Cash			$ 737,974	$ 992,816
U. S. Government securities, at cost			403,833	574,602
Receivables, less allowance for losses in collection			2,244,163	2,486,658
Inventories, at the lower of cost or market			4,587,042	2,787,240
Expenses applicable to future operations			108,840	53,055
			$8,081,852	$6,894,371
CURRENT LIABILITIES:				
Accounts payable and accruals			$1,713,233	$1,688,697
Employees' Profit Sharing Fund contribution			347,196	399,503
Current maturity of long-term loan			50,000	—
Federal, State and local taxes			3,743,977	2,299,730
Less—U. S. Treasury notes to be applied on Federal taxes			(2,123,160)	(1,209,000)
			$3,731,246	$3,178,930
WORKING CAPITAL (current assets less current liabilities)			$4,350,606	$3,715,441
ADD OTHER ASSETS:				
Strapping tools and machines and parts—				
Inventories, at the lower of cost or market	$1,719,879	$1,384,923		
In service with customers, at cost	4,524,880	3,711,708		
Less—Portion allocated to operations to date as depreciation	(2,124,554)	(1,644,039)	4,120,205	3,452,592
Plant and equipment, at cost—				
Land	$ 226,796	$ 226,796		
Buildings, machinery and equipment	6,685,170	6,134,808		
Less—Portion allocated to operations to date as depreciation	(2,281,348)	(2,158,919)	4,630,618	4,202,685
Investment in foreign subsidiaries and affiliated companies, at cost (Note 2)			428,482	98,632
Miscellaneous assets			394,151	336,716
DEDUCT OTHER LIABILITIES:				
3¼% long-term loan due $150,000 annually 1953–1963, and $1,200,000 in 1964 (Note 1)			(2,850,000)	(1,900,000)
Customers' deposits for strapping tools and machines in service			(1,384,484)	(1,348,060)
NET ASSETS			$9,689,578	$8,558,006
REPRESENTED BY STOCKHOLDERS' INVESTMENT:				
5% cumulative preferred stock, $50 par value; authorized 68,161 shares; issued 47,161 shares			$2,358,050	$2,416,700
Common stock $1 par value; authorized 1,000,000 shares; issued 471,150 shares			471,150	461,250
Paid in for stock in excess of par value (Note 3)			2,954,424	2,760,771
Earnings retained in the business, after deducting $1,783,853 stock dividends (Note 1)			4,025,562	3,010,907
Less—Cost of 2,473 shares of preferred stock in Treasury			(119,608)	(91,622)
			$9,689,578	$8,558,006

The accompanying notes are an integral part of the above statement.

Appendix Nos. 45, 94, 136, 213, 271, 337, 403, 441, 516, 583)

Comparative Form of Certified Statements

In 1951, two-thirds of the 600 companies included in the survey made use of comparative statements in their annual reports. The statement most frequently presented in comparative form was the balance sheet (370 companies in 1951) with the other more common comparative statements being the income statement, the combined income & retained earnings statement, and the retained earnings statement. Table 8 discloses the various combinations of comparative customary certified financial statements presented in the reports of the 600 companies included in the survey.

Changes During 1951

The changes during 1951 in the presentation of the various combinations of comparative statements shown in the above tabulation, may be summarized as follows:

(A) Comparative Balance Sheet, Income, and Retained Earnings Statements

Adopted by 19 companies with:

6 companies changing from Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *99, 101, 188, 208, 217, 235*)
1 company changing from Comparative Balance Sheet and Income Statement (Standard Oil Company of California)
2 companies changing from Comparative Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *115, 501*)
1 company changing from Comparative Balance Sheet and Income Statement (Pittsburgh Steel Company)
1 company changing from Comparative Balance Sheet (Follansbee Steel Corporation)
2 companies changing from Comparative Income and Retained Earnings Statements (See Company Appendix Nos. *19, 231*)
6 companies changing from No Comparative Statements (See Company Appendix Nos. *53, 179, 230, 384, 415, 494*)

Abandoned by 8 companies, with:

3 companies changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *220, 408, 541*)
5 companies changing to Comparative Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *66, 458, 493, 556, 583*)

(B) Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements

Adopted by 11 companies, with:

3 companies changing from Comparative Balance Sheet, Income, and Retained Earnings Statements. (See Company Appendix Nos. *220, 408, 541*)
1 company changing from Comparative Balance Sheet, Income, and Unclassified Surplus Statements (Jones and Laughlin Steel Corporation)
1 company changing from Comparative Balance Sheet and Income Statement (Allegheny Ludlum Steel Corporation)
1 company changing from Comparative Balance Sheet and Combined Income & Retained Earnings Statement (Motorola, Inc.)
2 companies changing from Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *181, 388*)
1 company changing from Comparative Income Statement (City Stores Company)
2 companies changing from No Comparative Statements (See Company Appendix Nos. *106, 435*)

Abandoned by 9 companies, with:

6 companies changing to Comparative Balance Sheet, In-

TABLE 8: COMPARATIVE CUSTOMARY CERTIFIED STATEMENTS

Combination of Comparative Statements	1951	1950	1949	1948	1947	1946
(A) Balance Sheet, Income, and Retained Earnings Statements	99	88	81	68	50	47
(B) Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements	52	50	50	52	47	39
(C) Balance Sheet, Income, and Stockholders' Equity Statements	9	8	7	6	4	2
(D) Balance Sheet, Income, and Unclassified Surplus Statements	5	6	7	4	4	4
(E) Balance Sheet and Income Statement	75	75	71	60	58	53
(F) Balance Sheet and Combined Income & Retained Earnings Statement	112	96	82	75	66	49
(G) Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements	11	13	10	8	6	4
(H) Balance Sheet and Stockholders' Equity Statement	2	2	2	2	2	0
(I) Balance Sheet	5	4	4	6	8	8
(J) Income Statement	15	14	16	21	23	23
(K) Combined Income & Retained Earnings Statement	6	6	4	4	3	4
(L) Income and Retained Earnings Statements; or, Income and one or more surplus statements	6	10	10	9	13	12
Total	397	372	344	315	284	245
(M) No comparative statements	203	228	256	285	316	355
	600	600	600	600	600	600

AINSWORTH MANUFACTURING CORPORATION AND SUBSIDIARY

Source and Disposition of Consolidated Working Capital
Years Ended December 31, 1951 and 1950

	Year Ended December 31 1951	1950
SOURCE:		
Net Earnings	$ 338,392	$ 663,988
Depreciation of Plant and Equipment	284,145	270,296
Decline in Shop Tools, Dies, Jigs, Etc.	85,221	93,942
	$ 707,758	$1,028,226
DISPOSITION:		
Expenditures for Additions to Plant and Equipment	$ 334,642	$ 255,575
Increase in Deferred Insurance, Taxes, Etc.	28,529	6,308
Portion of Contract Payable for Purchase of Patent Rights:		
Due within One Year	50,000	
Paid in 1951	10,000	
Cash Dividends Declared	413,862	413,862
	$ 837,033	$ 675,745
INCREASE (DECREASE*) IN WORKING CAPITAL DURING YEAR	$ 129,275*	$ 352,481

	1951	1950
SUMMARY OF WORKING CAPITAL:		
Current Assets at End of Year	$6,725,200	$6,744,466
Less Current Liabilities at End of Year	2,687,530	2,577,521
Working Capital at End of Year	$4,037,670	$4,166,945
Working Capital at Beginning of Year	4,166,945	3,814,464
INCREASE (DECREASE*) IN WORKING CAPITAL DURING YEAR	$ 129,275*	$ 352,481

come, and Retained Earnings Statements (See Company Appendix Nos. *99, 101, 188, 208, 217, 325*)
2 companies changing to Comparative Balance Sheet and Income Statement (See Company Appendix Nos. *9, 69*)
1 company changing to Comparative Balance Sheet and Combined Income & Retained Earnings Statement (Allen B. DuMont Laboratories, Inc.)

(C) Comparative Balance Sheet, Income, and Stockholders' Equity Statements

Adopted by 1 company,
Pennsylvania Coal and Coke Corporation changing from a Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements

(D) Comparative Balance Sheet, Income, and Unclassified Surplus Statements

Abandoned by 1 company,
Jones and Laughlin Steel Corporation changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements.

(E) Comparative Balance Sheet and Income Statement

Adopted by 6 companies, with:
2 companies changing from Comparative Balance Sheet Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *9, 69*)
1 company changing from Comparative Balance Sheet and Combined Income & Retained Earnings Statement (Pepsi-Cola Company)
3 companies changing from No Comparative Statements (See Company Appendix Nos. *243, 313, 323*)

Abandoned by 6 companies, with:
1 company changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (Standard Oil Company of California)
1 company changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus tSatements (Allegheny Ludlum Steel Corporation)
3 companies changing to Comparative Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *346, 454, 594*)
1 company changing to No Comparative Statements (First National Stores Inc.)

(F) Comparative Balance Sheet and Combined Income & Retained Earnings Statement

Adopted by 23 companies, with:
5 companies changing from Comparative Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *66, 458, 493, 556, 583*)
1 company changing from Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (Allen B. DuMont Laboratories, Inc.)
3 companies changing from Comparative Balance Sheet and Income Statement (See Company Appendix Nos. *346, 454, 594*)
1 company changing from Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Interchemical Corporation)
1 company changing from Comparative Income Statement (The Parker Pen Company)
12 companies changing from No Comparative Statements (See Company Appendix Nos. *16, 30, 33, 127, 137, 144, 147, 273, 360, 404, 481, 524*)

Abandoned by 7 companies, with:
2 companies changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *115, 501*)
1 company changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (Motorola, Inc.)
1 company changing to Comparative Balance Sheet and Income Statement (Pepsi-Cola Company)
2 companies changing to Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *354, 558*)
1 company changing to No Comparative Statements (The New York Air Brake Company)

(G) Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements

Adopted by 3 companies, with:
2 companies changing from Comparative Balance Sheet and Combined Income & Retained Earnings Statement (See Company Appendix Nos. *354, 558*)
1 company changing from No Comparative Statements (Polaroid Corporation)

Abandoned by 5 companies, with:
1 company changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (Pittsburgh Steel Company)
2 companies changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *181, 388*)
1 company changing to Comparative Balance Sheet, Income, and Stockholders' Equity Statements (Pennsylvania Coal and Coke Corporation)
1 company changing to Comparative Balance Sheet and Combined Income & Retained Earnings Statement (Interchemical Corporation)

(H) Comparative Balance Sheet and Stockholders' Equity Statements

No change during the year (See Company Appendix Nos. *156, 575*)

(I) Comparative Balance Sheet

Adopted by 2 companies, with:
2 companies changing from No Comparative Statements (See Company Appendix Nos. *267, 522*)

Abandoned by 1 company, with:
1 company changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (Follansbee Steel Corporation)

(J) Comparative Income Statement

Adopted by 3 companies, with:
1 company changing from Comparative Income and Retained Earnings Statements (J.P. Stevens & Co., Inc.)
1 company changing from Comparative Income and Unclassified Surplus Statements (American Smelting and Refining Company)
1 company changing from No Comparative Statements (McGraw Electric Company)

Abandoned by 2 companies, with:
1 company changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (City Stores Company)
1 company changing to Comparative Balance Sheet, and Combined Income & Retained Earnings Statement (The Parker Pen Company)

(K) Comparative Combined Income & Retained Earnings Statement

No change during the year (See Company Appendix Nos. *57, 132, 218, 347, 438, 574*)

(L) Comparative Income and Retained Earnings Statements; or, Comparative Income and one or more surplus statements

Abandoned by 4 companies, with:
2 companies changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *19, 231*)
2 companies changing to Comparative Income Statement (See Company Appendix Nos. *44, 532*)

(M) No Comparative Statements

Adopted by 2 companies, with:
1 company changing from Comparative Balance Sheet and Income Statement (First National Stores Inc.)
1 company changing from Comparative Balance Sheet and Combined Income & Retained Earnings Statement (The New York Air Brake Company)

Abandoned by 27 companies, with:
6 companies changing to Comparative Balance Sheet, Income, and Retained Earnings Statements (See Company Appendix Nos. *53, 179, 230, 384, 415, 494*)
2 companies changing to Comparative Balance Sheet, Income, Retained Earnings, and Capital Surplus Statements (See Company Appendix Nos. *106, 435*)
3 companies changing to Comparative Balance Sheet and Income Statement (See Company Appendix Nos. *243, 313, 323*)
12 companies changing to Comparative Balance Sheet and Combined Income & Retained Earnings Statements (See Company Appendix Nos. *16, 30, 33, 127, 137, 144, 147, 273, 360, 404, 481, 524*)
1 company changing to Comparative Balance Sheet, Combined Income & Retained Earnings, and Capital Surplus Statements (Polaroid Corporation)
2 companies changing to Comparative Balance Sheet (See Company Appendix Nos. *267, 522*)
1 company changing to Comparative Income Statement (McGraw Electric Company)

TITLE OF THE CERTIFIED BALANCE SHEET

The words "balance sheet" either used alone or in combination with other descriptive words such as "consolidated," "comparative," or "condensed" are used in the great majority of the annual reports (483 companies in 1951) to describe the statement of assets, liabilities, and stockholders' equity. As shown by Table 9, there is, however, a moderate but steady increase in the number of reports using some other terminology, such as "financial position" or "financial condition" instead of "balance sheet" in the statement heading. This trend is due to the increased adoption of the "financial position" form of balance sheet.

Table 9 discloses that there are eight less companies in 1951 using the term "balance sheet" as a statement title than there were in 1950. This reduction is the result of nine companies abandoning this terminology and one company adopting it during 1951. Of the nine companies which discontinued the use of the term "balance sheet," seven companies changed to the use of the term "financial position" (See Company Appendix Nos. 15, 106, 359, 430, 524, 533, 537) and two companies adopted the term "financial condition" (See

TABLE 9: BALANCE SHEET TITLE

Terminology Used	1951	1950	1949	1948	1947
Balance sheet	483	491	510	529	551
Financial position	74	68	54	43	32
Financial condition	35	33	28	21	11
Assets and liabilities	4	4	4	2	1
"Assets, Liabilities and Capital Investment" (*No. *525*)	1	1	1	1	1
"Assets, Liabilities, and Capital" (*No. *192*)	1	1	1	1	1
"Investment" (*No. *319*)	1	1	1	1	1
"Statement of Ownership" (*No. *587*)	1	1	1	1	1
Total	600	600	600	600	600

*See Company Appendix Section.

Company Appendix Nos. 239, 481). The Dobeckmun Company, which adopted the term "balance sheet" in 1951, had previously used the title "financial position." This change was occasioned by the discontinuance by the Company of the "financial position" form of balance sheet used in 1950 and the adoption of the ordinary form of balance sheet in 1951.

In the majority of cases, the terminology used in the first four categories of the table is supplemented by additional descriptive words or phrases. A few examples of the more common titles are listed below:

Balance Sheet—(483 companies):
"Balance Sheet" (*Nos. *1, 53, 127, 229, 285, 478*); "Comparative Balance Sheet" (*Nos. *248, 358, 448, 541*); "Comparative Condensed Balance Sheet" (*No. *404*); "Comparative Consolidated Balance Sheet" (*Nos. *143, 262, 567, 572*); "Condensed Consolidated Balance Sheet" (*No. *255*).

Financial Position—(74 companies):
"Comparative Statement of Financial Position" (*No. *454*); "Consolidated Financial Position" (*Nos. *247, 403*); "Consolidated Statement of Financial Position" (*Nos. *119, 270, 394, 456, 568*); "Financial Position" (*Nos. *210, 254, 486, 491*); "Statement of Consolidated Financial Position" (*Nos. *9, 15, 447*); "Statement of Financial Position" (*Nos. *5, 133, 148, 273, 430*).

Financial Condition—(35 companies):
"Comparative Consolidated Statement of Financial Condition" (*No. *353*); "Comparative Statement of Financial Condition" (*No. *301*); "Consolidated Financial Condition" (*No. *489*); "Consolidated Statement of Financial Condition" (*Nos. *73, 159, 239, 320, 431*); "Statement of Consolidated Financial Condition" (*Nos. *61, 336, 391, 500*); "Statement of Financial Condition" (*Nos. *21, 115, 305, 481, 561*).

Assets and Liabilities—(4 companies):
"Consolidated Statement of Assets and Liabilities" (*No. *185*); "Statement of Assets and Liabilities" (*No. *65*); "Statement of Consolidated Assets and Liabilities" (*Nos. *100, 312*).

Various other—(4 companies):
See tabulation "Balance Sheet Title."

*See Company Appendix Section

FORM OF THE CERTIFIED BALANCE SHEET

The form of the balance sheet as disclosed by the 1952 survey falls into two general categories. The "customary" form usually shows the assets on the left-hand side of statement with liabilities and stockholders' equity on the right hand side. This form, however, may set forth the three sections thereof in a downward sequence of assets, liabilities, and stockholders' equity. In either variation the total of the assets equals the total of the liabilities plus the total of the stockholders' equity (Forms A, B, and C in Table 10). The other general category is the "financial position" form which shows net assets as equal to stockholders' equity (Form D in Table 10). As a variation in this form, the stockholders' equity section may be presented before net assets (Form E in Table 10). As shown by Table 10, the great majority of the annual reports (517 in 1951) of the 600 companies included in the survey presented a balance sheet in the "customary" form.

TABLE 10: BALANCE SHEET FORM

Form of Statement	1951	1950	1949	1948	1947
(A) Assets equal liabilities plus stockholders' equity—with current items listed first. (See Company Appendix Nos. *11, 50, 78, 101, 136, 178, 200, 229, 261, 297, 313, 346, 367, 402, 443, 464, 495, 529, 557, 599*)	517	521	534	544	552
(B) Assets equal liabilities plus stockholders' equity—with noncurrent items listed first. (Company Appendix No. *13*)	1	1	1	1	4
(C) Assets less liabilities equal stockholders' equity. (Company Appendix Nos. *61, 278*)	2	2	2	2	2
(D) Current assets less current liabilities, plus other assets, less other liabilities equal stockholders' equity. (Company Appendix Nos. *48, 94, 156, 195, 276, 330, 380, 447, 501, 582*)	77	73	59	50	41
(E) Stockholders' equity equals current assets, less current liabilities, plus other assets, less other liabilities. (Company Appendix Nos. *21, 104, 115*)	3	3	4	3	1
Total	600	600	600	600	600

During 1951, five companies discontinued the use of the "customary" form of balance sheet and adopted the "financial position" form (See Company Appendix Nos. 15, 239, 359, 481, 524) while one company (The Dobeckmun Company) changed from the "financial position" form to the "customary" form of balance sheet.

Terminology and Form of the Certified Balance Sheet

All of the companies using the terminology "balance sheet" employed the "customary" balance sheet form of presentation. However, a few companies (31 in 1951) which used the "customary" form of balance sheet nevertheless applied to its title the terminology "financial position" or "financial condition."

In the case of those companies using the "financial position" form of balance sheet, the title terminology was always "financial position" or "financial condition." The term "balance sheet" was never applied to the "financial position" form.

Table 11 presents the various combinations of form and terminology used by the 600 companies in 1951.

TABLE 11: BALANCE SHEET TITLE AND FORM

Title Word	Form (A)†	Form (B)†	Form (C)†	Form (D)†	Form (E)†	Total
"Balance sheet" (With Form A: *Nos. *22, 87, 209, 383, 446, 509, 574;* Form B: *No. *13*)	482	1	—	—	—	483
"Financial position" (With Form A: *Nos. *294, 425*; Form C: *No. *278;* Form D: *Nos. *36, 156, 254, 365, 456, 524, 598*)	18	—	1	55	—	74
"Financial condition" (With Form A: *Nos. *292, 506;* Form C: *No. *61;* Form D: *Nos. *73, 216, 336, 431, 561;* Form E: *Nos. *21, 115*)	11	—	1	20	3	35
Various other wording (With Form A: *Nos. *65, 312;* Form D: *Nos. *192, 319*)	6	—	—	2	—	8
Total	517	1	2	77	3	600

†See Table 10 "Balance Sheet Form"
*See Company Appendix Section

TITLE OF THE CERTIFIED INCOME STATEMENT

In the 1951 reports, the term "income" continues to be the word most commonly used in the title of the income statement. The most significant trends during the past five years, as brought out by Table 12, are the increase in the use of the word "earnings" and the decrease in the use of the words "profit and loss."

TABLE 12: INCOME STATEMENT TITLE

Terminology Used	1951	1950	1949	1948	1947
Income	330	330	319	325	316
Profit and loss	113	128	154	170	206
Earnings	103	88	71	45	25
Operations	34	35	29	28	19
Income and expense (*Nos. *60, 212, 364, 439*)	9	8	11	9	8
Profit or Loss (*Nos. *6, 367*)	5	5	—	—	—
Various other (*Nos. *267, 525*)	3	2	12	18	21
No income statement (*Nos. *269, 441, 575*)	3	4	4	5	5
Total	600	600	600	600	600

*See Company Appendix Section

Changes During 1951

During the year 1951, nine companies adopted the term "income" in the title of their income statements (See Company Appendix Nos. 264, 275, 376, 405, 424, 455, 458, 533, 546) and nine other companies abandoned the use of that term (See Company Appendix Nos. 45, 69, 72, 106, 267, 359, 367, 467, 519). The term "profit and loss" was discontinued by 16 companies (See Company Appendix Nos. 42, 114, 176, 228, 248, 264, 275, 376, 405, 413, 455, 518, 524, 533, 546) and only one company (Spencer Kellog and Sons, Inc.) adopted this term.

The term "earnings" in the title of the income statement was adopted by 16 companies (See Company Appendix Nos. 42, 45, 69, 72, 106, 114, 176, 202, 228, 248, 343, 359, 430, 467, 518, 524), while, one company, Pittsburgh Plate Glass Company, substituted "income" in place thereof. One company, The Dobeckmun Company, replaced "operations" with "earnings" in 1951. National Steel Corporation changed from "profit and loss" to the words "income and expense."

The Goebel Brewing Company changed the title of its income statement in 1951 to include the words "profits and income" whereas in 1950 only the word "income" was used. The Ohio Match Company included an income statement in its annual report for 1951 for the first time in a period of several years and described it with the term "income."

Table 12 contains a summarization of the key-word or words used in the title of the income statements. Generally, these key-words are supplemented by an additional word or words to form the complete heading of the statement. A few examples of the more common titles are listed below:

Income—(330 companies):

"Income Account" (*Nos. *151, 207, 489*); "Income and Earned Surplus Accounts" (*No. *540*); "Income Statement" (*Nos. *366, 483*).

"Comparative Condensed Statement of Income and Earned Surplus" (*No. *404*); "Comparative Consolidated Statement of Income" (*No. *532*); "Comparative Consolidated Statement of Income and Earned Surplus" (*No. *27*); "Comparative Income Statement" (*No. *44*); "Comparative Statement of Consolidated Income and Earned Surplus" (*No. *539*); "Comparative Statement of Income" (*Nos. *284, 585*).

"Condensed Consolidated Statement of Income and Summary of Earnings Retained and Invested in the Business" (*No. *279*); "Condensed Income Statement" (*No. *393*); "Condensed Statement of Consolidated Income" (*No. *468*).

"Consolidated Income and Consolidated Income Retained in the Business" (*No. *282*); "Consolidated Income & Unappropriated Retained Earnings" (*No. *402*); "Consolidated Income Account" (*Nos. *28, 295, 415*); "Consolidated Income and Earned Surplus Account" (*No. *310*); "Consolidated Income Statement" (*Nos. *278, 306, 536*); "Consolidated Statement of Income" (*Nos. *405, 475, 527, 592*); "Consolidated Statement of Income and Accumulated Earnings" (*No. *371*); "Consolidated Statement of Income and Earned Surplus" (*No. *157*); "Consolidated Statements of Income and Earnings Retained and Invested in the Business" (*No. *281*); "Consolidated Statement of Income and Unappropriated Accumulated Earnings" (*No. *31*).

"Statement of Consolidated Income" (*No. *26, 40, 155, 288, 369, 480, 533*); "Statement of Consolidated Income and Earned Surplus" (*No. *586*); "Statement of Income" (*Nos. *165, 187, 287, 395, 488*); "Statement of Income and Earned Surplus" (*No. *33*); "Statement of Income and Surplus" (*No. *582*).

"Summary of Consolidated Income" (*Nos. *255, 424, 492*); "Summary of Income and Earned Surplus" (*No. *172*).

Profit and loss—(113 companies):

"Comparative Statement of Profit and Loss" (*Nos. *117, 578*).

"Condensed Comparative Profit and Loss Statement" (*No. *427*); "Condensed Comparative Statement of Profit and Loss" (*No. *416*); "Condensed Profit and Loss Statement" (*No. *175*).

"Consolidated Profit and Loss" (*No. *507*); "Consolidated Profit and Loss Account" (*Nos. *14, 434*); "Consolidated Profit and Loss Statement" (*Nos. *178, 429*); "Consolidated Statement of Profit and Loss" (Nos. *38, 408, 534*); "Consolidated Statement of Profit and Loss and Earned Surplus" (*Nos. *309, 583*).

"Profit and Loss Statement" (*Nos. *158, 417*); "Profit and Loss and Earned Surplus Statements" (*No. *23*).

"Statement of Consolidated Profit and Loss" (*Nos. *46, 184, 313, 362, 407, 526, 591*); "Statement of Consolidated Profit and Loss and Earned Surplus" (*No. *485*); "Statement of Profit and Loss" (*Nos. *22, 153, 390, 412, 476, 588*); "Statement of Profit and Loss and Earned Surplus" (*Nos. *283, 529*).

*See Company Appendix Section

"Summary of Consolidated Profit and Loss" (*No. *64*); "Summary of Profit and Loss" (*Nos. *43, 146*).

Earnings—(103 companies):

"Consolidated Earnings" (*No. *550*); "Consolidated Earnings and Summary of Earnings Employed in the Business" (*No. *161*); "Consolidated Earnings Statement" (*No. *62*); "Consolidated Earnings and Earned Surplus Statement" (*No. *176*); "Consolidated Statement of Earnings (*Nos. *29, 484*); "Consolidated Statement of Earnings and of Earnings Retained in the Business" (*No. *159*); "Consolidated Statement of Net Earnings" (*Nos. *370, 401*); "Consolidated Summary of Net Earnings and Earnings Retained for Use in the Business" (*No. *177*).

"Earnings" (*No. *359*); "Earnings Summary (Consolidated)" (*No. *332*).

"Statement of Consolidated Earnings" (*Nos. *39, 312, 406, 419, 477*); "Statement of Earnings" (*Nos. *392, 414, 486*); "Summary of Consolidated Earnings" (*No. *598*).

Operations—(34 companies):

"Condensed Consolidated Statement of Operations" (*No. *4*).

"Consolidated Operations" (*No. *498*); "Consolidated Results of Operations" (*No. *147*); "Consolidated Statement of Operations" (*Nos. *331, 558*); "Consolidated Statement of Operations and Earnings Invested in the Business" (*No. *245*); "Consolidated Statement of Operations and Income Retained in the Business" (*No. *73*); "Consolidated Statement of Results of Operations and Profits Retained in the Business" (*No. *371*).

"Operations" (*No. *210*).

"Results of Operations" (*No. *112, 254*).

"Statement of Consolidated Operations" (*No. *500*); "Statements of Consolidated Operations and Accumulated Earnings Retained in the Business" (*No. *360*); "Statement of Operations" (*Nos. *396, 587*); "Statement of Operations and Accumulated Earnings Used in the Business" (*No. *131*); "Statement of Results of Operations and of Income Retained for Use in the Business" (*No. *223*).

*See Company Appendix Section

FORM OF THE CERTIFIED INCOME STATEMENT

The form of the income statement, as disclosed by the survey of the 600 companies, falls into two general types. In 1951, approximately 59% of the companies used a "multiple-step" form with intermediate balances presented at intervals between the conventional grouping of items before the determination of the net income figure. The remaining 41% of the companies used some variation of a "single-step" form, which, in its simplest style, consists of an income grouping over a single total and an expense grouping over a second total. Although the "multiple-step" form of income statement still predominates, Table 13 shows a definite trend over the past five years towards the use of the "single-step" form.

TABLE 13: INCOME STATEMENT FORM

Form of Statement	1951	1950	1949	1948	1947
Multiple-step form	353	359	382	410	430
Single-step form	120	135	120	108	92
Modified single-step form—with a separate last section presenting income tax	86	64	61	55	46
Modified single-step form—with a separate last section presenting income tax and various non-tax items	24	18	15	10	11
Modified single-step form—with a separate last section presenting various non-tax items	14	20	18	12	16
Total	597	596	596	595	595
No income statement	3	4	4	5	5
	600	600	600	600	600

Changes During 1951

Multiple-step form:

3 companies *adopted* and 9 companies *abandoned* the use of this form of income statement (See Company Appendix Nos. *194, 202, 285,* and Nos. *16, 41, 69, 369, 402, 421, 569,* respectively).

Single-step form:

6 companies *adopted* and 21 companies *abandoned* the use of this form of income statement (See Company Appendix Nos. *41, 235, 236, 402, 481, 596,* and Nos. *27, 58, 126, 165, 202, 247, 305, 313, 343, 347, 392, 414, 426, 458, 508, 546, 558, 564, 570, 574, 578,* respectively).

Modified single-step form—with a separate last section presenting income tax:

27 companies *adopted* and 5 companies *abandoned* the use of this form of income statement (See Company Appendix Nos. *16, 27, 58, 69, 98, 126, 165, 247, 305, 313, 343, 369, 391, 392, 409, 423, 424, 426, 508, 519, 546, 550, 558, 564, 570, 574, 578,* and Nos. *194, 259, 339, 389, 418,* respectively).

Modified single-step form—with a separate last section presenting income tax and various non-tax items:

7 companies *adopted* and 1 company *abandoned* the use of this form of income statement (See Company Appendix Nos. *259, 339, 342, 347, 389, 421, 552,* and No. *550,* respectively).

Modified single-step form—with a separate last section presenting various non-tax items:

3 companies *adopted* and 9 companies *abandoned* the use of this form of income statement (See Company Appendix Nos. *414, 458, 569,* and Nos. *98, 235, 236, 285, 342, 391, 423, 552, 596,* respectively).

TERMINOLOGY FOR 'UNCOLLECTIBLE ACCOUNTS'

The 1951 annual reports show a further decline in the use of the word *reserve* in the balance sheet to describe *uncollectible accounts*. This trend is in accord with the recommendation of the Committee on Terminology of the American Institute of Accountants, as set forth in Accounting Research Bulletin No. 34, issued in October, 1948. Table 14 indicates the various types of descriptive terminology used in the balance sheet caption for *uncollectible accounts* by the 600 companies included in the survey.

TABLE 14: UNCOLLECTIBLE ACCOUNTS

Descriptive Term Used	1951*	1950	1949	1948
Reserve, etc.	223	246	280	338
Allowance, etc.	188	164	128	86
Provision, etc.	38	38	34	29
Estimated, etc.	37	36	39	34
Deduction, etc.	3	3	3	1
Various other terms	5	6	5	6
Total	494	493	489	494
No "Uncollectible Accounts"	99	101	102	98
No "Accounts Receivable"	7	6	9	8
	600	600	600	600

*1951	"Descriptive" word	Doubtful	Loss	Uncollectible	Bad Debts
127	"Reserve" used alone	—	—	—	—
96	"Reserve" used with:	80	9	2	5
170	"Allowance" used with:	125	35	4	6
18	"Allowance" used alone	—	—	—	—
38	"Provision" used with:	17	18	—	3
37	"Estimated" used with:	14	7	15	1
3	"Deduction" used with:	3	—	—	—
5	Various other used with:	3	2	—	—
494	Total	242	71	21	15

Examples of the various types of balance sheet terminology for *uncollectible accounts* shown in the above table and found in the 1951 reports, are set forth below:

Reserve—(223 companies):
"Reserve" (*Nos. *40, 91, 116, 220, 469, 480, 560, 598*); "Reserve for cash discounts, returns and allowances, and doubtful receivables" (*No. *191*); "Reserve for doubtful accounts" (*Nos. *32, 80, 164, 298, 473*); "Reserve for doubtful items" (*Nos. *522, 586*); "Reserve for doubtful items and cash discounts" (*No. *52*); "Reserve for doubtful notes and accounts" (*No. *142*); "Reserve for doubtful receivables" (*Nos. *155, 445, 579*); "Reserve for losses" (*Nos. *184, 311*); "Reserve for losses and unearned interest" (*No. *110*); "Reserve for uncollectible accounts" (*Nos. *77, 397*).

Allowance—(188 companies):
"Allowances" (*Nos. *12, 64, 109, 417, 499, 518*); Allowance for discounts and for bad debts" (*No. *514*); "Allowance for discounts and possible losses" (*No. *289*); "Allowance for discounts and uncollectible items" (*No. *252*); "Allowance for doubtful accounts" (*Nos. *5, 22, 372, 577*); "Allowances for doubtful balances, claims and allowances" (*No. *308*); "Allowance for doubtful items" (*Nos. *153, 179*); "Allowance for doubtful receivables" (*Nos. *42, 213*); "Allowance for losses in collection" (*No. *409*); "Allowance for losses and returns" (*No. *227*); "Allowance for possible loss" (*Nos. *130, 256, 376, 535*); "Allowance for uncollectible accounts" (*Nos. *214, 431, 496*).

Provision—(38 companies):
"Provision for bad debts and discounts" (*No. *258*); "Provision for cash discounts and doubtful accounts" (*No. *314*); "Provision for credit losses" (*No. *177*); "Provision for doubtful accounts" (*Nos. *96, 100, 280, 343, 401*); "Provision for doubtful accounts and discounts" (*No. *430*); "Provision for doubtful notes and accounts" (*No. *243*); "Provision for losses in collection" (*No. *169*); Provision for possible losses" (*Nos. *1, 28, 111, 595*); "Provision for possible losses in collection" (*No. *223*).

Estimated—(37 companies):
"Amounts estimated to be uncollectible" (*No. *147*); "Estimate of uncollectible amounts" (*No. *104*); "Estimated amounts uncollectible" (*No. *447*); "Estimated collection losses" (*No. *425*); "Estimated discounts, allowances, and doubtful accounts" (*No *303*); "Estimated doubtful accounts" (*Nos. *34, 127, 490, 584*); "Estimated doubtful balances" (*No. *599*); "Estimated losses in collection" (*No. *322*); "Estimated uncollectibles" (*Nos. *49, 55*); "Estimated uncollectible amounts" (*No. *262*).

Deduction—(3 companies):
"Deductions for allowances, discounts and doubtful accounts" (*No. *106*); "Deduction for estimated doubtful receivables" (*No. *94*).

Various other—(5 companies):
"Doubtful items" (*No. *471*); "Possible losses" (*No. *395*); "Possible losses in collection" (*No. *387*).

*See Company Appendix Section.

TERMINOLOGY FOR 'ACCUMULATED DEPRECIATION'

Research Bulletin No. 34, issued by the American Institute of Accountants in October, 1948, contained the recommendation of the Committee on Terminology that the use of the term *reserve* to describe *depreciation* in the balance sheet be discontinued. Table 15 discloses such a trend in the published annual reports covered by the survey. It also indicates the various

TABLE 15: ACCUMULATED DEPRECIATION

Descriptive Term Used	1951*	1950	1949	1948
Reserve, etc.	233	277	331	397
Accumulated, etc.	128	100	68	40
Allowance, etc.	107	104	93	76
Depreciation, etc.	82	94	79	66
Various other terms	23			
Provision, etc.	18	18	20	12
Accrued, etc.	5	4	6	5
Estimated, etc.	4	3	3	4
Total	600	600	600	600

*1951	"Descriptive" word	Depreciation	Amortization	Depletion	Obsolescence
124	"Reserve" used with:	124	—	—	—
92	"Reserve" used with:	92:	65	24	11
17	"Reserve" used alone	—	—	—	—
66	"Accumulated" used with:	66	—	—	—
62	"Accumulated" used with:	62:	54	17	2
56	"Allowance" used with:	56:	50	12	1
51	"Allowance" used with:	51	—	—	—
42	"Depreciation" used with:	42:	36	16	1
40	"Depreciation" used alone	40	—	—	—
9	"Provision" used with:	9:	6	4	1
9	"Provision" used with:	9	—	—	—
3	"Accrued" used with:	3:	2	2	—
2	"Accrued" used with:	2	—	—	—
2	"Estimated" used with:	2:	2	—	—
2	"Estimated" used with:	2	—	—	—
2	Various other used with:	2:	2	—	—
2	Various other used with:	2	—	—	—
19	Various other	—	—	—	—
600	Total	564	217	75	16

other types of terminology used in the balance sheet to describe accumulated depreciation.

The following examples of various of the types of balance sheet terminology for *accumulated depreciation* shown in the above table have been taken from the 1951 reports:

Reserve—(233 companies):
"Amortization and reserve for depreciation" (*No. *26*); "Depreciation reserve" (*Nos. *110, 592*); "Depreciation reserves since July 1, 1931" (*No. *50*); "Reserve for amortization" (*Nos. *97, 116, 544*); "Reserve for depreciation" (*Nos. *20, 59, 105, 164, 251, 296, 329, 353, 411, 497, 544, 596*); "Reserve for depreciation and amortization" (*Nos. *16, 32, 43, 108, 122, 216, 265, 310, 434, 487, 520, 581*); "Reserve for depreciation and depletion" (*Nos. *17, 60, 168, 356, 433, 489, 512*); "Reserve for depreciation and obsolescence" (*Nos. *123, 211, 261*); "Reserve for depreciation, amortization and obsolescence" (*Nos. *46, 161, 391, 480*); "Reserve for depreciation, depletion and amortization" (*Nos. *41, 44, 57, 68, 159, 410, 413, 432, 443, 528*); "Reserve for depreciation, depletion and intangible development costs" (*No. *170*); "Reserve for depreciation, depletion, obsolescence and valuation adjustment" (*No. *297*); "Reserve for depreciation and obsolescence charged to operations" (*No. *34*); "Reserve" (*Nos. *23, 104, 166, 191, 278, 323, 332, 466, 492, 505, 515*).

Accumulated—(128 companies):
"Accumulated depletion, depreciation, amortization and other charges to cover exhaustion of oil and gas reserves, wear and tear on facilities, and obsolescence" (*No. *553*); "Accumulated depreciation" (*Nos. *28, 139, 303, 389, 597*); "Accumulated depreciation and amortization" (*Nos. *45, 96, 222, 243, 354*); "Accumulated depreciation, amortization and depletion" (*Nos. *148, 531*); "Accumulated depreciation and amortization of emergency facilities" (*No. *282*); "Accumulated depreciation and depletion" (*Nos. *188, 193, 458*); "Accumulated depreciation, depletion, and amortization of emergency facilities" (*No. *336*); "Accumulated depreciation and obsolescence" (*Nos. *162, 255*); "Accumulated wear and exhaustion" (*No. *320*).

Allowance—(107 companies):
"Allowance for depreciation" (*Nos. *25, 93, 118, 339, 396, 440, 452, 517, 573*); "Allowance for depreciation and amortization" (*Nos. *3, 143, 196, 197, 246, 299, 468, 534, 591*); "Allowances for depreciation, amortization and revaluation" (*No. *372*); "Allowance for depreciation and depletion" (*No. *207*); "Allowance for depreciation, depletion and amortization" (*No. *242*).

Provision—(18 companies):
"Depreciation provision" (*No. *226*); "Provision for depreciation" (*Nos. *113, 419*); "Provision for depreciation and amortization" (*No. *63*); "Provision for depreciation to date" (*No. *516*); "Provision for depreciation, depletion and amortization" (*No. *567*); "Provision for depreciation, obsolescence and amortization" (*No. *270*).

Accrued—(5 companies):
"Accrued depreciation" (*Nos. *289, 459*); "Accrued depreciation, depletion and amortization" (*No. *11*).

Estimated—(4 companies):
"Estimated depreciation" (*No. *525*); "Estimated depreciation and amortization to date" (*No. *190*); "Estimated depreciation and depletion" (*No. *319*).

Depreciation, etc.—(82 companies):
"Depreciation" (*Nos. *6, 36, 48, 55, 112, 210, 224, 395, 456, 498, 568*); "Depreciation and amortization" (*Nos. *30, 73, 90, 137, 237, 239, 476, 557, 595*); "Depreciation, amortization and depletion" (*Nos. *29, 240, 308, 453, 599*); "Depreciation and depletion" (*Nos. *344, 584*); "Depreciation, obsolescence, etc." (*No. *486*).

Various other terms—(23 companies):
"Cost applied to past operations" (*No. *147*); "Depreciation charged to operations" (*No. *76*); "Portion allocated to operations to date as depreciation" (*No. *508*); "Portion of original cost allocated to operations to date" (*Nos. *128, 426, 523, 589*); "Reduced for wear of facilities" (*No. *587*); "Reduction for wear of facilities—depreciation and amortization" (*No. *74*); "Wear, exhaustion and amortization" (*No. *322*).

*See Company Appendix Section

TERMINOLOGY FOR 'FEDERAL INCOME TAX LIABILITY'

Only a minor number of the 600 companies included in the survey (38 companies in 1951) have used the term *reserve* in describing the *liability* for Federal income taxes in their balance sheets. Table 16 indicates the various descriptive terminology that has been used to describe such *liability*.

TABLE 16: FEDERAL INCOME TAX LIABILITY

Descriptive Term Used	1951*	1950	1949	1948
Taxes, etc.	221	166	143	129
Estimated, etc.	127	114	110	103
Provision, etc.	117	130	140	152
Accrued, etc.	91	126	124	137
Reserve, etc.	38	48	60	71
Various other terms	0	3	4	1
Total	594	587	581	593
No income tax liability	6	13	19	7
	600	600	600	600

*1951 "Descriptive" word		Federal Income	Excess Profits	Tax Not Identified
171	"Taxes" used with:	171	51	—
33	"Taxes" used with:	33	—	—
17	"Taxes" used with:	—	—	17
112	"Estimated" used with:	112	17	—
8	"Estimated" used with:	8	—	—
7	"Estimated" used with:	—	—	7
91	"Provision" used with:	91	22	—
17	"Provision" used with:	17	—	—
9	"Provision" used with:	—	—	9
56	"Accrued" used with:	56	7	—
32	"Accrued" used with:	—	—	32
3	"Accrued" used with:	3	—	—
35	"Reserve" used with:	35	5	—
2	"Reserve" used with:	—	—	2
1	"Reserve" used with:	1	—	—
594	Total	527	102	67

The following examples of balance sheet terminology for Federal income tax liability, as set forth in Table 16, have been selected from the 1951 reports:

Taxes—(221 companies):
"Domestic and foreign taxes" (*No. *355*); "Federal income and excess profits taxes" (*Nos. *73, 298, 393*); "Federal and other taxes on income" (*No. *40*); "Federal and state income taxes" (*No. *49*); "Federal taxes on income" (*Nos. *76, 118, 323, 414, 551*); "Income taxes" (*No.

98); "Taxes" (*No. *492*); "Taxes payable" (*Nos. *359, 515*).

Estimated—(127 companies):
"Estimated Federal and state taxes on income" (*Nos. *48, 81, 155*); "Estimated income and excess profits taxes and renegotiation of defense contracts" (*No. *34*); "Estimated taxes on income" (*No. *223*); "Federal and foreign taxes on income, estimated" (*No. *119*); "Federal taxes on income—estimated" (*Nos. *273, 299, 418, 525, 549*).

Provision—(117 companies):
"Amounts provided for estimated Federal and other taxes on income" (*No. *553*); "Amount provided for Federal income and excess profits taxes" (*No. *477*); "Provision for current taxes" (*No. *544*); "Provision for Federal income and excess profits taxes" (*No. *247*); "Provision for Federal taxes on income" (*Nos. *59, 179, 287, 407, 516, 600*); "Provision for Federal and state taxes" (*No. *163*); "Provision for taxes" (*No. *562*); "Provision for taxes on income" (*Nos. *22, 258*).

Accrued—(91 companies):
"Accrued Federal income and excess profits taxes" (*No. *444*); "Accrued Federal and foreign taxes on income" (*No. *32*); "Accrued Federal taxes on income" (*Nos. *110, 526*); "Accrued taxes" (*Nos. *9, 47, 254, 376, 397*); "U. S. Federal and state income tax accruals" (*No. *313*).

Reserve—(38 companies):
"Reserve for estimated Federal income and excess profits taxes" (*No. *20*); "Reserve for Federal and state taxes" *(No. *321*); "Reserve for Federal taxes on income" (*Nos. *87, 97, 345, 377, 474, 592*); "Reserve for income and other taxes" (*No. *261*); "Reserve for taxes on income" (*No. *160*); "Reserves for United States and Cuban income taxes" (*No. *46*).

*See Company Appendix Section

Table 17 shows the method of presentation of the Federal income tax liability in the balance sheets of the 600 companies included in the 1952 survey. In every case, such liability was shown under current liabilities. The most commonly used caption was "Federal income taxes."

TABLE 17: PRESENTATION OF FEDERAL INCOME TAX LIABILITY

Shown Under Current Liabilities	1951
With single total amount for *"Federal income taxes"* (*Nos. *31, 86, 113, 164, 207, 359, 419, 495, 600*)	296
With separate total amounts for *"Federal income taxes"* and *"Excess profits taxes"* (*Nos. *14, 186, 250, 444, 522*)	17
With single total amount combined for *"Federal income taxes"* and—	
"Excess Profits tax" (*Nos. *23, 154, 247, 331, 470, 537, 589*)	49
"Excess Profits tax and other taxes" (*Nos. *18, 109, 296, 401, 513*)	46
"Various other taxes" (*Nos. *29, 95, 150, 182, 266, 290, 353, 402, 465, 499, 528, 573, 594*)	109
"Renegotiation" (*Nos. *35, 64, 211, 215*)	4
"Various liabilities" (*Nos. *41, 51, 277, 511, 567, 586*)	6
With single total amount for *"Taxes"* or *"Taxes on Income"* (*Nos. *47, 195, 397, 544, 597*)	67
No income tax liability	6
	600

*See Company Appendix Section.

TITLE OF THE 'STOCKHOLDERS' EQUITY' SECTION

Although the majority of the 600 companies used descriptive titles for the equity section of the balance sheet which referred in various ways to the capital or to the capital and surplus accumulated or retained in the business (337 in 1951 and 353 in 1950), many of the companies employed descriptive titles which stressed the ownership or equity of the security holders (170 in 1951 and 152 in 1950). No caption was used by a few of the companies (73 in 1951 and 78 in 1950), and separate stockholders' equity statements were presented by the remaining companies (20 in 1951 and 17 in 1950).

Listed below are representative examples of the titles appearing over the stockholders' equity section of the balance sheets and a list of all of the titles used for the separate stockholders' equity statements in the 1951 reports.

Stockholders' Equity Section

"Capital" (*Nos. *25, 142, 214, 324, 448, 569*); "Capital and Surplus" (*Nos. *59, 164, 356, 581*); "Capital Stock and Retained Earnings" (*Nos. *144, 308, 419*); "Capital Stock and Surplus" (*Nos. *11, 55, 110, 191, 249, 284, 323, 357, 415, 433, 526, 556*); "Equity Capital and Earnings Retained in the Business" (*No. *247*); "Net Worth" (*Nos. *124, 206, 453*); "Represented By" (*Nos. *148, 210, 331, 595*); "Sources from Which Capital was Obtained" (*Nos. *119, 239, 353*).

"Investment of Stockholders Represented By" (*Nos. *125, 361*); "Investors' Equities" (*Nos. *36, 62*); "Ownership" (*Nos. *244, 454*); "Shareholder's Equity" (*Nos. *39, 203, 378, 460, 570*); "Stockholder's Equity" (*Nos. *31, 81, 133, 200, 245, 287, 341, 396, 450, 501, 559*); "Shareowner's Investment" (*No. *159*); "Stockholder's Investment" (*Nos. *95, 177, 274, 332, 436, 550*).

*See Company Appendix Section

Stockholders' Equity Statements

In the 20 annual reports which included stockholders' equity statements for 1951, there were 18 variations in the title of these statements, which are listed below:

"Consolidated Statement of Shareholders' Equity" (*No. *530*); "Shareholders' Capital" (*No. *112*); "Shareholders' Investment" (*No. *498*); "Share Owner's Equity" (*No. *553*).
"Changes in Stockholders' Equity" (*No. *421*); "Consolidated Statement of Changes in Stockholders' Equity"

(*No. *272*); "Statement of Changes in Stockholders' Capital Invested" (*No. *385*); "Statement of Changes in Stockholders' Equity" (*No. *228*); "Statement of Consolidated Common Stockholders' Equity" (*No. *15*); "Statement of Stockholders' Equity" (*Nos. *86, 336, 413*); "Statement of Stockholders' Interest" (*No. *531*); "Statement of Stockholders' Ownership" (*No. *156*); "Stockholders' Equity" (*No. *515*).

"Analysis of Capital Invested" (*No. *499*); "Capital Stocks and Surplus" (*No. *117*); "Consolidated Statements of Capital Stocks and Surplus" (*No. *443*); "Statement of Net Worth" (*No. *314*); "Summary of Changes in Consolidated Capital" (*No. *575*).

*See Company Appendix Section

'CAPITAL SURPLUS' CAPTION IN THE BALANCE SHEET

Accounting Research Bulletin No. 39, issued by the Committee on Accounting Procedure of the American Institute of Accountants in October 1949, recommended that in the balance sheet presentation of the stockholders' equity the use of the term "surplus," whether standing alone or in such combinations as capital surplus, paid-in-surplus, earned surplus, or appraisal surplus, be discontinued. Table 18, based on the 600 companies in the survey, indicates the changes in terminology for capital surplus and unclassified surplus over the past five years.

TABLE 18: CAPITAL SURPLUS CAPTION

Balance Sheet Caption	1951	1950	1949	1948	1947
Including term "surplus"					
Capital surplus	220	225	228	254	269
Paid in surplus	63	65	67	83	86
Surplus	18	16	17	22	24
Capital surplus (paid in)	7	7	7	7	7
Various other	2	2	2	3	2
Total	310	315	321	369	388
Excluding term "surplus"	138*	128	118	79	60
Number of Companies:					
Showing unclassified surplus	15	16	16	18	20
Showing capital surplus	433	427	423	430	428
Not showing capital surplus	152	157	161	152	152
	600	600	600	600	600

*The various 1951 balance sheet captions, which excluded the term "surplus," used the following types of terminology:

"Additional paid in capital"	35
"Paid in capital"	10
"Additional capital"	6
"Other capital"	4
"Capital in excess of . . . ."	32
"Capital contributed . ."	10
"Capital (arising) (received) (resulting from) . . . ."	7
"Amount (in excess of) (paid) (received) . . . ."	10
"(Earnings) (Investment) (Paid in) (Premiums) in excess of . . . ."	11
"Excess of amount received . . . ."	7
Various other	6
Total	138

Source of Capital Surplus

In addition to its recommendation as to the elimination of the term "surplus," Accounting Research Bulletin No. 39 also suggested that in adopting a new term to replace "surplus" consideration should be given primarily to the "source" from which the proprietary capital was derived. There were 433 companies in the 1951 survey which showed a capital surplus account and 15 companies which showed an unclassified surplus account. Approximately one-fourth of these companies (121) indicated the source of such surplus. The majority of these companies have employed terminology excluding the word "surplus" (92 companies), and the remaining (29 companies) have followed the Bulletin recommendation by indicating the source of such capital although retaining the term "surplus" in the balance sheet caption. Table 19 shows the extent and nature of the disclosure in the balance sheet captions of the source of capital or unclassified surplus by the companies included in the 1952 survey.

TABLE 19: SOURCE OF CAPITAL SURPLUS

Source Set Forth in Caption	Excluding term "surplus"	Including term "surplus"	Total 1951
Premium on sale of capital stock	77	11	88
Retirement of capital stock	1	6	7
Revaluation of capital stock	1	3	4
Conversion or exchange of capital stock	3	0	3
Sale or retirement of treasury stock	2	2	4
Subsidiary acquisition, consolidation or merger	5	5	10
Earnings transferred or segregated	1	2	3
Various other	2	0	2
Total	92	29	121
Source not set forth in caption	46	281	327
No capital surplus	—	—	152
			600

Various examples of the phrases used to describe capital surplus in the 1951 annual reports are listed below:

Captions including "surplus"—(310 companies)

"Capital Surplus" (*Nos. *18, 37, 72, 101, 126, 155, 193, 225, 246, 290, 324, 358, 376, 404, 443, 471, 510, 536, 560, 591*); "Capital (Paid-In) Surplus" (*Nos. *71, 122*); "Paid-In Surplus" (*Nos. *53, 92, 146, 197, 242, 297, 351, 397, 455, 550, 585*); "Surplus" (*Nos. *44, 90, 211, 326, 474*).

Captions not including "surplus"—(138 companies)

"Additional Capital" (*Nos. *286, 477*); "Additional Capital Paid In" (*Nos. *109, 231, 569*); "Additional Paid-In Capital" (*Nos. *9, 96, 219, 292, 348, 401, 422, 517*); "Other Capital" (*Nos. *94, 180, 327*); "Other Paid In Capital" (*Nos. *200, 484*).

"Amount in Excess of Par Value" (*Nos. *138, 506*); "Capital in Excess of Par Value" (*Nos. *68, 132, 217, 336, 432, 528*); "Capital in Excess of Par Value of Capital Stock" (*Nos. *74, 153, 386, 531, 558*); "Capital in Excess of Par Value of Common Stock" (*Nos. *199,*

SUBSIDIARIES OF STANDARD BRANDS INCORPORATED
OPERATING OUTSIDE THE UNITED STATES
(International Division Subsidiaries)

COMBINED BALANCE SHEETS

ASSETS

	NOVEMBER 30 1951	1950
CURRENT ASSETS:		
Cash	$ 3,866,508	$ 4,232,935
Accounts receivable (less reserves)	3,658,280	3,061,475
Inventories (at lower of average cost or market)	7,871,046	6,618,422
Total current assets	$15,395,834	$13,912,832
PLANT AND EQUIPMENT—At cost	$13,209,222	$11,638,993
Less—Reserves for depreciation	4,628,379	4,287,773
Plant and equipment—net	$ 8,580,843	$ 7,351,220
GOODWILL—At cost, less reserve of $48,080	$ 96,161	$ 105,777
PREPAID INSURANCE, TAXES AND OTHER DEFERRED CHARGES	$ 371,342	$ 329,532
	$24,444,180	$21,699,361

LIABILITIES

	1951	1950
CURRENT LIABILITIES:		
Bank loans	$ 831,516	$ 256,312
Accounts payable	2,194,501	1,908,451
Accrued foreign and United States taxes on income	1,508,911	1,319,024
Accrued payrolls, other taxes and expenses	702,051	708,529
Total current liabilities	$ 5,236,979	$ 4,192,316
3% SERIAL DEBENTURES, due 1952-1960, less current installment of $190,000 included in bank loans	$ 1,710,000	$ 1,900,000
PAYABLE TO STANDARD BRANDS INCORPORATED (Net)	$ 2,134,135	$ 1,381,985
RESERVES	$ 328,494	$ 330,162
CAPITAL STOCK AND SURPLUS:		
Capital Stock (wholly owned by Standard Brands Incorporated)	$ 4,929,492	$ 4,929,492
Earned surplus, per statement attached	10,105,080	8,965,406
Total capital stock and surplus	$15,034,572	$13,894,898
	$24,444,180	$21,699,361

Current assets, current liabilities, 3% serial debentures, and deferred charges in foreign countries have been translated from foreign currencies into U. S. dollars at rates of exchange as of November 30, 1951 and 1950. Plant and equipment and goodwill (and related reserves) have been included in the foregoing statements at amounts which reflect their approximate U. S. dollar equivalent at the time of acquisition or construction. As of November 30, 1951, transactions involving foreign exchange were generally subject to controls imposed by the various foreign governments. The companies were contingently liable under pending foreign tax claims, etc., but no material losses are expected on such items.

239); "Capital in Excess of Par Value of Shares" (*Nos. *228, 487*); "Capital in Excess of Stated Amount" (*Nos. *102, 314*); "Investment in Excess of Par Value of Common Stock" (*No. *406*).

"Amount Paid In for Shares in Excess of Par or Stated Value" (*No. *366*); "Amounts Received in Excess of Par Value of Capital Stock" (*No. *381*); "Excess of Amount Received Over Stated Value" (*No. *317*).

"Capital Contributed in Excess of Stated Value of Capital Stock" (*Nos. *136, 300*); "Capital Paid In, In Excess of Par Value of Common Shares" (*No. *305*); "Capital Paid In in Excess of Par Value of Stock Issued, etc." (*No. *363*).

"Capital Arising from Conversion of Preferred Stock" (*No. *595*); "Conversions, Retirements and Premium on Stock Issues" (*No. *218*).

*See Company Appendix Section.

'RETAINED EARNINGS' CAPTION IN THE BALANCE SHEET

The 1952 survey of the 600 companies discloses that there has been a steady decrease in the use of the caption "earned surplus." This change in terminology is in accord with the recommended discontinuance of the use of the term "surplus" contained in Accounting Research Bulletin No. 39 issued by the Committee on Accounting Procedure of the American Institute of Accountants in October 1949. In its place, various other terms which connote the source of accumulated earnings have become increasingly used over the past five years. Table 20 reveals the terminology which is used in the balance sheet caption for retained earnings by the companies included in the survey.

In 1951, 19 companies (See Company Appendix Nos. 72, 103, 106, 130, 217, 240, 242, 327, 354, 359, 386, 413, 422, 430, 450, 482, 493, 533, 546) eliminated the terminology "earned surplus" on the balance sheet while one company, (United Aircraft Corporation) changed its caption from "Earnings Retained and Invested in the Business" to "Earnings Employed in the Business (Earned Surplus)."

Table 21, based on the 600 reports, indicates the frequency of use of the various combinations of words indicating the "status" and "source" of retained earnings. For example, it shows that the word "retained" is used with the word "earnings" 122 times whereas it is used with the word "income" only 26 times and with the word "profit" only 2 times. It is, therefore, seen that the words "retained earnings" are by far the most usual combination of the word "retained" with another word. This combination, it will be noted, is the one most commonly used as a caption in the balance sheet.

Various examples of the more commonly used phrases describing retained earnings are listed below:

TABLE 20: TERMS REPLACING 'EARNED SURPLUS'

"Surplus" replaced by	1951	1950	1949	1948	1947
Source words:					
Earnings	213	201	152	72	36
Income	42	36	34	25	20
Profit	8	8	8	8	6
	263	245	194	105	62
Status words:					
Retained	171	151	114	64	36
Accumulated	36	36	30	5	6
Reinvested	23	22	22	14	8
Employed	17	18	15	9	6
Invested	10	12	8	8	4
Used	2	2	2	2	1
Undivided	2	2	2	2	1
Undistributed	2	2	1	1	—
	263	245	194	105	62
"Surplus" continued as					
Earned surplus, surplus, deficit	337	355	406	495	538
Total	600	600	600	600	600
Number of Companies:					
Replacing "surplus"	263	245	194	105	62
Continuing "earned surplus"	337	355	406	495	538
Total	600	600	600	600	600
Percentage of Companies:					
Replacing "surplus"	44%	41%	32%	18%	10%
Continuing "earned surplus"	56	59	68	82	90
	100%	100%	100%	100%	100%

Earnings—(213 companies):

"Retained Earnings" (*Nos. *7, 48, 132, 396, 442, 524*); "Earnings Retained" (*No. *414*); "Earnings Retained for use in the Business" (*Nos. *81, 136, 219, 359, 436, 561*); "Earnings Retained in the Business" (*Nos. *9, 60, 195, 278*); "Earnings Retained and Invested in the Business" (*Nos. *315, 593*); "Retained Earnings Employed in the Business" (*No. *348*).

"Accumulated Earnings" (*Nos. *339, 448, 495, 503*); "Accumulated Earnings in use in the Business" (*No. *317*); "Accumulated Earnings Retained in the Business" (*Nos. *125, 370, 590*); "Accumulated Earnings Retained for use in the Business" (*Nos. *338, 440, 493, 509*); "Accumulated Earnings Used in the Business" (*Nos. *31, 289*); "Accumulated Earnings Employed in the Business" (*No. *234*).

"Earnings Reinvested" (*Nos. *192, 319, 515*); "Reinvested Earnings" (*Nos. *253, 406*); "Earnings Reinvested in the Business" (*Nos. *25, 299, 331*); "Earnings Employed in the Business" (*Nos. *62, 138, 252, 425, 537*); "Earnings Invested in the Business" (*Nos. *245, 459, 549*); "Earnings Used in the Business" (*No. *236*); "Undistributed Accumulated Earnings" (*No. *188*).

Income—(42 companies):

"Income Retained in the Business" (*Nos. *61, 103, 282,*

TABLE 21: RETAINED EARNINGS TERMINOLOGY IN 1951

"Surplus" replaced by—

Status words, combined with:	Source Words: Earnings	Income	Profit	Total
Retained	122	26	2	150
Retained-Invested	10	1	—	11
Retained-Used	6	—	—	6
Retained-Employed	3	—	1	4
Accumulated	8	—	—	8
Accumulated-Retained	11	3	—	14
Accumulated-Used	4	1	—	5
Accumulated-Employed	3	—	—	3
Accumulated-Invested	2	—	—	2
Accumulated-Reinvested	2	—	—	2
Accumulated-Retained-Invested	1	—	—	1
Accumulated-Retained-Used	1	—	—	1
Reinvested	15	2	1	18
Reinvested-Employed	1	2	—	3
Reinvested-Retained	1	—	1	2
Employed	14	2	1	17
Invested	5	5	—	10
Used	2	—	—	2
Undivided	—	—	2	2
Undistributed-Accumulated	1	—	—	1
Undistributed-Employed	1	—	—	1
Total	213	42	8	263

"Surplus" continued as—

Earned Surplus Combined with:				
Retained	10	3	—	13
Reinvested	3	—	—	3
Employed	1	—	—	1
Accumulated-Employed	1	—	—	1
Earned Surplus	—	—	—	300
Surplus	—	—	—	15
Deficit	—	—	—	4
Total				337
				600

305); "Net Income Retained in the Business" (*Nos. *496, 553*); "Income Retained for use in the Business" (*Nos. *223, 337, 482, 577*); "Net Income Retained for use in the Business" (*Nos. *68, 431*).

"Accumulated Income Retained for use in the Business" (*No. *291*); "Income Reinvested or Employed in the Business" (*Nos. *481, 584*); "Income Employed in the Business" (*No. *595*); "Income Invested in the Business" (*Nos. *21, 104, 115*).

Profit—(8 companies):

"Profits Retained in the Business" (*No. *525*); "Reinvestment of Profit" (*No. *147*); "Profit Employed in the Business" (*No. *128*); "Undivided Profits" (*No. *441*).

Surplus—(337 companies):

"Earned Surplus (Earnings Retained for Use in the Business)" (*Nos. *99, 582*); "Earned Surplus (Earnings Reinvested in Business)" (*No. *133*); "Earned Surplus" (*Nos. *11, 30, 51, 64, 92, 113, 129, 150, 173, 187, 210, 227, 256, 271, 296, 307, 323, 341, 362, 383, 411, 428, 445, 464, 485, 505, 527, 552, 573, 600*); "Income Retained in the Business (Earned Surplus)" (*No. *34*); "Surplus" (*Nos. *44, 211, 321, 474*); "Deficit" (*Nos. *295, 439*).

*See Company Appendix Section.

In a number of cases the retained earnings caption in the balance sheet included a date from which the earnings were accumulated. In 1951, approximately 10% of the companies dated retained earnings. (See Company Appendix Nos. 50, 75, 141, 188, 228, 281, 322, 386, 448, 483, 533, 569).

EXHIBITS

There have been reproduced herein the following examples of "customary certified statements" taken from the 1951 annual reports covered by the survey. (See "Index to Exhibits" following "Table of Contents" for page numbers.)

1. *Consolidated Statements of Net Income Retained for Use in the Business* and *Consolidated Statement of Capital in Excess of Par Value of Stock* (The Atlantic Refining Company). The foregoing customary certified statements of retained earnings and capital surplus are in comparative form for the years 1951 and 1950 and also contain an "increase-decrease" column.
2. *Consolidated Statement of Net Earnings* (The May Department Stores Company). This statement is an example of a modified "single-step" form of income statement on a comparative basis for the years ended January 31, 1952 and 1951.
3. *Consolidated Balance Sheet* (Pittsburgh Plate Glass Company). This balance sheet is an example of a consolidated balance sheet presented in the "customary form." It is comparative for the years 1951 and 1950.
4. *Consolidated Statement of Income and Accumulated Earnings* (Sharon Steel Corporation). The above combined income and retained earnings statement is presented on a comparative basis for the years 1951 and 1950.
5. *Consolidated Statement of Financial Position* (Signode Steel Strapping Company). This balance sheet is an example of the "financial position" form, with a two-year comparative presentation.
6. *Statement of Stockholders' Interest* (The Standard Oil Company, an Ohio corporation). The above stockholders' equity statement contains details of capital stock, capital surplus, retained earnings, and capital stock in the treasury on a two-year comparative basis.
7. *Consolidated Statement of Income and Retained Profits Reinvested* (Tide Water Associated Oil Company). This combined income and retained earnings statement presents comparative figures for the years 1951 and 1950.

ADDITIONAL CERTIFIED STATEMENTS AND SUPPLEMENTARY SCHEDULES

In addition to the customary certified statements discussed in the preceding section, the annual reports contain numerous additional certified statements and supplementary schedules. Such statements and schedules are considered to be certified when they are mentioned in the accountant's report, when they are referred to within the customary financial statements, by their position in relation to such statements and the accountant's report, or by inclusion in the footnotes to the customary financial statements.

As shown by Table 22, the majority of the additional certified statements present information as to parent and subsidiary companies.

TABLE 22: ADDITIONAL CERTIFIED STATEMENTS AND SUPPLEMENTARY SCHEDULES

Statements Applicable To	Non Comparative	Comparative	1951 Total	Non Comparative	Comparative	1950 Total
Domestic subsidiaries	16	8	24	19	5	24
Foreign subsidiaries	10	12	22	6	13	19
Parent company	6	2	8	5	5	10
Survey company:						
Change in working capital	6	8	14	6	6	12
Summaries	—	13	13	—	12	12
Pro forma	2	—	2	4	—	4
Geographical	2	—	2	1	—	1
Operating unit	—	1	1	—	1	1
Various other	3	—	3	4	—	4
Total	45	44	89	45	42	87
Supplementary Schedules	102	209	311	91	196	287

Number of Companies	1951	1950
Presenting Additional Certified Statements	25	27
Presenting Additional Certified Statements and Supplementary Schedules	25	21
Presenting Certified Supplementary Schedules	110	108
Total	160	156
Not presenting Additional Certified Statements or Certified Supplementary Schedules	440	444
	600	600

Additional Certified Statements

The various types of additional certified statements contained in the 1951 annual reports of the companies included in the survey are shown in Table 23.

In its 1951 annual report, Allied Stores Corporation included a noncomparative consolidated balance sheet and income statement for Alstores Realty Corporation and its subsidiary, The Northgate Company. The auditors certified to these statements in a second certificate.

Balance sheet, income, and surplus statements of the unconsolidated foreign subsidiaries of The American Metal Company, Limited (Rhodesian Selection Trust Limited and Mufulira Copper Mines Limited) were

TABLE 23: ADDITIONAL CERTIFIED STATEMENTS IN 1951

Type of Statement	Subsidiary: Domestic (A)	Subsidiary: Foreign (B)	Parent Company (C)	Survey Company (D)	1951 Total
Balance Sheet (A: *Nos. *15, 181, 361, 401;* B: *37, 176;* C: *141, 485;* D: *116, 128, 151, 188, 444*)	14	7	3	5	29
Income Statement (A: *Nos. *86;* B: *37, 320;* C: *141;* D: *128, 151, 188*)	3	5	2	3	13
Combined Income & Retained Earnings Statement (A: *Nos. *243, 314;* B: *176, 315*)	6	4	—	—	10
Retained Earnings or Capital Surplus Statements (A: *Nos. *442;* B: *37;* C: *141*)	1	1	2	—	4
Stockholders' Equity Statement (C: *Nos. *530;* D: *128*)	—	—	1	1	2
Assets and Liabilities (*Nos. *115, 403*)	—	5	—	—	5
Changes in Working Capital (*Nos. *2, 116, 226, 316, 564*)	—	—	—	14	14
Balance Sheet and Operating Data (*Nos. *9, 310*)	—	—	—	2	2
Operating Data (*No. *202*)	—	—	—	1	1
Pro Forma Income Statement (*Nos. *245, 418*)	—	—	—	2	2
Geographical (*Nos. *261, 530*)	—	—	—	2	2
Operating Unit (*No. *117*)	—	—	—	1	1
Investments (*Nos. *71, 336*)	—	—	—	2	2
Long-Term Indebtedness (*No. *530*)	—	—	—	1	1
Retirement System (*No. *361*)	—	—	—	1	1
Total	24	22	8	35	89

Number of Companies:	1951	1950
Presenting Additional Certified Statements	50	48
Not presenting Additional Certified Statements	550	552
	600	600

*See Company Appendix Section

included in the December 31, 1951 report of the parent company. The foreign subsidiary statements, dated as of June 30, 1951, were noncomparative in form with money values expressed in English currency and were accompanied by certificates from English chartered accountants.

The wholly owned subsidiaries of Associated Dry Goods Corporation were reported upon in "composite financial statements" consisting of balance sheet and combined income and retained earnings statements.

Belding Heminway Company, Inc. included in its 1951 report, comparative balance sheet and income statements for Belding Real Estate Corporation and The Putnam Machinery Corporation, two wholly owned subsidiary companies. Uncertified statements were also presented for Stowell Silk Spool Company, a partially owned (55%) subsidiary company.

In addition to the consolidated balance sheet, income, earned surplus, and capital surplus statements set forth in the annual report of Cities Service Company, an identical series of statements was also included for the parent company.

Colgate-Palmolive-Peet Company included in its report separate income accounts and a separate statement of net assets of its foreign subsidiaries. Each of the "customary certified statements" included in the report specifically excluded these foreign subsidiaries. The additional certified statements included two-year comparative columns described "Combined," "Western Hemisphere," "England and Continental Europe," and "Other Foreign Countries."

In its 1951 report, Daystrom, Incorporated presented ten-year comparative "Consolidated Earnings" statements.

Financial statements of John Morrell & Co.'s English subsidiaries were submitted by English chartered accountants and included in the report of the parent company.

Reynolds Metals Company included consolidated statements of the "customary" type as well as an additional balance sheet in similar form for the parent company alone.

International Shoe Company, the parent company of Twelfth-Delmar Realty Company and Shoenterprise Corporation, displayed two-year comparative balance sheets and combined income and retained earnings statements for these two wholly owned domestic subsidiary companies in its 1951 report.

Certified Supplementary Schedules

The certified supplementary schedules contained in the 1951 survey reports were almost always set forth in the notes to the certified financial statements. As shown by Table 24, these schedules generally set forth the details of various items in the balance sheet or other financial statements.

In its 1951 annual report, the California Packing Corporation presented "Details of Items in Accounts" which consisted of a two-year comparative schedule of "Receivables," "Inventories," "Other Assets," "Property, Plant and Equipment," and "Long Term Debt." A somewhat similar schedule was included in the report of the Elliott Company.

"Accounts Receivable" and "Property and Equipment" were presented in separate two-year schedules by Federated Department Stores, Inc.

Gulf Oil Corporation included "Supplementary Financial Information" consisting of seven pages of detailed footnotes and schedules of "Geographical Distribution of Net Assets and Net Income," "Notes and Accounts Receivable," "Investments and Long-Term Receivables," "Inventories," "Properties, Plant and Equipment," "Special Deposits," "Current and Long-Term Notes and Other Obligations," and "Reserves." In some instances these schedules set forth comparative information for a two-year period.

A comprehensive schedule of details and changes during the year for "Land, Plants, Mining Properties, Rolling Stocks, Steamships, etc." and "Depreciation Reserves" was included in the report of Jones & Laughlin Steel Corporation.

Pittsburgh Steel Company presented two-year comparative schedules accompanied by extensive explanatory notes in its "Supplementary Financial Information." These schedules covered "Inventories," "Investments and Long Term Receivables," "Fixed Assets," "Long-term Debt," and "Capital Stock."

"Investments and Advances," "Properties and Equipment," "Provision for Depreciation, Depletion, etc." were set forth in a series of two-year tables by Tide Water Associated Oil Company.

Sharon Steel Corporation's annual report for 1951 included a "Supplementary Financial Information" section in which was displayed a series of schedules, comparative for two years, covering "Accounts Receivable," "Inventories," "Investments and Long Term Receivables," "Fixed Assets," "Notes Payable," "Accrued Liabilities," and a "Statement of Capital Contributed and Earnings Capitalized in Excess of Stated Value of Common Stock."

Exhibits

The following "additional certified statements and supplementary schedules," taken from the 1951 annual reports covered by the survey as illustrative of such statements and schedules, have been reproduced herein as examples. (See "Index to Exhibits" following "Table of Contents" for page numbers).

1. *Source and Disposition of Consolidated Working Capital* (Ainsworth Manufacturing Corporation). This statement, presented on a two-year comparative basis, shows the source of working capital, the disposition thereof, and the resulting increase or decrease during the year.

2. *Summary of Taxes Paid or Accrued* (The Atlantic Refining Company). This schedule presents supplementary information concerning income and other taxes, on a comparative basis for the years 1951 and 1950 with a separate "increase-decrease" column.

3. *Ownership Equities* (Caterpillar Tractor Co.). This statement shows changes in capital stock and capital surplus and details of retained earnings from 1925 through 1951.

4. *Statement of Approximate Geographical Distribution of Consolidated Net Assets Included in the Consolidated Balance Sheet* (Gillette Safety Razor Company). In this statement there is set forth a geographical distribution of net assets showing details of the amount thereof separately for the United States and Canada, for the rest of the Western Hemisphere, for the British Empire, and for the rest of the Eastern Hemisphere.

5. *Details of Items in Statement of Consolidated Financial Condition* (Koppers Company, Inc.). This series of schedules contains details of current liabilities, fixed assets, investments and other assets, and funded debt, on a comparative basis for the years 1951 and 1950.

6. *Combined Balance Sheets—International Division Subsidiaries* (Standard Brands Incorporated). In this statement there is set forth the combined balance sheets of the International Division Subsidiaries of the parent company for the years ended November 30, 1951 and 1950.

7. *Parent Company Statement of Financial Position* (Standard Oil Company (New Jersey)). This parent company balance sheet is presented in the "financial position" form and is comparative for the years 1951 and 1950.

For further examples of "additional certified state-

TABLE 24: CERTIFIED SUPPLEMENTARY SCHEDULES

Nature of Items Detailed	Non-comparative	Comparative	1951 TOTAL	Non-comparative	Comparative	1950 TOTAL
Fixed assets and depreciation (*Nos. *115, 257, 313, 361, 405, 481, 553, 584*)	13	49	62	11	46	57
Inventory composition (*Nos. *63, 81, 156, 223, 344, 447, 570*)	5	40	45	5	35	40
Long-term indebtedness (*Nos. *57, 178, 397, 409, 460, 503*)	23	14	37	16	11	27
Stockholders' equity, capital stock, etc. (*Nos. *47, 90, 181, 370, 452, 531*)	14	22	36	14	16	30
Investment in securities, subsidiaries, etc. (*Nos. *33, 255, 347, 406, 543*)	10	23	33	12	21	33
Foreign investments and operations (*Nos. *2, 216, 342, 445, 596*)	16	6	22	16	7	23
Accounts or notes receivable (*Nos. *234, 403, 439, 523*)	1	14	15	1	15	16
Employment costs (*Nos. *7, 191*)	3	3	6	—	3	3
Taxes (*Nos. *68, 119*)	3	2	5	1	2	3
Various assets (*Nos. *104, 305, 457, 561*)	2	15	17	1	13	14
Various liabilities (*Nos. *94, 278, 316*)	1	10	11	2	9	11
Various appropriations (*Nos. *278, 393, 492*)	10	4	14	10	9	19
Various income and operating items (*Nos. *66, 433, 547*)	1	7	8	2	9	11
Total	102	209	311	91	196	287

Number of Companies:	1951	1950
Presenting certified supplementary schedules	135	129
Not presenting certified supplementary schedules	465	471
	600	600

*See Company Appendix Section.

TABLE 25: UNCERTIFIED FINANCIAL STATEMENTS

Type of Statement	NOT COM-PARA-TIVE	COMPARATIVE Number of Years: (2-4)	(5-9)	(10)	(Over 10)	1951 Total
CONDENSED:						
Balance Sheet (*Nos. *12, 28, 85, 104, 169, 215, 251, 265, 332, 363, 403, 484, 510, 550, 588*)	3	18	12	26	4	63
Income Statement (*Nos. *13, 47, 106, 156, 200, 223, 284, 313, 362, 405, 416, 448, 493, 525, 563*)	11	19	11	22	4	67
Various other statements (*No. *222*)	—	—	1	1	—	2
DETAILED:						
Balance Sheet (*Nos. *15, 100, 167, 212, 298, 514, 589*)	—	2	[illegible]	18	4	30
Income Statement (*Nos. *11, 73, 166, 258, 391, 474, 589*)	2	2	4	15	3	26
Various other statements (*Nos. *67, 100, 298, 312*)	2	1	1	4	1	9
SIMPLIFIED:						
Balance Sheet (*Nos. *16, 151, 260, 374, 502, 589*)	14	9	—	—	—	23
Income Statement (*Nos. *28, 40, 101, 134, 199, 267, 319, 374, 391, 431, 459, 484, 524 574*)	32	27	1	—	—	60
SUBSIDIARY:						
Balance Sheet (*Nos. *15, 128, 311, 429, 560*)	10	5	1	—	—	16
Income Statement (*Nos. *86, 243*)	1	3	—	—	—	4
Various other statements (*Nos. *382, 426, 496*)	3	3	—	—	1	7
SOURCE AND APPLICATION OF FUNDS (*Nos. *57, 80, 126, 167, 228, 240 278, 309, 346, 382, 453, 489, 506, 540, 590*)	49	11	8	1	—	69
SUMMARY OF WORKING CAPITAL (*Nos. *64, 166, 180, 219, 284, 405, 480, 527*)	—	15	2	3	3	23
COMBINED SUMMARY AND CHANGES IN WORKING CAPITAL (*Nos. *30, 154, 334, 415, 568*)	9	4	—	1	—	14
Total	136	119	47	91	20	413
Number of Companies:						
Presenting uncertified financial statements						233
Not presenting uncertified financial statements						367
						600

*See Company Appendix Section.

ments" contained in the 1951 annual reports covered by the survey, see Table 23 entitled "Additional Certified Statements in 1951" and the companies referred to therein.

Uncertified Financial Statements, Summaries, and Schedules

In 1951, over 1,200 uncertified financial statements, summaries, and schedules were included by 449 of the survey companies in their annual reports.

UNCERTIFIED FINANCIAL STATEMENTS

Table 25 shows the various types of uncertified financial statements contained in the 1951 reports. A total of 413 such statements were presented by 233 of the survey companies.

UNCERTIFIED HIGHLIGHTS AND SUMMARIES

In 1951, there were 560 uncertified highlights and summaries shown by 386 of the survey companies in their annual reports. The nature of the financial data included therein is indicated in Table 26.

UNCERTIFIED SUPPLEMENTARY SCHEDULES

There were 255 uncertified supplementary schedules included in the 1951 reports of 152 of the survey companies. Table 27 shows the nature of the items included in these supplementary schedules.

EXHIBITS

The following uncertified statements and supplementary schedules, taken from the 1951 annual reports, have been reproduced herein as illustrative examples of such statements. (See "Index to Exhibits" following "Table of Contents" for page numbers).

1. *Comparative Consolidated Balance Sheets for Five Years* (Alexander Smith, Incorporated). This statement presents consolidated balance sheets of the company for each of the years 1947 through 1951, in comparative form.

2. *Highlights of Operations* (American Machine & Foundry Company). This statement shows a wide range of comparative, selected financial data for the years 1951 and 1950.

3. *Non-Contributory Pension Plan* and *Supplemental Contributory Pension Plan* (American Radiator & Standard Sanitary Corporation). These statements contain comprehensive data concerning the company's retirement funds.

4. *Source and Disposition of Funds by Years* (Monsanto Chemical Company). This statement shows the source and disposition of funds for each of the years 1947 through 1951.

5. *The Company's Operating Record* (The Yale & Towne Manufacturing Company). This simplified statement presents the income statement in narrative form, comparative for the years 1951 and 1950.

For additional examples of various types of uncertified statements and supplementary schedules contained in the 1951 reports covered by the survey, see Tables 25, 26, and 27 and the companies referred to therein.

Consolidation of Subsidiaries

DOMESTIC SUBSIDIARIES

The review of the annual reports of the 600 companies included in the survey disclosed that 422 of such companies in 1951 indicated that they had domestic subsidiaries and 192 of these companies either stated or indicated that all domestic subsidiaries were included in the consolidation. Only 27 of these companies in 1951 indicated that no domestic subsidiaries were consolidated. Table 28 shows that 82 of the companies in this group set forth or indicated in their annual reports various bases used in determining which of their domestic subsidiaries were included in the consolidation and which were excluded. The remaining 141 companies neither stated nor indicated the bases on which subsidiaries were included in or excluded from the consolidation.

FOREIGN SUBSIDIARIES

Among the 600 companies included in the survey, there were 271 which indicated in their annual reports that they had foreign subsidiaries. Of these companies, 69 either stated or indicated that all foreign subsidiaries were included in the consolidation. There were 41 companies which indicated that no foreign subsidiaries were consolidated. Table 29 shows that 60 of the com-

TABLE 26: UNCERTIFIED HIGHLIGHTS AND SUMMARIES

Financial Data Shown In	NOT COMPARATIVE	COMPARATIVE Number of Years: (2-4)	(5-9)	(10)	(Over 10)	1951 TOTAL
COMPARATIVE SUMMARIES:						
Balance Sheet Summaries (*Nos. *77, 111, 194, 254, 337, 424, 508, 546*)	—	1	9	20	13	43
Operating Summaries (*Nos. *18, 44, 82, 135, 174, 219, 249, 287, 323, 361, 403, 436, 478, 511, 562, 584*)	—	14	26	41	39	120
Combined Balance Sheet and Operating Summaries (*Nos. *7, 56, 88, 129, 170, 211, 272, 300, 339, 368, 408, 451, 474, 534, 590*)	—	7	29	49	27	112
HIGHLIGHTS, YEAR IN BRIEF, OPERATIONS AT A GLANCE, etc. (*Nos. *11, 47, 77, 109, 143, 180, 208, 239, 273, 303, 329, 366, 399, 416, 450, 479, 498, 542, 566, 580, 598*)	31	230	22	—	2	285
Total	31	252	86	110	81	560

Number of Companies:	
Presenting uncertified highlights and summaries	386
Not presenting uncertified highlights and summaries	214
	600

*See Company Appendix Section.

panies in this group set forth or indicated in their annual reports various bases upon which foreign subsidiaries were included in or excluded from the consolidation. The remaining 101 companies neither stated nor indicated the bases used in determining which of their foreign subsidiaries were included in the consolidation and which were excluded.

Consolidation Examples

The scope and nature of the information disclosed concerning the consolidation of domestic and foreign subsidiaries is illustrated by the following examples taken from the 1951 annual reports:

The Atlantic Refining Company
and Subsidiary Companies
Within: "Stockholders' Equity":
Minority Stockholders of Venezuelan Atlantic Transmission Corporation $210,910

Note 1: All subsidiary companies have been consolidated except ten companies (twelve in 1950), the investments in which are either not significant or are fully reserved. The equity of the consolidated companies in such subsidiaries is slightly more than the amount at which the investments in such subsidiaries are carried.

The equity of the consolidated companies in the net earnings of subsidiaries not consolidated (except certain companies fully reserved as to investments) was: for the year 1951, a profit of $21,256; for the year 1950, a profit of $43,501. No dividends were received in 1951 and 1950 from these subsidiaries.

The American Metal Company, Limited
and Subsidiary Companies in Which a Voting Control of 75 Per Cent or More is Owned

Note to Charts (Page 5): As stated in the 1948 report a new basis of consolidation (inclusion of all subsidiaries in which the Company owns a voting control of 75 per cent or more) was adopted during that year, resulting in the consolidation of Compañia Metalúrgica Peñoles, S. A., Mexico, separate statements for which were included in the annual reports for 1947 and prior years. The charts for earnings and net working capital show all years on the new basis of consolidation.

American Safety Razor Corporation
and Subsidiary Companies

Note 1: The consolidated statements include the accounts of the company and all its subsidiary companies. The net assets of the foreign subsidiaries thus included amount to $2,023,737, of which $1,294,429 is represented by current assets and $530,083 by current liabilities, and the remainder by plant and equipment, goodwill and other non-current assets, less reserves. Current rates of exchange were used in translating the current and certain other assets and current liabilities, and rates prevailing at the respective dates of acquisition were used in respect of the fixed assets and goodwill. The consolidated retained earnings (earned surplus) at December 31, 1951 includes

TABLE 27: UNCERTIFIED SUPPLEMENTARY SCHEDULES

Nature of Items Shown	NOT COMPARATIVE	COMPARATIVE Number of Years: (2-4)	(5-9)	(10)	(Over 10)	1951 Total
Fixed assets and depreciation (*Nos. *9, 80, 135, 253, 316, 425, 559*)	28	5	5	1	2	41
Sales and related details (*Nos. *133, 211, 303, 400, 438, 598*)	4	17	3	—	6	30
Earnings and related details (*Nos. *52, 116, 261, 344, 426, 496*)	8	17	3	—	2	30
Taxes (*Nos. *16, 100, 251, 322, 470, 530*)	7	18	2	1	1	29
Employment costs (*Nos. *90, 172, 308, 468, 568*)	11	5	1	1	2	20
Dividends (*Nos. *94, 159, 272, 382, 503*)	10	1	4	—	4	19
Dividends or earnings per share of capital stock (*Nos. *85, 166, 317, 520*)	11	2	2	—	2	17
Inventory details (*Nos. *59, 482, 558*)	2	6	2	—	—	10
Investment details (*Nos. *60, 311, 480*)	6	2	—	—	—	8
Foreign operations (*Nos. *32, 496*)	2	1	1	—	1	5
Various other balance sheet items (*Nos. *113, 193, 370, 547*)	6	4	1	1	1	13
Various other operating items (*Nos. *61, 128, 257, 309, 391, 599*)	6	22	—	2	3	33
Total	101	100	24	6	24	255
Number of Companies:						
Presenting uncertified supplementary schedules						152
Not presenting uncertified supplementary schedules						448
						600

*See Company Appendix Section.

TABLE 28: DOMESTIC SUBSIDIARIES

Basis of Consolidation	1951	1950
STATED		
Based on 100% ownership (*Nos. *119, 206, 329, 460, 469, 480, 527, 553, 583*)	54	56
Based on stated percentage of ownership (*Nos. *54, 303, 406, 581*)	10	9
Based on stated percentage of ownership of subsidiaries with operations homogeneous to those of parent company (*No. *253*)	1	1
All domestic subsidiaries consolidated (*Nos. *42, 149, 296, 342, 465, 515*)	35	31
Only domestic sale subsidiaries consolidated (*No. *173*)	1	1
Only voting controlled subsidiaries consolidated (*No. *550*)	1	1
Only insignificant subsidiaries excluded from consolidation (*Nos. *449, 453, 560*)	9	9
Non-homogeneous operations of domestic subsidiary determined exclusion from consolidation (*Nos. *99, 283, 407*)	6	6
Total	117	114
INDICATED		
By inclusion of all domestic subsidiaries in consolidation (*Nos. *27, 41, 114, 138, 171, 197, 219, 254, 289, 317, 352, 375, 435, 463, 500, 521, 556, 584*)	157	154
By exclusion of all domestic subsidiaries from consolidation (*Nos. *66, 103, 172, 324*)	27	28
Total	184	182
NEITHER STATED NOR INDICATED		
Some domestic subsidiaries consolidated (*Nos. *48, 65, 75, 125, 182, 319, 354, 466, 534, 559, 568, 590*)	141	140
Number of Companies:		
Referring to domestic subsidiaries	442	436
Not referring to domestic subsidiaries	158	164
	600	600

*See Company Appendix Section.

$211,078 representing undistributed earnings of the foreign subsidiaries.

The operations of the foreign subsidiaries have been translated into U. S. currency at the average rates of exchange during the year, except that the provisions for depreciation have been based on the historical cost of their fixed assets as expressed in U. S. currency in the consolidated balance sheet. The net income of the foreign subsidiaries for the current year included in the accompanying statement of consolidated earnings amounted to $170,430, all of which was remitted to the parent company during the year.

The Borden Company
and Consolidated Subsidiaries

Note 1: Basis of Consolidation—The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company. The Company's equity (approximately $1,850,000 for 1951, and $1,350,000 for 1950) in the net income of unconsolidated foreign and domestic subsidiaries is included in the Statement of Consolidated Net Income only to the extent of dividends received (in 1951—$44,000; in 1950—$200,000). The Company's equity in the net tangible assets of these unconsolidated subsidiaries at December 31, 1951, as shown by their books, is in excess of its investments in said subsidiaries by the amount of approximately $4,500,000.

In consolidating the accounts of Canadian subsidiaries, current assets and liabilities were converted at exchange rates prevailing at the close of each year; other net assets were included at parity of exchange; and net income was converted, generally, at exchange rates prevailing at the close of each month.

Bristol-Myers Company
and North American Subsidiaries

Notes to Financial Statements: Basis of Consolidation—The consolidated financial statements include the parent Company and all wholly-owned North American subsidiaries. Other subsidiaries operating in England, Australia, South Africa, India and Latin America have not been consolidated, but dividends received from unconsolidated subsidiaries are included in reported net earn-

TABLE 29: FOREIGN SUBSIDIARIES

Basis of Consolidation	1951	1950
STATED		
Based on percentage of ownership (*Nos. *37, 54, 119, 506, 527*)	25	22
Based on geographical location (*Nos. *99, 328, 445, 515*)	13	13
Based on percentage of ownership and geographical location (*Nos. *106, 434, 552*)	9	11
No foreign subsidiaries consolidated (*Nos. *40, 253, 381, 406, 451, 540, 581*)	32	32
All foreign subsidiaries consolidated (*Nos. *56, 180, 235, 337, 548*)	24	23
Some foreign subsidiaries consolidated in income statement only (*Nos. *342, 403*)	13	12
Total	116	113
INDICATED		
By inclusion of all foreign subsidiaries in consolidation (*Nos. *55, 152, 363, 464, 502, 564*)	45	45
By exclusion of all foreign subsidiaries from consolidation (*Nos. *33, 94, 227, 544*)	9	9
Total	54	54
NEITHER STATED NOR INDICATED		
Some foreign subsidiaries consolidated (*Nos. *90, 141, 190, 240, 270, 288, 436, 511, 547*)	101	100
Number of Companies:		
Referring to foreign subsidiaries	271	267
Not referring to foreign subsidiaries	329	333
	600	600

*See Company Appendix Section.

AMERICAN MACHINE & FOUNDRY COMPANY AND CONSOLIDATED SUBSIDIARIES

HIGHLIGHTS OF AMF OPERATIONS

	1951	*1950*
Sales	$52,807,000	$26,280,000
Rentals and Royalties	1,396,000	1,237,000
Dividends from International Cigar Machinery Co.	509,400	506,250
Net Income before non-recurring profit on sale of plants	2,711,000	2,016,000
Profit from sale of plants less applicable income taxes	642,000	—
Net Income for Year	3,353,000	2,016,000
Net Income per Common share before non-recurring profit on sale of plants and after Preferred Dividends:		
On shares outstanding at Year End	1.83	1.53
On average number of shares outstanding during Year	1.94	1.53
Equity in undistributed net income of International Cigar Machinery Co. (not included in net income above)	195,000	403,000
Salaries and Wages Paid	$27,228,000	$12,288,000
Social Security, Annuity, Group Insurance and other fringe benefit payments by the Company	1,224,000	689,000
Taxes — Federal, State & Local (including taxes of $197,000 on profit from sale of plants in 1951)	4,078,000	2,066,000
Dividends:		
Preferred Stock	301,000	305,000
Common Stock — in cash	994,000	896,000
in stock	2½%	—
Current Assets at Year End	$38,375,000	$18,078,000
Current Liabilities at Year End	24,551,000	5,726,000
Net Current Position at Year End	13,824,000	12,352,000
Ratio Current Assets to Current Liabilities	1.56 to 1	3.16 to 1
Inventories at Year End	$20,526,286	$ 9,036,000
Net Worth at Year End	$26,794,000	$22,633,000
Book value per Common share outstanding at Year End	14.50	13.09
Shares of Preferred Stock outstanding at Year End	75,000	78,000
Total Common shares outstanding at Year End	1,319,460	1,120,506
Average number of Common shares outstanding during Year	1,244,881	1,120,506
Number of Employees at Year End	7,304	3,767
Number of Stockholders at Year End	8,815	8,750

ings. The investments in and advances to foreign branches and licensees are carried at the aggregate amount of their net assets not subject to foreign exchange fluctuation, such as dollar deposits, fixed and capital assets.

Burroughs Adding Machine Company

Note A (Page 8): In 1950 the statement of operations gave the operations of only the parent company and subsidiary companies operating in the U.S., including dividends received from subsidiary companies operating in other countries. In 1951 the statement of operations includes the income from operations and costs of all subsidiary companies. The net income of subsidiary companies operating outside the U. S. and Canada, less dividends paid to the parent company, is deducted in arriving at net income for the year. The effect of this change is to include in net income for the year the net income of the Canadian subsidiary companies rather than the dividends paid by such companies to the parent company. Also, in 1950, the investment of the parent company in subsidiary companies operating outside the U. S. was stated at cost in the statement of financial condition. In 1951 the investment in subsidiary companies operating outside the U. S. and Canada is stated at the parent company's equity in the net assets of such companies and their income invested in the business is shown separately in the statement of financial condition.

For comparative purposes the 1950 financial statements have been restated on the basis used in 1951. Had the change not been made, net income for the year 1951 would have been $177,158 greater or $7,765,882 and the restated net income for 1950 would have been $434,125 less or the $8,019,916 reported last year.

Intercompany sales of products, other than machine parts, and the resulting profit are not included in the operations of the respective companies until such products are sold to customers. The profit on intercompany machine parts sales remaining in inventories at the end of the year cannot readily be determined but is not believed to be material in amount.

Of the income invested in the business of subsidiary companies operating outside the U.S. and Canada, $588,059 has been transferred to the capital of these companies or otherwise restricted as to the payment of dividends because of required statutory and other reserves.

Inventories acquired from the U. S. and property accounts of foreign subsidiary companies are included substantially at their U. S. dollar cost. Other net assets and the net income are converted into U. S. dollars at appropriate rates of exchange prevailing at December 31, 1951.

California Packing Corporation
and Subsidiary Companies
Consolidated Statement of Financial Position
Above: "Sources from Which Capital was Obtained"
Minority Interest in subsidiary company $1,132,252
Consolidated Statement of Earnings
Costs and Expenses:
Minority Interest in loss of subsidiary company ($40,569)

Note A: Subsidiaries consolidated—The consolidated financial statements include the accounts of (a) wholly owned domestic subsidiary, (b) wholly owned foreign subsidiaries (Philippine Islands and British Isles) and (c) Alaska Packers Association (approximately 92% owned). At February 29, 1952, net current and working assets of subsidiaries in foreign countries amounted to $1,787,476 stated on the basis of year-end exchange rates; net assets in foreign countries (principally Philippine Islands) amounted to $4,683,177. In recognition of unsettled political and economic conditions in the world, appropriations were made in prior years for contingencies in respect of assets and obligations in foreign countries; the total of such appropriations at February 29, 1952, was $5,000,000.

Caterpillar Tractor Co.

Note 1: Basis of Consolidation. In December, 1951, the Company acquired all of the stock of Trackson Company of Milwaukee, Wisconsin, in exchange for 54,000 shares of Caterpillar common stock issued to the shareholders of Trackson. The statement of consolidated financial position at December 31, 1951, includes the assets and liabilities of Trackson Company but, inasmuch as this acquisition was consummated at the end of 1951, the results of operations of Trackson have not been consolidated with those of Caterpillar for that year.

The financial position and the results of operations of Caterpillar Tractor Co. Ltd., a wholly-owned British subsidiary, have not been consolidated.

Colgate-Palmolive-Peet Company
Excluding Foreign Subsidiaries

Comments on 1951 Operations: Foreign Operations. Continuing the practice established in 1944, the accounts of foreign subsidiaries have been excluded from the financial statements of the Company and presented separately in supplementary group statements. In the Company's financial statements, investment in foreign subsidiaries is shown at cost or less, and dividends received from foreign subsidiaries are included in net income.

Crane Co.
and Subsidiaries in the United States
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Minority Stockholders' Interest in Subsidiary
Companies $1,352,073
Consolidated Earnings and Earned Surplus Statement
Above: "Net Earnings"
Minority stockholders' interest in net income of
subsidiaries 171,612
Dividends received from Canadian subsidiary
(Note 2) 2,562,737

Note 2: Investments and Operations in Canada and England—Crane Co.'s investment in Crane, Limited (Canada) is carried in the consolidated balance sheet at U. S. dollar cost, $12,000,000, and dividends of $2,562,737 received from that company in 1951 are reflected in the consolidated earnings statement for the year. Such dividends are net after deducting the Canadian tax of 5% on dividends to a non-resident parent company and exchange charges, and are not subject to United States taxes on income because of foreign tax credits.

Separate financial statements of Crane, Limited (Canada) and its subsidiaries are included on pages 21 and 22.

Walt Disney Productions
and Subsidiaries

Note 1: The accounts of all domestic subsidiaries (all wholly owned except one which is 51% owned) have been consolidated in the accompanying financial statements. All significant inter-company transactions have been eliminated. The minority interest is insignificant and is included in accounts payable.

The accounts of foreign subsidiaries have not been consolidated because of exchange restrictions. With unimportant exceptions these companies are wholly owned and license the use of the company's cartoon characters in various foreign countries. The investment in foreign subsidiaries has been reduced by amortization to September 29, 1951 to $11,803, which is approximately equivalent to the net book value of the subsidiaries at date of acquisition. Royalties, dividends and other revenues received from these companies have been taken into income

GILLETTE SAFETY RAZOR COMPANY
AND SUBSIDIARY COMPANIES

STATEMENT OF APPROXIMATE GEOGRAPHICAL DISTRIBUTION OF CONSOLIDATED NET ASSETS INCLUDED IN THE CONSOLIDATED BALANCE SHEET

December 31, 1951

	United States and Canada	*Other Western Hemisphere*	*Eastern Hemisphere British Empire*	*Eastern Hemisphere Other*	*Total*
Current Assets:					
Cash and government securities . . .	$29,337,603	2,990,867	6,328,797	653,326	39,310,593
Receivables . . .	3,320,608	1,179,616	2,857,762	734,285	8,092,271
Inventories . . .	8,902,521	2,269,600	3,459,697	1,012,831	15,644,649
	41,560,732	6,440,083	12,646,256	2,400,442	63,047,513
Current liabilities . .	18,924,911	1,451,068	6,923,139	1,373,110	28,672,228
Net current assets . .	22,635,821	4,989,015	5,723,117	1,027,332	34,375,285
Net investments in Germany	—	—	—	1,237,524	1,237,524
Fixed assets . . .	5,531,611	2,120,563	3,184,177	940,941	11,777,292
Other assets . . .	723,954	94,067	53,388	58,255	929,664
	28,891,386	7,203,645	8,960,682	3,264,052	48,319,765
Deduct other liabilities and reserves (including reserves for unrealized foreign earnings) .	232,097	4,281,129	5,268,437	636,302	10,417,965
	$28,659,289(1)	2,922,516	3,692,245	2,627,750	37,901,800
Reserve against foreign investments . . .					2,500,000
Net assets which correspond to net worth shown in the consolidated balance sheet					$35,401,800

(1) Of this amount less than 5% is represented by Canada.

See notes on pages 15 and 16

account as received and the investment accounts have not been adjusted to reflect changes (which are not significant) in the net book values of the companies since acquisition.

Eastman Kodak Company
and Subsidiary Companies in the United States
Supplementary Financial Information: The consolidated financial statements for the year 1951 include the accounts of the company and all subsidiary companies operating in the United States. Intercompany transactions and profits in inventories of companies consolidated are eliminated.

Freeport Sulphur Company
and Subsidiaries
Notes: The accompanying financial statements consolidate the accounts of Freeport Sulphur Company and its wholly owned subsidiaries.

The Hobart Manufacturing Company
and Subsidiary Companies Other Than Those in Continental Europe
Condensed Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Minority Interest in Subsidiary Companies:

Capital stock	$398,392
Surplus	12,117

To the Shareholders: The results of the Company's operations for the year 1951 and its financial condition at the year-end are shown by the accompanying Summary of Consolidated Income and Earned Surplus and the Consolidated Balance Sheet. These financial statements include the accounts of all subsidiaries except those in Continental Europe. Again in 1951 as in 1950, these European subsidiaries operated profitably. The Parent Company's investment in them is included on the Consolidated Balance Sheet under the heading "Investments."

The International Nickel Company of Canada, Limited
and Wholly Owned Subsidiary Companies
Explanatory Financial Section: General. The statements consolidate the accounts of the Company and wholly owned subidiaries in Canada, Great Britain, the United States and other countries; and, as in past years, the statements are expressed in United States currency, conversions from other currencies having been made at applicable rates and in accordance with the usual accounting practice of the Company. The net result of exchange adjustments for the year was a credit of $3,110,818, which amount is not reflected in earnings but has been carried to Exchange Reserve. (In 1950 adjustments of $3,792,901 were credited to the reserve; in 1949 adjustments of $7,425,234 were charged to the reserve). The properties and other assets of the consolidated companies are predominantly in Canada. Certain of the assets situated in Great Britain are subject to continuing government controls.

Mohawk Carpet Mills, Inc.
and Domestic Subsidiaries
Consolidated Balance Sheet
Above: "Capital Stock"

Minority Interest	$1,169,452

Condensed Consolidated Statement of Income
Below: "Provision for Federal and State Taxes"

Minority Interest in Net Income	$13,892
Net Income applicable to Mohawk Carpet Mills, Inc., Common Stock	$1,349,056

Note 1: These financial statements represent a consolidation of the accounts of Mohawk Carpet Mills, Inc., and those of its domestic subsidiaries (wholly-owned or majority controlled). The foreign subsidiary is not consolidated.

Kellogg Company
and Subsidiary Companies
Note 1: Assets and liabilities, except properties, of the wholly-owned subsidiary companies in Canada, England, Australia, South Africa, and Mexico are included in the consolidated balance sheets at the approximate rates of exchange prevailing at December 31, 1951 and 1950. Properties are included at the approximate exchange rates at dates of acquisition. Adjustments resulting from the translation of foreign currency amounts into United States currency are shown separately in the statement of income.

The Kendall Company
and Consolidated Subsidiaries
Note A: Basis of Consolidation. In the accompanying financial statements, the accounts of all domestic subsidiaries and of the Canadian subsidiary, translated at appropriate rates of exchange, have been consolidated with those of The Kendall Company.

No provision has been made in the consolidated financial statements for possible taxes in respect to intercompany dividends that might be received by The Kendall Company in the future out of earnings of consolidated subsidiaries undistributed at December 29, 1951.

Monsanto Chemical Company
and Consolidated Subsidiaries
Statement of Consolidated Financial Condition
Above: "Capital Stock and Surplus"

Minority Interests in Subsidiary Companies	$2,082,597

Statement of Consolidated Income
Deductions:

Net income applicable to minority interests	$235,489

Notes to Financial Statements: The consolidated statements include all subsidiary companies of which Monsanto Chemical Company owns more than 50% of the voting capital stock, except the British subsidiary (Monsanto Chemicals Limited) and its Australian and other subsidiary companies, a recently organized Brazilian subsidiary not yet in operation, an Indian company jointly owned with the British subsidiary, and three wholly-owned non-operating companies carried at nominal value.

Philco Corporation
and Domestic Subsidiaries
Notes to Financial Statements: The Company's policy is to include in consolidation majority-owned domestic subsidiaries (one insignificant domestic subsidiary, liquidated during 1951, has been excluded from consolidation in 1951) and to exclude from consolidation all foreign subsidiaries. The investments of the Company and its consolidated subsidiaries in foreign subsidiaries are carried at cost, adjusted by their equities in available profits and losses of such subsidiaries substantially to December 31, 1950. Effective for the year 1951 the Company discontinued its prior policy of recording its equities in the available earnings of these foreign subsidiaries. For the year 1951 these earnings amounted to approximately $850,000. At December 31, 1951, the Company's equity in the net assets of such excluded foreign subsidiaries exceeded the carrying value of the investments in these subsidiaries by approximately $1,100,000.

Pitney-Bowes, Inc.
Note 1: Principles of consolidation. The consolidated financial statements include the accounts of the Canadian subsidiary, Pitney-Bowes of Canada, Ltd. The assets and liabilities of this subsidiary at December 31, 1951 and the results of its operations for the year then ended, con-

verted at appropriate rates of exchange, represent a relatively small portion of the consolidated assets and liabilities and of the consolidated net income.

The accounts of Universal Postal Frankers, Ltd., the Company's British affiliate, are not included in the consolidated financial statements. The investment in capital stock of this affiliate is carried at cost which, at September 30, 1951 (the date of the most recently available financial statements), approximated the Company's equity in the net assets of the affiliate (as shown by the affiliate's books and converted at appropriate rates of exchange). The Company's proportionate share of the affiliate's earnings is taken into income only to the extent of dividends received; its share of the affiliate's reported earnings amounted to approximately $40,000 for 1950 and $34,000 for the nine months ended September 30, 1951.

Pittsburgh Steel Company
Consolidated Balance Sheet
Above: "Shareholders' Equity"
Minority interest (preferred stock) in subsidiary company $355,300

Supplementary Financial Information: The consolidated accounts include the accounts of the company, its wholly owned subsidiary companies, and Johnson Steel & Wire Company, Inc., in which all the common shares are owned by the company and the preferred shares (non-voting) are owned by others. In preparing the consolidated accounts, intercompany items and transactions among the companies have been eliminated.

Pullman Incorporated
and Subsidiaries

Note A: Change in Companies Included in Consolidation. In prior years only those companies located in the United States were included in the consolidation. In the appended financial statements for 1951 all subsidiaries of the Corporation, including those located in Canada, have been consolidated.

The amounts reported herein for 1950 reflect a revision of those originally reported to place them on a comparable basis with 1951 figures.

The undistributed earnings of the Canadian subsidiary at January 1, 1950, amounting to $374,055 have been added to the beginning surplus balance of 1950.

Rheem Manufacturing Company

Note 1: Principles of Consolidation—The accounts of the wholly-owned domestic subsidiary have been combined with those of the Company in preparing the accompanying consolidated financial statements. The Company's equity (100%) in the underlying net assets of the subsidiary, as shown by its books at December 31, 1951, exceed the cost of investment carried by the Company at that date by $167,869, representing undistributed profits of the subsidiary since organization by the Company; this amount has been added to earned surplus in the consolidated financial statements.

Other subsidiaries of the Company operate in foreign countries and their accounts are not included in the consolidated statements. The capital stocks of such subsidiaries owned by the Company are included in investments on the balance sheet at cost (Note 3); dividends from the subsidiaries have been credited to income.

Time Incorporated
and Consolidated Subsidiaries

Note A: In accordance with its past practice, the Company has included in the accompanying consolidated financial statements the accounts of one domestic subsidiary and its three foreign subsidiaries, all wholly owned. The three foreign subsidiaries include a Cuban subsidiary added in the latter part of 1951. The net assets of the foreign subsidiaries, as well as their operating results for 1951, were not a significant part of the consolidated totals. In no case was there any substantial excess of funds or receivables in foreign currencies beyond the current needs for local use.

The Company has not consolidated in the accompanying financial statements three active wholly owned subsidiary companies, as follows: Michigan Square Building Corporation, which owns the Michigan Square Building in Chicago; Printing Developments, Inc., which is engaged in the promotion and sale of new technical developments to the printing and allied industries; and a company which owns a relatively small amount of timber property.

Standard Oil Company (New Jersey)
Consolidated Statement of Financial Position
Above: "Shareholders' Equity"
Equity of minority shareholders in affiliated companies $429,598,609
Consolidated Statement of Income
Deductions:
Income applicable to minority interests in affiliated companies $79,449,046

Financial Review: Financial statements for Standard Oil Company (New Jersey), the parent company, appear on pages 20 and 21. Statements for the parent company consolidated with its affiliates in the United States, Canada, and Latin America whose shares are more than 50 per cent owned appear on pages 24 to 27.

The accounts of affiliates in Europe and North Africa whose shares are more than 50 per cent owned have not been consolidated since the beginning of World War II, principally because of continued unsettled economic and political conditions in many of the countries. Jersey's interests in these affiliates, and in all companies in which 50 per cent or less of the common stocks are owned, appear in the statement of financial position as investments. The statement of income includes dividends received from these companies but not Jersey's equity in their undistributed earnings.

United Fruit Company
and Subsidiaries

Notes: The principle of consolidation followed by the Company is to include all assets, liabilities and operations, except those in the United Kingdom and Continental Europe. The net investment in the assets thus excluded, $15,072,346, is shown separately in the consolidated balance sheet and in detail on page 14. All foreign assets and liabilities are stated at their appropriate United States dollar equivalents.

York Corporation
and Domestic Subsidiaries

Note 1: The accounts of two wholly-owned domestic subsidiaries are included in consolidation. One of these subsidiaries became wholly owned during the year ended September 30, 1951, and its accounts are included in consolidation for the first time for the year ended that date. It has been the practice of the Corporation not to include the accounts of its foreign subsidiaries in consolidation. The Corporation's equity in the net assets of its foreign subsidiaries, as shown by their financial statements, was in excess of the carrying value of its investments therein.

MINORITY INTERESTS

Table 30 shows the balance sheet and income statement presentation of the interest of the minority stockholders in those subsidiaries which were not wholly owned, as disclosed by the reports of the 600 companies included in the survey.

Examples of the presentation of minority interests in the balance sheets and income statements taken from the 1951 reports of the 600 survey companies, are set forth below. For additional examples relating to minority interests, see those included hereinabove under "Consolidation Examples."

Allegheny Ludlum Steel Corporation
and Subsidiaries
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Minority interest in Common Stock and Surplus of a Subsidiary....................$1,075,261
Statement of Consolidated Earnings
Costs:
Minority stockholders' share in earnings of subsidiary $211,320

Anaconda Copper Mining Company
and Subsidiary Companies
Consolidated Balance Sheet
Above: "Capital Stock"
Capital Stock and Surplus of consolidated subsidiaries owned by minority interest..$3,098,473.48
Statement of Consolidated Income
Net Income, without deduction for depletion of metal mines.................$50,333,138.24
Minority share of income.............. 116,300.18

Consolidated Net Income of the year, without deduction for depletion of metal mines $50,216,838.06

The May Department Stores Company
and Subsidiary Companies
Consolidated Balance Sheet
Above: "Stockholders' Investment"
Minority interest in the preferred stock of a subsidiary $1,160,255
Consolidated Statement of Net Earnings
Net Earnings $15,680,525
Deduct portion of net earnings applicable to minority interest in the preferred stock of a subsidiary 46,296

Net Earnings Applicable to Shares of Parent Company $15,634,229

United States Smelting Refining and Mining Company
and Subsidiary Companies
Comparative Consolidated Balance Sheet
Above: "Capital Stock"
Capital Stocks of Subsidiary Companies not owned in consolidation and proportion of Surplus Accounts applicable thereto.......$75,355.91
Comparative Statement of Consolidated Profit and Loss and Earned Surplus
Deduct:
Proportion of profit applicable to minority interest $1,974.77

Avco Manufacturing Corporation
and Consolidated Subsidiaries
Statements of Consolidated Income
Income deductions:
Minority interest in Bendix Home Appliances, Inc. (Note 6) $72,533

Note 6: Control of Bendix Home Appliances, Inc. was acquired by Avco in September, 1950 and the remaining minority interest therein was acquired on December 18, 1950. Accordingly, the operations of the Bendix Home Appliances business are included in the accompanying statements of consolidated income for the last quarter of the 1950 fiscal year and the entire 1951 fiscal year.

TABLE 30: MINORITY INTERESTS

Balance Sheet Presentation	1951	1950
Above Stockholders' Equity Section and shown as:		
Minority stockholders' interest (*Nos. *15, 47, 114, 142, 190, 259, 303, 372, 464, 515, 589*)	54	51
Minority stockholders' interest in capital stock and surplus (*Nos. *11, 54, 79, 141, 180, 296, 326, 434, 467*)	19	24
Minority stockholders' interest in capital stock (*Nos. *255, 356, 370*)	5	7
Within Stockholders' Equity Section and shown as:		
Minority stockholders' interest (*No. *528*)	3	2
Minority stockholders' interest in capital stock and surplus (*No. *296*)	1	2
Total	82	86
Income Statement Presentation		
In separate last section after taxes (*Nos. *54, 79, 114, 169, 239, 300, 408, 463, 534*)	37	37
Among operating costs and expenses (*Nos. *47, 119, 176, 186, 205, 259, 282, 376, 391, 434*)	27	30
Total	64	67
Number of Companies Presenting		
Minority Interests:		
In balance sheet and income statement	58	63
In balance sheet only (*Nos. *26, 44, 160*), *406, 514*)	24	23
In income statement only (*Nos. *71, 186, 300, 355, 376*)	5	4
Disclosed in notes to financial statements only (*No. *200*)	1	0
Total	88	90
No minority interests	512	510
	600	600

*See Company Appendix Section

Houdaille-Hershey Corporation
and Subsidiary Companies
Statements of Consolidated Income and Earnings Retained in the Business
Income Before Special Income Adjustments ..$2,844,763
Special Income Adjustments:
Charges:
Loss on disposal of interest in Muskegon Motor Specialties Company (Note A)........... 704,895
Portion of income applicable to minority interest in Muskegon Motor Specialties Company (1951 represents income applicable to minority interest from January 1, 1951 to date of disposal of subsidiary company)... 17,363

Note A: In March 1951 the Corporation disposed of its entire interest in Muskegon Motor Specialties Company, a partly owned subsidiary company. Except for this company, the results of operations of which are included in consolidated income for the period from January 1, 1951 to the date of disposal, the subsidiaries included in the consolidated statements are the same as those included in the preceding year.

Cities Service Company
and Subsidiary Companies
Consolidated Balance Sheet
Above: "Stockholders' Equity"
Minority Common Stockholders' Interest in Subsidiary Companies—capital stocks $4,-736,840 and related proportion of surplus $35,170,717; and subordinated long-term debt $5,250,000 .... $45,157,557
Statement of Consolidated Income
Interest and Other Charges:
Proportion of net income applicable to minority interests $5,334,037

Unconsolidated Subsidiaries

INVESTMENTS AND ADVANCES

The reports of the 600 companies included in the survey disclose that in 1951 there were 245 of these companies that showed investments and advances pertaining to unconsolidated subsidiaries. The various balance sheet presentations of such investments and advances are shown by Table 31.

TABLE 31: INVESTMENTS AND ADVANCES

Balance Sheet Presentation	1951	1950
Investment (*Nos. *37, 85, 117, 161, 200, 230, 283, 318, 361, 402, 439, 483, 520, 558, 597*)	140	140
Investment and Advances (*Nos. *18, 86, 148, 213, 290, 328, 388, 445, 513, 582*)	86	88
Investment and Receivables (*Nos. *71, 278, 373, 503*)	16	17
Investment, Advances, and Receivables (*No. *33*)	1	1
Advances and Receivables (*No. *62*)	1	1
Advances (*No. *285*)	1	1
Total	245	248
Number of Companies With:		
Unconsolidated subsidiaries	245	248
No unconsolidated subsidiaries	355	352
	600	600

*See Company Appendix Section

BASIS OF VALUATION

Of the 245 companies in 1951 showing unconsolidated subsidiaries, 193 of such companies stated the basis of valuing such investments and advances, and the remaining 52 companies did not disclose the basis of valuation used in the balance sheet. "'Cost" continues to be by far the most commonly used basis for carrying investments in, and advances to, unconsolidated subsidiary companies. Table 32 sets forth the various bases of valuation disclosed by the 600 companies included in the survey.

TABLE 32: INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

Basis of Valuation	1951	1950	1949	1948	1947
Cost (*Nos. *37, 79, 103, 148, 166, 196, 227, 268, 319, 347, 388, 432, 517, 554, 595*)	120	120	115	111	115
Cost less reserve (*Nos. *61, 161, 236, 349, 543*)	22	22	14	14	12
Cost, or, below cost (*Nos. *34, 141, 329, 527, 552*)	21	22	24	23	20
Below cost (*No. (*550*)	1	1	0	0	2
Equity value or related thereto (*Nos. *115, 262, 342, 442, 553, 559*)	28	29	25	28	28
Nominal value (*Nos. *160, 229, 491, 591*)	11	11	8	7	8
Estimated or realizable value (*Nos. *87, 285, 525*)	5	4	5	4	4
Value of capital stock issued therefor (*Nos. *586, 594*)	2	2	3	4	3
Value determined by Board of Directors (*Nos. *40, 434*)	2	2	2	2	2
Value determined by appraisal (*No. *355*)	1	2	3	2	3
Written down value (*Nos. *200, 336*)	2	5	5	4	5
Revised value (*No. *33*)	1	1	1	1	2
Written off—carried at no value (*No. (*358*)	1	1	1	1	1
Total	217	222	206	201	205
Number of Companies:					
Stating valuation basis	193	197	189	180	179
Not stating valuation basis (*Nos. *11, 99, 157, 213, 309, 383, 445, 544*)	52	51	56	52	58
No unconsolidated subsidiaries	355	352	355	368	363
	600	600	600	600	600

*See Company Appendix Section

Unconsolidated Subsidiary Examples

The following examples, taken from the 1951 reports included in the survey, illustrate the treatment and presentation of investments in and advances to unconsolidated subsidiaries.

Anaconda Copper Mining Company
and Subsidiary Companies
Consolidated Balance Sheet
Investments:
Investments in and advances to subsidiaries not consolidated $16,052,471.62
Note E: Investments—Basis of Valuation—Investments in securities of subsidiaries not consolidated and other

investments are included in the Consolidated Balance Sheet at cost or less.

American Radiator & Standard Sanitary Corporation
Consolidated Balance Sheet
Investments in Subsidiaries Not Consolidated:

Heating and Plumbing Finance Corporation, at Cost	$ (0)
Canadian Subsidiaries	3,836,269
European Subsidiaries (excluding Austrian and German)	7,597,105
Austrian and German Subsidiaries—Less Reserve (1951—$1,109,875)	718,054

Surplus:

Paid-in Surplus (1951 includes restoration of a portion of Reserve for Investment in German subsidiary $806,199)	$22,808,830

Statement of Consolidated Income
Other Income:

Dividends from Foreign Subsidiaries (less foreign taxes $297,725)	$2,238,989
Profit on sale or liquidation of two subsidiaries	363,492

To the Stockholders: Subsidiaries not consolidated—As at December 31, 1951 all subsidiaries located in the United States are consolidated in the financial statements. Subsidiaries located outside the United States are not consolidated.

The investments in foreign subsidiaries (other than those in Austria and Germany) are stated on the basis of values determined by the Board of Directors as at January 1, 1940.

Investments in subsidiaries in Canada have a carrying value of $3,836,269 at December 31, 1951, compared with $3,357,207 at the close of 1950. During the year the Corporation's investment in Standard Sanitary Manufacturing Company of Mexico (a merchandising operation) was sold and the excess of proceeds, $93,040, over the asset carrying value is included in income for the year. Heating and Plumbing Finance, Ltd., (Canada), a subsidiary of Standard Sanitary & Dominion Radiator Ltd. was liquidated and its net assets transferred to its parent company.

Investments in subsidiaries located in Belgium, England, France, Holland, Italy, Sweden, and Switzerland have a carrying value of $7,597,105, a reduction of $15,756 representing cash received in 1951.

The carrying value of investments in the German and Austrian subsidiaries, which at January 1, 1940 aggregated $1,958,751, was reduced to zero in 1942 by applying a portion of the Reserve for War Contingencies established in 1940. In accordance with rulings made by the Commissioner of Internal Revenue, which the Corporation accepted, it has been determined that the portion of the investments in the German subsidiary, represented by the assets located outside the Russian zone of occupation, was recovered in 1948, and that the fair value for Federal tax purposes of that part of investments so recovered was $806,199. By action of the Board of Directors in 1951, the recovered portion of the investment in the German subsidiary was reinstated as of January 1, 1951 on the books of the Corporation at $806,199 to correspond to the value established as the fair recovery value for Federal tax purposes in 1948. A like amount of the reserve against these investments was released and restored to Paid-in Surplus. During 1951, cash remittance representing capital repayments in the amount of $88,145 was applied against the reinstated investment value for the German subsidiary, reducing its carrying value at December 31, 1951 to $718,054.

There has been no recovery of that part of the investment in the German subsidiary represented by the assets located in the Russian zone of occupation and, accordingly, the balance of the reserve against the investment in the German subsidiary remaining after the above adjustment, namely, $995,697, is being continued on the books of the Corporation as a full reserve against the unrecovered portion of such investment.

There was no change in the situation with respect to the Austrian company during the year, and no change has been made in the zero net carrying value of the investment in this company.

Dividends received from foreign subsidiaries $2,238,000 included in income represent dollars realized from dividends paid by the subsidiaries to the extent that they do not exceed earnings since January 1, 1940, not previously distributed, determined in the currencies of the respective countries.

During the year 1951 Heating and Plumbing Finance Corporation (a U. S. subsidiary) was dissolved and its assets transferred to the Parent Corporation. The excess value of assets transferred $270,451 over the asset carrying value $1,025,000 is included in 1951 income.

The Arundel Corporation
Comparative Balance Sheet
Investments:

Arundel-Brooks Concrete Corporation (100% owned), at cost (equity in net tangible assets $814,341.42)	$195,000.00
The Maryland Slag Company (50% owned), at cost (equity in net tangible assets $357,086.29)	187,500.00

Carrier Corporation
and Domestic Subsidiary
Consolidated Balance Sheets
Prepaid Expenses, Segregated Funds, etc.:

Miscellaneous investments including subsidiaries not consolidated (6 foreign and 2 domestic) at cost, less reserve	$420,838

Combustion Engineering-Superheater, Inc.
and Subsidiary Companies
Consolidated Balance Sheet
Other Assets:
Investments—

The Lummus Company, at cost (45.5% owned)	$952,381
European companies, at nominal amount (Note 1)	1

Note 1: The investments in European companies were written down to a nominal amount of $1 in prior years and no adjustment thereof has been made because of continuing unsettled international conditions and governmental exchange restrictions. Dividends received on these investments in 1951 aggregated $74,243.

Eastman Kodak Company
and Subsidiary Companies in the United States
Statement of Financial Condition
Other Assets:

Investments in and advances to subsidiary companies and branches not consolidated	$5,034,400

Statement of Earnings

Dividends and earnings received from subsidiary companies and branches not consolidated	$7,650,502

Supplementary Financial Information: Comments on Statement of Financial Condition—Investments in and Advances to Subsidiary Companies and Branches Not Consolidated—The investments in subsidiary companies and branches not consolidated were stated at cost, less reserves, excepting investments recovered in former war areas which were stated at the lower of original cost or the estimated values on recovery dates. Reserves totaling $14,343,658 have been deducted in arriving at the total shown in the Statement of Financial Condition.

The investment of the company in its properties in Germany (outside the Russian Zone) was reinstated in the accounts in 1951 at an estimated value and was fully reserved for.

A condensed summary of sales, earnings, and combined net assets of the foreign subsidiaries and branches for their 1951 fiscal years is shown in the table on page 35.

In general, the following principles were applied in converting to dollars the accounts of the foreign subsidiaries and branches.

The foreign currency amounts of the net current assets of the foreign subsidiary companies and branches were converted at official rates of exchange prevailing at the close of the financial years of the companies or branches. When more than one rate of exchange was quoted representing different types of exchange, the lowest rate was generally used. Property, plant, and equipment were converted at exchange rates prevailing at dates of acquisition, except in certain countries where the assets have been revalued to reflect, to some extent, the rise in local price levels. Reserves for depreciation were converted at the average exchange rates used to convert the beginning of the year values of the corresponding assets, with fully depreciated assets eliminated. Foreign earnings were converted at average exchange rates and the dollar equivalent was adjusted for exchange differences resulting from the conversion of the accounts.

Elastic Stop Nut Corporation of America
Balance Sheet
Investment in Associated Company—at cost
(see note) $195,000.00

Note 3: Investment in stock of Buchanan Electrical Products Corporation, a subsidiary which is not consolidated, is stated at cost of $195,000 for 2,600 shares of no par value stock of which a total of 4,747 is issued and outstanding.

The Company's equity in the book value of the subsidiary at December 31, 1950, was $161,646, and the pro-rata share in the net profit for the year ending December 31, 1951, amounts to $25,196.14.

Harvill Corporation
Balance Sheet
Other Assets:
Advances to Harvill Processes Corporation
—estimated amount recoverable—Note C . . $12,647.40

Note C: The Company's wholly-owned subsidiary, Harvill Processes Corporation (formerly Harvill Midwest Corporation), did not engage in manufacturing operations during the year and the amount of $12,647.40 represents the estimated net realizable value of its assets, excluding the amount of its liability to Harvill Corporation.

The Hobart Manufacturing Company
Condensed Consolidated Balance Sheet
Investments—Subsidiary companies in Continental Europe—not consolidated (see Note 1) $429,154

Note 1: The investment in subsidiary companies in Continental Europe not consolidated represents the aggregate estimated values as of the dates of recovery in the years 1944 and 1945 plus a subsequent addition at cost.

Loew's Incorporated
and Wholly Owned Subsidiaries
Consolidated Balance Sheet
Investments and Other Assets:
Partly Owned Subsidiary and Affiliated Corporations:
Securities (Note C) $4,838,171
Advances 216,705

Note C: Includes appraisals made in 1925 with subsequent additions at cost. Since 1925 the equity in net undistributed income of partly owned subsidiary and affiliated corporations has increased $5,722,912 after adjustments, which increase is not included in the Balance Sheet.

Lukens Steel Company

Note 3: The balance sheets do not include the company's investment in and advances to Alleghany Ore & Iron Company, a wholly owned subsidiary, the amounts of which were charged off at various times prior to October 27, 1951. At that date the unaudited balance sheet of the subsidiary indicated net assets of approximately $210,000, principally represented by land, the actual value of which, in the opinion of the management, is not presently determinable.

Merck & Co., Inc.
and Consolidated Domestic Subsidiaries
Comparative Balance Sheet
Investments in wholly owned Canadian subsidiary $3,626,189

Notes to Financial Statements: The foregoing statement of income includes earnings of the Canadian subsidiary only to the extent of dividends received from the subsidiary which amounted to $530,143 in 1951. Canadian operations for the year 1951 (statement annexed) resulted in net income of $1,241,239 (Canadian dollars).

The investment in the Canadian subsidiary is stated at $3,626,189 representing the net equity in such subsidiary at December 31, 1949, the date when it was last consolidated in the annual report to stockholders. Net equity in the subsidiary at December 31, 1951 was $5,074,348 represented by its balance sheet (annexed) translated at the year end exchange rate of $.99 except that fixed assets were translated at the approximate equivalent U. S. dollar cost. Earned surplus in the foregoing financial statements includes $3,258,402 representing unremitted earnings of the Canadian subsidiary at December 31, 1949.

The Ruberoid Co.
Financial Position
Investments:
Investment in partly owned subsidiary company not consolidated, at nominal value (Note 1) $1

Note 1: As shown by the unaudited accounts at December 31, 1951 of The Ruberoid Company, Limited, a partly owned English subsidiary company not consolidated, the equity of The Ruberoid Co. in the net tangible assets of this company amounts to approximately $1,260,000 (converted at $2.80 to the £). The increase of approximately $185,000 in such equity since December 31, 1950 represents unremitted profits.

A. E. Staley Manufacturing Company
and Subsidiary
Assets, Liabilities and Capital Investment
Investments and Other Assets:
Investments in and accounts with unconsolidated foreign subsidiaries (wholly-owned) —at estimated realizable values $22,066

Dennison Manufacturing Company
and Wholly Owned Subsidiaries
Assets, Liabilities and Capital
Other Assets:
Securities of British subsidiary, not consolidated (Note D) $169,971

Note D: The Company's equity (50/63) in the net assets of the British subsidiary, Dennison Manufacturing Company, Ltd., including net current assets of £110,205, but not including any value for the pre-war plant, was £135,544 at December 31, 1951. This equity, equivalent to $379,523 at the official rate of exchange, compares with the cost ($169,971) of this investment at which it is carried in the balance sheet.

The Company has an additional equity of £67,157 in a war damage claim of £84,618 against the British Government, a considerable part of which should eventually be collected.

Standard Oil Company (New Jersey)
Consolidated Statement of Financial Position
Investments, at cost or less:
Stocks of companies, owned over 50%, in Europe and North Africa, and net amounts receivable $232,463,717

United Aircraft Corporation
Consolidated Balance Sheets
Investments, at cost:
Stock of Canadian subsidiary not consolidated (underlying equity, 1951—$1,189,279) .. $154,411
Consolidated Statements of Income and of Earnings Employed in the Business (Earned Surplus)
Income:
Dividends from Canadian subsidiary not consolidated (compares with equity in earnings of $156,953 in 1951) $52,960

Veeder-Root Incorporated
and Wholly Owned Subsidiary
The Holo-Krome Screw Corporation
Condensed Consolidated Balance Sheet
Investments In and Due from Foreign Subsidiaries:

Veeder-Root of Canada, Limited:	
(Date of Incorporation April 14, 1936) Capital stock—100% owned, at cost—Note 1	$ 5,000
Accounts receivable	15,527
Veeder-Root, Limited (British Company):	
(Date of Incorporation March 17, 1937) Capital stock—100% owned, at cost—Note 2	$201,054
Accounts receivable	131,107
Total Investments In and Due from Foreign Subsidiaries	$352,688

Note 1: Book value as indicated by statement of chartered accountants as of December 31, 1951, $136,813.

Note 2: Book value as indicated by latest available statement of the company: 1951, $437,242.

Union Oil Company of California
Consolidated Financial Position
Other Assets:
Investment in capital stocks of, and advances to, majority-owned companies (Note 1) ... $5,334,218
Unamortized acquisition value of investments in wholly-owned geophysical companies in excess of their book net assets (Note 1) ... 802,911

Note 1: Subsidiary Companies—Wholly-owned subsidiaries' assets and liabilities, together with income and expense transactions since acquisition thereof, are included in the consolidated financial statements after elimination of intercompany business and profits thereon, except for certain geophysical services and immaterial profits thereon which commencing in 1951 have been included as part of the cost of prospective oil and gas lands. The acquisition value of Los Nietos Company in excess of its book net assets, as allocated to Properties, principally producing oil lands, is being amortized through additional depletion and depreciation charges; and the acquisition value of the United Geophysical Companies in excess of their book net assets, included in Other Assets, is being amortized, by charges against earnings, over a five year period terminating in 1955.

Investments in capital stocks of majority-owned companies engaged in exploiting wasting assets on a liquidating basis are carried at the Company's equity in their book net assets. Investments in capital stocks of other majority-owned companies are carried at cost which exceeds the Company's equity in their book net assets at December 31, 1951, by approximately $1,200,000.

U. S. Government Contracts

The year 1951 was one of increased government spending and large scale expansion for defense. The corporate annual reports of the 600 companies included in the survey indicated that government defense work had been extensively undertaken by those industries manufacturing aircraft, ships, electronic equipment, weapons, and vehicles. Some companies indicated that they were producing almost entirely for defense while others stated that their defense production was negligible. Bell Aircraft Corporation, for example, stated in its report of "Where the Money Went in 1951" that, "During the year, 95.2% of the work done in our plants was for the Government, either through prime contracts or subcontracts." The Chairman of the Board of Burlington Mills, on the other hand, stated in his letter "To the Stockholders" that, "Though the Company continued to contribute to the defense effort in every reasonable fashion, defense business, direct and indirect, amounted to something less than 10% of total volume. This is considerably less than the average of larger textile companies, and is because the Company's operations are relatively much smaller than others in the cotton and wool fields, where the bulk of defense textile business has been placed."

Table 33 shows that 60% of the companies covered by the survey mentioned that they had U. S. Government contracts in 1951. In addition, two of these companies (The Brunswick-Balke-Collender Company and Electric Boat Company) stated that they had foreign defense contracts.

TABLE 33: U. S. GOVERNMENT CONTRACTS—DISCLOSURE

Number of Companies	1951
Disclosing "U. S. Defense Contracts"	197
Disclosing "U. S. Government Contracts"	59
Indicating U. S. Government Contracts	106
Total	362
Not mentioning U. S. Government Contracts	238
Total	600

The extent of disclosure indicating participation in the defense effort ranged from a footnote stating that accelerated amortization under a "Certificate of Necessity" had been charged against income to a summary of the principal features of the contract.

PRICE REDETERMINATION PROVISIONS AND COST-PLUS-FIXED-FEE CONTRACTS

The 600 reports surveyed disclosed 20 instances of price redetermination clauses in U. S. Government contracts (See Company Appendix Nos. 87, 115, 240, 451, 493) and also disclosed the existence of an equal number of cost-plus-fixed-fee government contracts. (See Company Appendix Nos. 165, 292, 367, 409, 572).

Boeing Airplane Company revealed that it held some contracts containing price redetermination clauses and others with cost-plus-fixed-fee clauses. The following is quoted from the 1951 report of the company:

Boeing Airplane Company
Balance Sheet
Current Assets:

Estimated amounts receivable from the United States—	
For expenditures under cost-plus-a-fixed-fee and facilities contracts and applicable accrued fees	$52,021,402
For deliveries under contracts for which unit prices have not been established or revised	7,670,337
Accumulated charges on contracts with the United States, substantially all of which are subject to price redetermination, less estimated cost of deliveries	231,342,102
Less progress payments	204,240,677
Current Liabilities:	
Amounts payable to the United States arising from price revisions under price redetermination contracts	$8,372,017
Allowance for contract adjustments including renegotiation, net of taxes	1,200,000

To the Stockholders: The reduction in net earnings is principally the result of a lower rate of profit on government business and higher excess profits and income tax rates. The transition of the company's largest program from cost-plus-a-fixed-fee to a fixed price basis contributed to this downward trend. Under the former type of contract profit is reported as work is performed, while profit under a fixed price contract is not reported until the article contracted for is delivered. The effect of this change can be judged by comparing the 1950 balance sheet item of $22,245,000, for accumulated charges against fixed price contracts upon which no profit had been reported, with the 1951 balance sheet which includes $231,342,000 for this same item. The impact of higher federal tax rates on income can be appreciated by comparing the reduction of $3,685,807 in net earnings with the decrease of only $700,000 in taxes.

Unfilled orders at December 31, 1951, totaled approximately $1,355,000,000, substantially all of which represented military business. The company also had letter contracts authorizing certain work on which prices had not been negotiated. Although such authorizations are expected to result in substantial additional business, only the sum which the company is authorized to spend has been included in the amount of unfilled orders.

Approximately 4.75% of the unfilled orders are covered by cost-plus-a-fixed-fee contracts. All of the major fixed price contracts contain price redetermination provisions.

Provisions for estimated profits or losses under defense or commercial contracts were presented in the financial statements of The Glenn L. Martin Company and Newport News Shipbuilding and Dry Dock Company as follows:

The Glenn L. Martin Company
Balance Sheet
Current Assets:

Unreimbursed costs under cost-plus-fixed-fee and facilities contracts and applicable accrued fees	$ 5,416,234
Current Liabilities:	
Advances received under terms of contracts	17,898,952
Net amounts refundable under price revision clauses of United States Government contracts—estimated	3,338,103

Statement of Loss and Deficit from Operations

Net sales (including costs and fees under cost-plus-fixed-fee contracts)	$68,480,519
Cost of sales (including presently estimated losses of approximately $22,000,000 on contracts for commercial type airplanes and $2,000,000 on certain defense production subcontracts—(Note A)	89,857,606

Note A: The inventories, except on contracts for commercial type airplanes and for certain defense production subcontracts for which work in process has been written down to estimated realizable value by providing for a presently estimated loss of $24,000,000, are stated, generally, at cost or average cost, which is not in excess of estimated realizable value.

It is the consistent accounting practice of the Company to include general and administrative expenses in overhead charges to work in process because the Company is of the opinion that the amount of such expenses which do not clearly relate to production is relatively immaterial. Approximately $3,000,000 of general and administrative expenses is included in the inventory at December 31, 1951.

At December 31, 1951 the inventories included work in process of $31,841,341, as well as certain materials not segregated as to value, applicable to contracts which provide that title to materials and work in process shall vest in the United States Government by reason of progress payments received and an advance of $3,000,000.

Newport News Shipbuilding and Dry Dock Company
Balance Sheets
Current Assets:

Excess of expenditures on shipbuilding contracts and estimated profits recorded thereon over billings applicable thereto (Note 1)	$8,611,345
Expenditures on other work, less billings (Note 1)	5,249,904
Current Liabilities:	
Excess of billings on shipbuilding contracts over expenditures and estimated profits recorded thereon (Note 1)	3,604,711

Statements of Profit and Loss and Earned Surplus

Net profit after income taxes and before special income or charge	$2,975,114
Add—Restoration of the reserve for certain contract losses to 1951	450,000
Net Profit Carried to Earned Surplus	$3,425,114

Note 1: The Company records profits on its long-term shipbuilding contracts through estimates on the percentage-of-completion basis. Deductions may be made from the profits so estimated for such allowances as the management may consider advisable, taking into account the stage of completion of each ship, possible increases in costs not included in the estimates and other contingencies. Such allowances at December 31, 1951 totalled $900,000; at December 31, 1950 they totalled $350,000.

Income from ship conversions and repairs, hydraulic turbines and other work is estimated and recorded as billings are made under the contracts or recorded upon completion of each contract.

If the contract estimates at the close of any year indicate a major loss or losses, the full amount of such estimated loss or losses, less the expected future reduction in income taxes, is reserved by a charge to income if the net amount is material. Such a reserve, in the net amount of $450,000, was provided in 1950 to cover certain anticipated losses, and was restored to income in 1951 to offset the net loss realized in that year.

A modification of the price-redetermination clause to provide certain incentives to contractors to reduce prices, based upon variances between actual and target costs, is illustrated by the "incentive-type" contract described by Republic Aviation Corporation in a general footnote to its financial statements as follows:

Republic Aviation Corporation

Notes to Financial Statements: General. The principal contracts for aircraft are of an incentive type upon completion of which the Government and the Company share in any savings or extra costs resulting from variances between actual and target costs. It is the Company's practice under such incentive type contracts to estimate costs of deliveries on the basis of target prices less applicable portions of the estimated or target profit. Until completion of a contract no consideration is given to the Company's share of savings, if any.

Proceedings under the Renegotiation Act of 1948, as amended, have been concluded to December 31, 1949 and no refunds were required. As to 1950 and 1951, no refunds under that Act or the Renegotiation Act of 1951 are expected and no provision has been made therefor.

To Our Stockholders: During 1951, your Company produced and delivered more jet fighter-bomber aircraft of a single type than any other company in the Defense program. As designers and manufacturers of the F-84 Thunder-jet, Republic increased month by month, its deliveries of this combat-tested fighter to our own U. S. Air Force and to the air forces of the various countries banded together in the North Atlantic Treaty Organization. Sales increased to $130,440,552 as compared with $57,713,432 for 1950, and earnings before taxes amounted to $8,082,919 as compared to $4,615,006 in 1950.

At the end of 1951 the backlog of unfilled orders from the United States Government approximated $580,000,000. An additional amount estimated at $240,000,000 is on our books in the form of letter contracts for airplanes on order but without formally negotiated contracts. The announced backlog for 1950 was $245,000,000.

Universal Match Corporation presented the following information in its 1951 annual report as to U. S. Government contracts of a cost-plus-fixed-fee and fixed price type:

Universal Match Corporation

Comparative Consolidated Balance Sheets

Current Assets:

Trade Receivables, Less Reserve (Including $342,756.15 due from U. S. Government and Armament Contractors at December 31, 1951)	$1,347,173.03
Inventories (Including $192,866.52 applicable to U. S. Government Contracts and Sub-Contracts at December 31, 1951)	2,398,298.20

To the Stockholders: The Armament Division had government contracts aggregating $13,000,000 by December 31, 1951. These contracts are divided into two types: (a) cost plus fixed fee; and (b) fixed price. Under a contract with the Army Ordnance Center, your Company is operating the Longhorn Ordnance Works at Marshall, Texas, on a fee basis. The original contract involved $5,000,000 worth of work in the pyrotechnic field, and as additional contracts are negotiated, the operating fee will be increased.

For 1951, the Philco Corporation changed its accounting policy with regard to engineering costs incurred in the performance of U. S. Government contracts as described in the following footnote:

Philco Corporation

Consolidated Balance Sheet

Current Assets:

Notes and Accounts Receivable—	
Government Contracts, less Progress Payments 1951—$5,212,232	$10,675,819
Civilian, less Allowance for Doubtful Accounts (1951—$952,789)	21,998,305
Unconsolidated Subsidiaries	846,738
Inventories, at Lower of Cost or Market—	
Government Contracts, less Progress Payments (1951—$3,707,178)	$12,617,031
Civilian	28,785,070

Note—Consolidated Earnings Statement: For 1951 the Company changed its policy on treatment of engineering costs incurred on production contracts for the U. S. Government. Such costs were charged to the contract inventories and transferred to Cost of Sales, proportionately, as contract shipments were made. Prior to 1951 such costs which would have been inventoried under this changed policy were relatively insignificant in amount and therefore were charged to expense immediately. The operating results under Government contracts will be reflected more accurately as a result of this change.

A substantial portion of the Company's defense production contracts is subject to price redetermination and renegotiation. The Company does not anticipate any material effect on its financial statements by reason of such price redetermination and renegotiation.

Sharp & Dohme Incorporated reported a voluntary refund under a price redetermination clause and the receipt of fees under a fixed fee contract in its letter "To Our Stockholders" as quoted below:

The Company made a voluntary refund on one Government contract that is subject to price revision and, early in 1952, with the splendid cooperation of the Armed Medical Procurement Agency, was able to establish a firm contract price. The statements in this report reflect the revised price.

The major portion of the fixed fee earned on the equipping of the West Point Plasma Processing Laboratories for the Armed Services Medical Procurement Agency is included in 1951 income.

RENEGOTIATION

In the 600 reports included in the 1951 survey there were 199 instances in which reference was made to the renegotiation of government contracts. In 154 of these cases, the comment was made that no provision for refund to the U. S. Government was deemed necessary. The following typical examples have been taken from the 1951 reports.

Chain Belt Company

To the Stockholders: Earnings—In the accounting for 1951, no provision was made for renegotiation of government contracts for the reason that the profit on sales subject to renegotiation is not considered to be excessive. It is therefore believed that no refunds will result from any such renegotiation of 1951 business.

Koppers Company, Inc.

Note 1: Renegotiation of Defense Contracts—It is estimated that approximately 8% of the Company's net sales for the year ended December 31, 1951, may be subject to renegotiation by the U. S. Government. The amount of refund, if any, which might be payable is not determinable at the present time and no provision has been made in the accounts for any refund because it is believed that it would not be material.

The W. L. Maxson Corporation

Note 8: A substantial portion of the Corporation's sales during the 1949, 1950 and 1951 fiscal years were under contracts and subcontracts subject to the provisions of the Renegotiation Acts of 1948 and 1951. Renegotiation proceedings for the 1949 fiscal year have been concluded with a determination by the U. S. Government that no excessive profits were realized on renegotiable business during that year. Renegotiation proceedings have not been concluded for the 1950 fiscal year nor commenced for the 1951 fiscal year and, since it is not possible at this time to determine the outcome thereof, no provision has been made for any renegotiation refunds although substantial profits were realized on renegotiable business.

Newport News Shipbuilding and Dry Dock Company

To the Stockholders: A large part of the work performed by the Company during 1951 is subject to the Renegotiation Act of 1951. This law is similar to the wartime renegotiation statutes; it provides for the renegotiation of defense and certain other contracts with the Federal Government, and the recapture of any profits on work under such contracts which may be determined by the renegotiation authorities to be "excessive." The Company's profits in 1951 on work subject to the Act were much less than the profits which the Company was permitted to retain on its renegotiated World War II contracts; accordingly, it is not anticipated that any refund of excessive profits will be determined for 1951 and no provision therefor has been made.

Niles-Bement-Pond Company

Note 5: Certain sales contracts are subject to the Renegotiation Acts of 1948 and 1951. Based on a review of the business of the Company and Subsidiary, it is the opinion of the Management that no liability will accrue thereunder for the years 1949 through 1951. The Company and Subsidiary have received notification that they are not liable for refunds with respect to the year 1948.

Westinghouse Electric Corporation

Note 4: A portion of the companies' sales, directly or indirectly, to the United States Government is subject to statutory renegotiation. The companies believe that there will be no refund to the Government under such renegotiation, and no provision therefor has been made in the accounts.

Possible Renegotiation Refunds

Twenty-three companies made provision in their accounts for possible renegotiation refunds. Examples of such disclosures are as follows:

American Machine and Metals, Inc.

Statement of Consolidated Income and Earned Surplus

Provision for Federal Income and Excess Profits Taxes and Renegotiation (including $770,000 for excess profits tax and $55,000 for additional prior year's Federal income tax) (Note 2) $3,309,000

Note 2: A substantial portion of the Company's 1951 business is subject to renegotiation under applicable statutes and regulations of the U. S. Government. It is impossible at the present time to determine accurately the amount which ultimately may have to be refunded, but in the opinion of the management the amount provided therefor is adequate.

Food Machinery and Chemical Corporation

Statement of Consolidated Income

Other deductions:

Miscellaneous (Note 4) $456,266

Note 4: Certain sales were made by the companies during 1951 under contracts with the U. S. Government containing price redetermination clauses. The extent to which the Renegotiation Act of 1951 is applicable is not as yet ascertainable by the companies, although certain sales will be subject to this Act. An estimated provision has been made in the accounts for these contingencies through a charge to miscellaneous deductions (net of applicable tax credit) in the income statement and is included in accounts payable at December 31, 1951. It is the opinion of officials of the Corporation that no material amounts of refundable profits were realized in 1949 and 1950.

The Garlock Packing Company

Summary of Consolidated Net Earnings and Earnings Invested For Use in the Business:

Provisions for taxes on income and for Renegotiation—United States:	
Normal Tax and Surtax	$3,277,344
Excess Profits Tax and Renegotiation (see Note 2)	1,253,438
Canada	167,077
Other	347,213

Note 2: Certain of the sales of the Company and its domestic subsidiaries are subject to profit limitation under the provisions of the Renegotiation Act of 1951. Provision has been made in the accompanying financial statements for estimated renegotiation refunds which may be required.

R. G. LeTourneau, Inc.

Statement of Profit and Loss and Earned Surplus:

Provision for federal income and excess profits taxes and renegotiation (Note 7) $7,000,000

Note 7: A substantial portion of the company's sales in 1951 is subject to the Renegotiation Act of 1951. The renegotiation refund, if any, that may have to be made cannot be determined accurately at this time, but an adequate provision has been made for income and excess profits taxes and renegotiation. The provision for federal income tax for the year 1950 was substantially reduced because of an operating loss carry-over from a prior year.

The New York Air Brake Company

Statement of Consolidated Income:

Gross sales less discounts, returns, adjustments and estimated refundable profits on renegotiable sales $32,129,525

To the Shareholders: Profits of the Company's Stratopower pump divisions are subject to renegotiation. Renegotiation proceedings have been completed through 1949, and the Company has no obligations back of that year. Reserves have been established for renegotiable business done in 1950 and 1951, and these are reflected in the statement of the Company's earnings for those years.

Houdaille-Hershey Corporation
Consolidated Balance Sheet
Current Liabilities:

Accrued payrolls, taxes, interest, and miscellaneous (Note D)	$2,013,196

Statements of Consolidated Income and Earnings Retained in the Business

Net Sales (Note D)	70,450,182

Note D: The Corporation's profits on Government contracts and subcontracts are subject to renegotiation under the Renegotiation Acts of 1948 and 1951. Renegotiation proceedings for the years 1950 and 1951 have not been concluded and while the amounts of excess profits, if any, to be refunded to the Government are not determinable at this time, provision has been made in these financial statements for estimated amounts which the management considers to be adequate. The estimated amounts to be refunded have been deducted from net sales and the liability therefor, less tax credits, has been included in miscellaneous accrued liabilities in the accompanying financial statements.

Universal-Cyclops Steel Corporation
Supplementary Financial Information: Renegotiation—Certain sales made in 1951 may be subject to renegotiation. A provision for refunds which may materialize upon final determination is included in the income tax estimates for the year.

Thompson Products, Inc. disclosed that it made a refund in 1951 based upon the renegotiation acts of prior years.

Thompson Products, Inc.
Consolidated Balance Sheet
Current Liabilities:

Accruals for Federal and Canadian taxes on income and for maximum refunds on contracts subject to profit limitations—estimated, less U. S. Treasury Bills and Savings Notes (1951—$6,952,467; 1950—$5,063,396)—Note B	$7,175,138

Note B: A substantial portion of sales of aircrafts products for the years 1949 through 1951 were made under contracts subject to Government profit limitations. Settlement of renegotiation proceedings for the year 1949 was completed during 1951, and payment of refund was charged against the liability previously provided. According to interpretations and determinations of the management, which are subject to review by Government agencies, accrual for estimated maximum refunds has been made.

The remaining 21 companies did not comment upon the possibility of a renegotiation refund.

GOVERNMENT AID

Some of the companies have indicated that the U. S. Government has turned over existing plants or facilities for their use in performing work under government contracts. The following quotations are illustrative of such arrangements.

The Maytag Company
To Our Shareowners: During the past year our Company entered into a number of subcontracts to produce component parts for various defense products. The most important of these, in terms of potential volume, is for tank track components. To provide the necessary facilities we constructed at Plant 1 a new steel and concrete building of 52,500 square feet at a cost of approximately $500,000. Under a necessity certificate approved by the Defense Production Administration, 65% of this cost will be amortized over a period of five years. The building has been equipped with government owned facilities valued at approximately $1,600,000. Other defense production is being performed in each of our three plants.

National Gypsum Company
Consolidated Balance Sheet
Noncurrent Assets:

Assets Applicable to Cost-Plus-Fixed-Fee Contracts—Cash, reimbursable cash disbursements and reimbursable costs represented by accounts payable	$2,979,458
Noncurrent Liabilities:	
Liabilities under Cost-Plus-Fixed-Fee Contracts—Advances and accounts payable	2,979,458

Statement of Consolidated Income
Other income:

Fees under cost-plus-fixed-fee contracts	215,789

Report to the Stockholders: Defense Activity—Contracts were completed for the operation of the Kansas Ordnance Plant at Parsons, Kansas and Nebraska Ordnance Plant at Wahoo, Nebraska, each of which is owned by the Government. The Company is being paid a management fee. The Government provides the capital and assumes all liabilities incident to the operations at those plants.

The U. S. Government has found it desirable in some cases to make advance payments on contracts or to make loans to corporations in order to facilitate defense production. Examples of this type were found in the 1951 annual reports of:

The W. L. Maxson Corporation
Consolidated Balance Sheet
Current Assets:

Accounts receivable—trade (Note 2)—	
U. S. Government	$1,019,479
Other	191,699
Inventories, at lower of cost or market—	
Finished goods	$ 67,324
Work in process (principally applicable to U. S. Government contracts and subcontracts) (Note 2)	1,896,436
Raw materials and supplies	314,728
	$2,278,488
Less: Progress payments on U. S. Government contracts and subcontracts	926,444
Noncurrent Assets:	
Deferred general and administrative expenses applicable to U. S. Government contracts and subcontracts in process (less progress payments of $107,718)	$ 65,379
Current Liabilities:	
Note payable to bank (Note 2)	300,000
Reserve for estimated guarantee costs and contract price adjustments	426,825
Progress payments received on U. S. Government contracts and subcontracts	$1,311,303
Less: Applied as a deduction from inventories and deferred general and administrative expenses	1,034,162

Note 2: On September 28, 1951 the Corporation entered into a credit agreement with two banks pursuant to "Regulation V" of the Federal Reserve Board which provides the Corporation a revolving credit of $1,500,000 until February 1, 1953 for the purpose of financing its U. S. Government contracts and subcontracts. Substantially all of the Corporation's trade accounts receivable and work in process inventories at September 30, 1951 relate to U. S. Government contracts and subcontracts which were assigned in October 1951, or are assignable, as security for borrowing under this agreement.

The bank loan of $300,000 outstanding on September 30, 1951 was repaid in October 1951 from the proceeds of borrowings under credit agreement and borrowings under the latter amounted to $900,000 at November 28, 1951.

The W. L. Maxson Corporation
Consolidated Balance Sheet

Current Assets:	
Receivable from Reconstruction Finance Corporation in respect of fixed assets purchased (Note 1)	$ 450,366
Noncurrent Assets:	
Investment in Victor Electric Products, Inc. (Note 1)	902,614
Cash Surrender Value of Insurance Policies on Lives of Officers (Note 1)	9,191
Patents (Note 1)	1
Noncurrent Liabilities:	
5% Mortgage Note Payable to Reconstruction Finance Corporation (Note 1):	
Issued at September 30, 1951	557,671
To be issued in respect of fixed assets purchased but not yet disbursed by Reconstruction Finance Corporation	450,366
	$1,008,037
Less: Amount payable within one year included in current liabilities	174,000

Note 1: By a certificate dated February 6, 1951, the National Production Authority pursuant to Section 302 of the Defense Production Act of 1950 authorized a loan to the Corporation in the amount of $1,569,635, the estimated cost of constructing a plant and acquiring additional machinery and equipment. Reconstruction Finance Corporation was designated as fiscal agent to administer the loan. Funds advanced by R.F.C. through September 30, 1951 amounted to $557,671 and at September 30, 1951 $450,366 was receivable from, but not yet disbursed by, R.F.C. This latter amount, plus the remaining funds (approximately $560,000) necessary to complete the program, will be advanced by R.F.C. during the 1952 fiscal year.

The advances are evidenced by a 5% mortgage note which is payable in monthly instalments of $12,000 from October 18, 1951 to March 18, 1961, any balance remaining being due on April 18, 1961. The loan agreement contains provisions for additional annual payments on principal beginning December 1, 1952 of (a) the amount by which 50% of the Corporation's net income (before deduction of depreciation and amortization of fixed assets) in the preceding fiscal year exceeds $144,000 plus (b) the amount of tax savings resulting from accelerated amortization of emergency facilities. Principal payments shall not exceed $350,000 in any fiscal year, except that, in addition, R.F.C. may require that proceeds or income from pledged collateral be applied to payment of the note.

The note is secured by a mortgage on all of the Corporation's fixed assets now owned or hereafter acquired and by the following which are pledged as collateral: The Corporation's investment in Victor Electric Products, Inc.; The Corporation's investment in capital stock of its wholly-owned consolidated subsidiary, Langevin Manufacturing Corporation. (At September 30, 1951 the net current assets and other assets of this subsidiary were $435,310 and $46,740, respectively); Insurance policies on lives of officers; Patents and trademarks now owned or hereafter acquired.

Contract advances restricted to use under U. S. Government contracts but which were not reflected in the financial statements at December 31, 1951 were disclosed in a footnote by American Safety Razor Corporation, E. I. du Pont de Nemours & Company, and Hercules Powder Company as follows:

American Safety Razor Corporation
Note 4: American Safety Razor-Kingsbury Corporation, a wholly-owned subsidiary, operates a U. S. Government ordnance plant under a fixed fee contract. A fund of $1,250,000 advanced by the Government to finance operations under this contract has not been included in the consolidated balance sheet. The fee earned under such contract during the year 1951 is included with net sales in the statement of consolidated earnings.

E. I. du Pont de Nemours & Company
Notes to Financial Statements: Contract Advances. Unexpended funds restricted to performance under contracts with the U. S. Government (primarily to design, build and operate plants for the Atomic Energy Commission) and, in 1951, under contract with The Chemstrand Corporation (to design and build a nylon plant for Chemstrand) amounted in the aggregate to $37,858,648 at December 31, 1951, and $8,342,813 at December 31, 1950. These funds, and the corresponding accountability therefor, are not reflected in the consolidated balance sheet.

Hercules Powder Company
Note 3: U. S. Government Cost-Plus-Fixed-Fee Contracts. Contract advances restricted to use under cost-plus-fixed-fee contracts at U. S. Government-owned ordnance plants amounted to $5,045,000 at December 31, 1951, and $605,000 at December 31, 1950. The financial statements do not reflect these advances or the liability therefor. Fees received under these contracts are included in gross sales and operating revenues.

Certificates of Necessity

Section 124A of the Internal Revenue Code permits the amortization of "emergency facilities" over a period of 60 months. Either the entire facility or only a portion thereof may be amortized at the accelerated rate under a Certificate of Necessity, depending upon the percentage of such emergency facility which has been certified by the government as necessary in the interest of national defense.

There were 152 companies included in the survey, which disclosed in their 1951 reports that they had obtained Certificates of Necessity, either in the current or in the prior years. Twenty-three of these companies also indicated that they had additional applications pending as of the year-end. In addition, there were 13 companies which mentioned the existence of Certificates of Necessity by stating that applications therefor were pending as of the close of the year. Table 34 summarizes the disclosures as to Certificates of Necessity presented by the 600 companies in their annual reports for 1951. (See also Section 3, Table 7.)

TABLE 34: CERTIFICATES OF NECESSITY

Certificates Described As:	Portion or Percentage Certified: Shown (A)	Not Shown (B)	1951 TOTAL
Current emergency certificates received in current or prior years (A: *Nos. *95, 111, 260, 382, 499, 589*, and B: *87, 138, 207, 320, 507*)	96	34	130
Certificates indicated by reference to "amortization of emergency facilities" but no further description given (*Nos. *42, 251, 343, 348, 397, 531*)	—	—	22
Total			152
Number of Companies:			
That had obtained Certificates of Necessity in current or prior years—(23 of these companies indicated that they had further applications pending (*Nos. *69, 94, 362, 597*) as of the close of year)			152
That had not obtained any Certificates of Necessity, but which had applications pending as of the close of the year (*Nos. *34, 141, 191, 218, 476*)			13
Companies referring to Certificates of Necessity			165
Companies not referring to Certificates of Necessity			435
			600

*See Company Appendix Section.

The following typical examples have been selected from the 1951 reports showing the disclosure of certificates of necessity:

American Box Board Company
Consolidated Balance Sheet
Noncurrent Assets:
Manistee Expansion Program Funds in Escrow $3,976,196
Consolidated Statements of Income
Operating profit, after allowances for depreciation of $545,872 and amortization of emergency facilities of $262,221 in 1951 3,875,485

Commitments for Manistee Expansion Program: A major program was undertaken in 1950 for the expansion and improvement of the company's plant facilities at Manistee, Michigan. This expansion is covered by a "Certificate of Necessity" issued by the National Security Resources Board permitting the company, for federal income tax purposes, to amortize (over a period of five years) 55% of the cost of the new facilities, improvements, and expansion at Manistee. The Certificate of Necessity was issued on the basis of an estimated over-all cost of $7,700,000, which estimate is subject to adjustment to reflect actual costs when the program has been completed, provided that, in the opinion of the National Security Resources Board, such actual costs and the work are within the scope of the original Certificate of Necessity.

At November 30, 1951, commitments for fixed asset expenditures totaled $6,000,000, of which $5,800,000 was applicable to the Manistee expansion program.

American Smelting and Refining Company
Note 2: The Company has received certificates of necessity authorizing it to amortize part of the cost of certain items of plant and equipment over a sixty-month period. Based on certificates received, the total amount of assets at December 31, 1951 subject to this accelerated amortization was approximately $4,300,000, and the total reserve for amortization was $379,489.

Armco Steel Corporation
To Our Shareholders: In connection with its expansion and improvement program, the Company has obtained certificates of necessity from the Government for most of the major construction projects of 1951 and 1952. These certificates permit accelerated amortization, for income tax purposes, of an average of about 75% of the cost of the facilities. This simply means the Company is permitted to write off such certified percentage of the cost of the projects in a five-year period instead of a normal depreciation period which usually averages 25 years.

By allowing the deduction of charges for accelerated amortization, the Government is merely deferring the collection of income taxes to a later date. When the five-year period has expired, the Company will no longer have the benefit of depreciation charges on that portion of those facilities which has been amortized in full. Consequently, the amount of earnings subject to income taxes at that time will be increased.

In 1951, accelerated amortization, above normal depreciation, was $3,143,233. By 1953, when all current projects under certificates of necessity will be in operation, these charges will approach $18,000,000 a year.

Bath Iron Works Corporation
Consolidated Balance Sheet
Fixed Assets, at cost (Note 3) $7,808,736
Less—Reserves for depreciation and amortization 3,823,394

Note 3: Fixed assets include defense facilities acquired under Federal certificates of necessity of $670,983. This amount is being amortized over a five-year period for Federal income and excess profits tax purposes. Fixed assets also include facilities of $2,514,053 which have heretofore been fully amortized or depreciated and are still in use. The 1951 provision for depreciation and amortization charged to costs and expenses totaled $288,321.

Crucible Steel Company of America
To the Stockholders: The 1950 Report mentioned that Certificates of Necessity had been approved, in the amount of $27,000,000, for facilities to expand steel producing capacity, as requested by the government. The program was to provide additional facilities for producing metallurgical coal, additional by-product coke ovens, a new blast furnace, increased open hearth and electric furnace capacity, and other enlargements in steel processing facilities. I stated that engineering studies were under way, and the Company was negotiating for the necessary financing arrangements.

Completion of engineering studies and preparations indicated that the total estimated cost of the program would be $34,000,000, and Certificates of Necessity in varying percentages of the cost have been approved.

Dresser Industries, Inc.
To the Shareholders: In certain of the Dresser plants, the expansion of capacity is being covered under Certifi-

cates of Necessity which permit accelerated depreciation for tax purposes on a majority of the cost of the new facilities.

Ex-Cell-O Corporation

Note: Provision for depreciation of plant and equipment for the year ended November 30, 1951 amounted to $634,755, of which $160,850 represents amortization of emergency facilities, compared with $459,737 for the previous year.

R. G. LeTourneau, Inc.

Your Company's Operations: Properties. During 1951 the company spent $2,054,857 for additional facilities. About half of this amount was to replace worn out tools, to add to the machinery and equipment required for the increase in production, and to acquire machine tools of the latest design. The other half of the expenditure for properties was for construction cost to date of a steel plate mill at Longview, Texas. . . . A certificate of necessity has been received permitting the company to amortize 70% of the cost of this mill over a five year period. Other certificates have been received permitting amortization of 50% of the cost of the majority of other plant additions made since the outbreak of the war in Korea. The remaining costs are to be depreciated over the normal life of these properties.

Minneapolis-Honeywell Regulator Company

To the Shareholders: During 1951 Honeywell invested $8,063,000 in expansion of plant and equipment. The Aeronautical Division's building program was completed, giving us unrivaled facilities for research, engineering and production in the fields in which Honeywell is concentrating.

The Company has received, or has under negotiation, 5-year amortization certificates in the aggregate amount of $8,783,000. Of this amount $5,292,000 is for buildings and $3,491,000 is for equipment. The percentages allowed under approved certificates have ranged from 75 to 85 per cent of the cost of the new facilities.

North American Aviation, Inc.

To Our Stockholders: Approximately $2,823,723 of the gross capital expenditures during the year was covered by necessity certificates granted pursuant to provisions of Section 124A of the Internal Revenue Code. The certificates authorize the company to amortize over a five-year period from 75 to 90 per cent of the costs certified. The greater portion of the expenditures not covered by the certificates represent the plant formerly leased from the Government and machinery and equipment normally amortized over a period of five years or less. The company's capital accounts do not reflect the cost of Government-owned facilities used by the company nor provision for their depreciation.

The Ohio Oil Company

To the Stockholders: The Company has received Certificates of Necessity from the Defense Production Administration authorizing rapid amortization of a portion of the cost of the refining and terminal facilities to be built.

Struthers Wells Corporation

To Our Stockholders: Certificates of Necessity for additional production facilities in the amount of $1,357,786 have been certified to the extent of 60% by the Defense Production Administration. Considerable of the equipment for this plant expansion has been ordered but a small amount had been received prior to November 30, 1951.

United States Steel Corporation

Notes to Accounts: Wear and Exhaustion of Facilities. Wear and exhaustion of facilities includes accelerated depreciation of $53,161,066 in the year 1951 and $35,518,-128 in 1950. Of the 1951 amount, $12,794,855 represents amortization of emergency facilities leaving a balance of $40,366,211 not presently deductible for Federal income tax purposes.

The accelerated depreciation is applicable to the cost of postwar facilities in the first few years of their lives, when the economic usefulness is greatest. The amount thereof is related to the excess of current operating rate over U. S. Steel's long-term peacetime average rate of about 70 per cent of capacity. The annual accelerated amount is 10 per cent of the cost of facilities in the year in which the expenditures are made and 10 per cent in the succeeding year, except that this amount is reduced ratably as the operating rate may drop, no acceleration being made at 70 per cent or lower operations. The accelerated depreciation is in addition to the normal depreciation on such facilities but the total depreciation over their expected lives will not exceed the cost of the facilities.

Under the Internal Revenue Code that portion of the cost of facilities certified by the Defense Production Administration as essential to the defense effort is covered by a Certificate of Necessity and can be written off for tax purposes at the rate of 20 per cent per year. This more rapid depreciation is generally referred to as amortization of emergency facilities.

The Yale & Towne Manufacturing Company

Note 7: Certificates of Necessity have been applied for covering emergency facilities (machinery and equipment) in the approximate amount of $2,725,206. To December 31, 1951 facilities of an estimated cost of $2,114,865 have been approved for accelerated depreciation to the extent of 60%, and $342,486 has been expended for their acquisition.

Emergency Facilities Fully Amortized under World War II Certificates

Thirty-one companies in 1951 (See Company Appendix Nos. 71, 78, 90, 92, 104, 145, 156, 196, 205, 239, 256, 259, 260, 265, 282, 284, 288, 305, 321, 329, 362, 365, 383, 393, 404, 421, 455, 503, 520, 549, 599) disclosed that they held certain fixed assets which had been fully amortized for tax purposes under certificates of necessity which had been issued during World War II. Jones & Lamson Machine Company showed its fully amortized emergency facilities on the balance sheet as follows:

Fixed Assets:	
Plant and equipment at cost	$4,588,587.52
Less: Reserve for depreciation	3,166,858.45
	$1,421,729.07
Emergency facilities—at cost (See Note):	
World War II	$1,131,106.37
Less: Reserve for amortization	1,131,106.37
Current emergency	$172,058.75
Less: Reserve for amortization	17,637.98
	$154,420.77

Note 2: Depreciation and amortization ($196,310.84) of fixed assets, charged against operations for the year, reflect normal rates of depreciation and amortization of fixed assets not previously fully depreciated or amortized, except for amortization of $17,637.98 on "Emergency Facilities—Current Emergency," of an aggregate cost of $172,058.75, certified for amortization at accelerated rates

during the current emergency. No charge for depreciation is included in the above-mentioned amounts with respect to machinery and equipment of an aggregate cost of $1,131,106.37, included in the accompanying balance sheet as "Emergency Facilities—World War II," which were fully amortized during World War II, and which continue to be used in the operation of the business.

Marmon-Herrington Company, Inc. set forth the following information in its 1951 report relating to restored facilities:

Statement of Financial Position

Property, plant and equipment, at cost (less tax effect on restored war facilities, at 38 percent, the tax rate in effect at the date the facilities were restored)	$1,485,161.47
Less: Allowance for depreciation	745,931.54
	$ 739,229.93

Further examples from the 1951 reports of disclosures concerning emergency facilities fully amortized under World War II certificates of necessity and, in some instances, inclusive of reference to certificates of necessity issued under Section 124A of the Internal Revenue Code are:

Kennecott Copper Corporation
Consolidated Balance Sheet

Mining Properties, Railroad, Plants and Equipment	$402,203,773
Less—Reserves for Depreciation	169,972,206

Note 3: The net increases in property accounts and in depreciation reserves take into account the expenditures made during the year for property, plants and equipment; depreciation charges (including amortization) for the year; plant and equipment retirements, etc.; and adjustments for application of depreciation reserves to property accounts where deemed appropriate. Facilities fully amortized during World War II emergency period and unretired are in general carried at cost in plant and equipment accounts offset by the amortization included in depreciation reserves.

Globe Steel Tubes Co.
Balance Sheet

Fixed assets at cost (represented in part by the stated value of capital stock issued therefor at inception of company in 1922), including fully amortized emergency facilities:	
Buildings	$1,262,162.37
Machinery and equipment	5,611,196.99
	$6,873,359.36
Reserves for depreciation and amortization	3,819,524.77
	$3,053,834.59
Land	185,638.97

To the Stockholders: The plant expansion and improvement program discussed in the interim reports to stockholders is progressing satisfactorily and it is presently estimated that the total cost will approximate $3,500,000 for facilities, which include an enlarged rotary billet heating furnace, a larger continuous bar rolling mill, reheat furnace, reducing and stretch mills, and buildings to house fabricating machinery and tools required to care for increased production. Certificates of necessity for $2,828,000 have been received from the federal government and applications for the balance are on file. The certificates received thus far permit the Company to amortize from 50% to 75% (average 60%) of the cost of the facilities over periods of sixty months. In connection with this program your Directorate and Management have authorized, to December 31, 1951, commitments of $1,862,000 of which $917,000 was expended in 1950 and 1951. Commitments for the balance will be made before the end of this year and it is expected that the entire program will be completed early in 1953.

Harbison-Walker Refractories Company
Consolidated Financial Position

Property Accounts:

Buildings, machinery and equipment, at cost, including $10,950,212 expenditures on projects uncompleted at December 31, 1951	$62,923,535
Less accumulated depreciation and amortization of emergency facilities	24,115,927
	$38,807,608
Mineral lands, rights and development, at cost less depletion	4,904,309
Land, at cost	749,921

To Our Shareholders: Properties constructed and acquired—The Company and its subsidiaries expended $18,269,297 during 1951 for property additions, improvements and replacements. It is estimated that approximately $12,000,000 will be expended in 1952 to complete all projects underway or authorized at December 31, 1951. Certificates of Necessity have been issued by the United States Government with respect to certain of these projects which will permit the Companies to amortize approximately $20,000,000 of the expenditures over a period of sixty months commencing with the respective dates of completion of the facilities. During 1951, the Companies charged to income $317,312 representing amortization of the completed facilities and in 1952 expect to charge about $3,000,000 of amortization to income. The property accounts at December 31, 1951 also include $5,663,442 representing the cost of land, buildings and equipment currently in use which were acquired during World War II and fully amortized by charges to income in the years 1941 to 1945, inclusive.

General Railway Signal Company
Consolidated Balance Sheet

Fixed assets—at cost (note 2)	
Land	$ 49,959
Buildings	3,024,448
Machinery and equipment	3,634,066
	$6,708,473
Less accumulated depreciation	4,035,907

Note 2: Fixed assets include $224,897 of emergency facilities which are fully amortized.

The General Tire & Rubber Company
Consolidated Balance Sheet

Land, Buildings, Machinery, and Equipment, at cost (including approximately $6,100,000 of fully amortized World War II emergency facilities)	$42,457,537
Reserves for depreciation and amortization	16,212,177

Section 2: BALANCE SHEET

Cash

In 422 out of the 600 reports included in the survey, there was a single item of "cash" shown in the current asset section of the balance sheet. All of the various descriptive captions for cash that were used in that section of the 1951 balance sheets of the 600 companies have been classified and are summarized in Table 1.

TABLE 1: CASH—CURRENT ASSET

Balance Sheet Descriptive Caption	1951
Cash (*Nos. *3, 61, 122, 181, 248, 340, 355, 370, 431, 486, 501, 524, 552*)	422
Cash in banks and on hand (*Nos. *6, 11, 26, 55, 65, 168, 259, 325, 474*)	107
Cash on hand and demand deposits (*Nos. *10, 25, 43, 136, 180, 281, 324, 381, 382, 383*)	40
Cash on hand and on deposit (*Nos. *75, 118, 120, 158, 302, 368, 495, 536*)	8
Cash on hand, in banks and in transit (*Nos. *86, 371, 419*)	3
Cash in banks (*Nos. *443, 590*)	2
Cash on hand, demand and time deposits (*Nos. *173, 544*)	2
Cash—(including time deposit) (*Nos. *194, 547*)	2
Various other captions (*Nos. *4, 68, 77, 85, 146, 150, 272, 290, 356, 434, 502, 518, 535, 575*)	14
Total	600

*See Company Appendix Section.

SEGREGATIONS OF CASH

In Accounting Research Bulletin No. 30, issued in August 1947, the Committee on Accounting Procedure of the American Institute of Accountants discusses "the nature of current assets and current liabilities with a view to developing criteria as an aid to a more useful presentation thereof in financial statements." The Committee states that includible in *current assets* is "cash available for current operations and items which are the equivalent of cash." On the other hand, the nature of current assets contemplates the exclusion therefrom of "cash and claims to cash which are restricted to withdrawal or use for other than current operations, are designed for expenditures in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long-term debts." The Committee indicates, however, "where such funds are considered to offset maturing debt which has properly been set up as a current liability, they may be included within the current asset classification."

In the 1951 survey reports, there were 74 instances in which cash was shown in the balance sheet as a noncurrent asset. In each of these instances, the purpose of the segregation of the cash was set forth. These noncurrent cash items have been classified and are summarized in Table 2. This tables also discloses that in 27 instances the current asset section of the balance sheets of the survey companies contained segregations of cash for various indicated purposes.

The following examples selected from both the current and noncurrent asset sections of the 1951 balance sheets illustrate various types of segregations of cash shown in Table 2.

Fixed Asset Acquisitions

Kimberly-Clark Corporation
Consolidated Balance Sheet
Current Assets:

Cash	$5,417,009
Other Assets:	
Cash and United States Government securities held for plant expansion program	5,000,000

Reynolds Metals Company
Consolidated Balance Sheet
Current Assets:

Cash	$26,719,667
Proceeds of First Mortgage 4% Bonds, receivable from Trustee for expenditures made or current obligations incurred in acquisition of new plant facilities	13,470,717
Under: "Property, Plant and Equipment" Unapplied proceeds ($41,669,891 with Trustee) of long-term indebtedness— expendable only for acquisition of new facilities	42,304,507

American Box Board Company
Consolidated Balance Sheet
Current Assets:
Cash $1,747,808
Noncurrent Assets:
Manistee Expansion Program Funds in Escrow $3,976,196

General American Transportation Corporation
Consolidated Balance Sheet
Current Assets:
Cash $7,971,724.47
Noncurrent Assets:
Funds held by Trustees—Cash ($1,362.56) and United States Government Securities held pending completion and delivery of rolling stock 8,654,155.23

Rayonier Incorporated
Consolidated Balance Sheet
Current Assets:
Cash $8,874,767
Advances to logging contractors 490,846
Noncurrent Assets:
Funds designated for additions to property, plant and equipment (represented by cash and United States Government securities). 28,040,000
Sundry investments and deposits 269,014

Foreign Currencies

The Atlantic Refining Company
Consolidated Balance Sheets
Current Assets:
Cash:
United States Currency $17,850,835
Foreign Currencies 4,765,139

The Firestone Tire & Rubber Company
Consolidated Balance Sheet
Current Assets:
Cash $37,091,012
Other Assets:
Restricted Excess Foreign Cash and Miscellaneous Assets 14,294,537

Loew's Incorporated
Consolidated Balance Sheet
Current and Working Assets:
Cash (Note A) $21,790,491

Note A: Includes $4,211,902 cash in foreign countries of which $3,540,707 has since been received in the United States.

Insurance Deposits

The American Tobacco Company
Consolidated Balance Sheets
Current Assets:
Demand deposits in banks and on hand.... $31,992,252
Cash on deposit with sinking fund trustees for redemption of debentures 1,000
Noncurrent Assets:
Insurance deposits and miscellaneous investments 2,320,269

Joy Manufacturing Company
Balance Sheet
Current Assets:
Cash on hand and demand deposits in banks. $4,543,431
Noncurrent Assets:
Deposits with mutual insurance companies.. 241,546

TABLE 2: SEGREGATIONS OF CASH

Purpose	Current Assets	Non-current Assets	1951 Total
Fixed asset acquisition or construction (*Nos. *24, 141, 313, 378, 485, 557*)	1	22	23
Insurance deposits or funds (*Nos. *18, 29, 182, 188, 224, 331, 559*)	3	16	19
Special or sundry deposits (*Nos. *2, 78, 142, 278, 373, 405, 502*)	5	10	15
Dividend, interest, sinking fund, stock retirements, etc. (*Nos. *51, 126, 223, 518, 571*)	5	7	12
Security deposits (*Nos. *121, 345, 434, 581*)	3	7	10
Special purpose funds (*Nos. *46, 253, 310*)	0	7	7
Employee deductions (*Nos. *81, 575*)	4	2	6
Cash in foreign banks restricted (*No. *235*)	0	3	3
Customer advance payments (*No. *356*)	3	0	3
Various other stated purposes (*No. *319*)	3	0	3
Total	27	74	101

Number of Companies:	
Showing cash segregated in current assets	20
Showing cash segregated in current assets and in noncurrent assets	7
Showing cash segregated in noncurrent assets	64
Not showing cash segregations	509
	600

*See Company Appendix Section.

The Pittston Company
Consolidated Balance Sheet
Current Assets:
Cash on hand and demand deposits $8,447,153.57
Noncurrent Assets:
Special Deposits as Self-insurer, etc.:
Federal and Municipal securities (quoted value $437,785) 431,138.10
Cash 32,775.59
$ 463,913.69

Employee Deductions

Bayuk Cigars Incorporated
Consolidated Balance Sheet
Current Assets:
Cash $1,644,886
Noncurrent Assets:
Cash and U. S. Government bonds—employees' Christmas Club and bond purchase plan 102,899
Noncurrent Liabilities:
Employees' deposits for Christmas Club and purchase of U. S. Government bonds 102,899

Grumman Aircraft Engineering Corporation
Consolidated Balance Sheet
Current Assets:
Cash $20,524,575

Note 4: The accompanying balance sheet does not include cash in the amount of $1,066,994 deposited in a separate bank account, representing amounts withheld from payrolls for employees' income taxes.

United Aircraft Corporation
Consolidated Balance Sheets
Current Assets:

Cash	$27,503,572
Noncurrent Assets:	
Cash in Special Deposit Accounts, per contra	2,546,421
Noncurrent Liabilities:	
Employee Payroll Deductions (federal taxes and savings bonds), per contra	2,546,421

Wheeling Steel Corporation
Consolidated Balance Sheet
Current Assets:

Cash in banks	$3,448,972
Special deposits for purchase of U. S. savings bonds for employees (per contra)	183,725
Current Liabilities:	
Collections from employees for purchase of U. S. savings bonds (per contra)	183,725

Sinking Funds, Stock Retirements, etc.

Carrier Corporation
Consolidated Balance Sheets
Current Assets:

Cash	$5,674,314
Noncurrent Assets:	
Cash segregated for new plant	485,000
Cash segregated in market fund for preferred stock retirement	150,000

Crucible Steel Company of America
Consolidated Balance Sheet
Current Assets:

Cash	$6,872,372
Noncurrent Assets:	
Special Funds (Cash and United States Government Securities):	
Deposited with mortgage trustee	$ 485,970
Preferred stock sinking fund	597,407
Total Special Funds	$1,083,377

Republic Steel Corporation
Consolidated Balance Sheet
Current Assets:

Cash	$74,566,091
Noncurrent Assets:	
Fund for Property Additions:	
United States Government securities—at cost and accrued interest (approximate market)	19,972,270
Other Assets:	
Cash on deposit with mortgage trustee	648,035

A. G. Spalding & Bros. Inc.
Consolidated Balance Sheet
Current Assets:

Cash (Including deposit with trustee for payment of debenture interest)	$2,759,941

Miscellaneous Special Deposits and Funds

Hathaway Bakeries, Inc.
Balance Sheet
Current Assets:

Cash in banks and on hand	$1,104,087
Special bank deposit of taxes withheld	102,624

Air Reduction Company, Incorporated
Consolidated Balance Sheet
Current Assets:

Cash	$13,194,131
Noncurrent Assets:	
Insurance and Pension Funds (cash, and securities at approximate market value)	291,245

American Locomotive Company
Consolidated Statement of Financial Position
Current Assets:

Cash	$10,196,420
Noncurrent Assets:	
Advance Account—Government Facilities Contract (contra):	
Cash	$ 5,512,252
Reimbursable expenditures	9,253,487
	$14,765,739
Noncurrent Liabilities:	
Advance Account—Government Facilities Contract (contra):	
Advances received	$14,500,000
Invoices payable	265,739
	$14,765,739

Colt's Manufacturing Company
Statement of Financial Position
Current Assets:

Cash	$1,079,747
Current Liabilities:	
Accrued city, state and federal taxes	$1,338,951
Employees' funds withheld for bond purchases	3,996
	$1,342,947
Less: amounts segregated therefor:	
Cash	(350,549)
Treasury bills (maturity value $1,000,000)	(992,398)
	$..(—)..

Hearst Consolidated Publications, Inc.
Consolidated Balance Sheet
Current Assets:

Cash—	
General funds	$8,945,363.71
Other funds	1,498,396.76
Post-office and other deposits	26,326.70
Other Assets:	
Deposits for payment of matured and called bonds, interest coupons, and taxes thereon (see contra)	16,024.39
Other Liabilities:	
Matured and called bonds, interest coupons, and taxes thereon (see contra)	16,024.39

Ingersoll-Rand Company
Balance Sheet
Current Assets:

Cash	$4,853,725
Cash received as advance payments on orders	5,253,253

Footnote: Assets do not include Pension Fund assets in the amount of $10,992,775 represented by cash and United States Government securities at market value set aside prior to 1951 by the Board of Directors and in the custody of the Pension Committee pursuant to the Employee Pension Plan approved by the stockholders in 1948.

Westinghouse Electric Corporation
Statement of Ownership
Current Assets:
Cash $66,648,783
Noncurrent Assets:
Working fund under special purpose contracts—U. S. Government .... $ 5,027,130
Noncurrent Liabilities:
Due U. S. Government under special purpose contracts 5,027,130

Loan Agreements

The following examples illustrate the disclosure in the balance sheet or in a footnote thereto of restrictions on cash under loan agreements.

Botany Mills, Inc.
Comparative Consolidated Balance Sheet
Current Assets:
Cash (Note 7) $935,740.88
Due from factor—subject to immediate withdrawal 146,120.61

Note 7: Notes Payable—Banks—"V" Loans: On July 12, 1951, the Company entered into a "V" loan agreement with its bankers for the purpose of providing funds to finance certain defense production contracts, which were assigned as security for such loans. As of December 31, 1951, the following assets aggregating $4,767,799.95, were assigned as security for loans totaling $800,000.00 at that date:

Cash—special account	$ 13,798.58
Accounts receivable—United States Government	2,530,410.37
Inventories	2,223,591.00
	$4,767,799.95

The National Roll & Foundry Company
Balance Sheet
Current Assets:
Cash in banks and on hand (including $155,480.74 restricted under "V-Loan" Guarantee Agreement) $239,675.77

The Super-Cold Corporation
Comparative Consolidated Balance Sheet
Current Assets:
Cash on Hand and in Banks (See Note 1) $608,649

Note 1: The loan agreement with the Bank of America National Trust and Savings Association requires the maintenance of a deposit balance equal to 10% of the loans. On December 31, 1951 the required deposit balance was $375,728.

Marketable Securities—Current Assets

Table 3 shows the various bases of valuing marketable securities in the current asset section of the balance sheet as disclosed by the 1951 reports of the 600 companies included in the survey. This tabulation reveals that "cost" is by far the most commonly used basis of valuation, and that where cost is used the report frequently also shows the market value of the securities or refers to the relationship of market value to cost.

TABLE 3: MARKETABLE SECURITIES—CURRENT ASSETS

Basis of Valuation	1951	1950	1949	1948	1947
Cost—market value not stated (*Nos. *131, 184, 440, 518, 536, 538, 550, 586*)	173	183	184	159	166
Cost—stated as approximate market (*Nos. *78, 344, 460, 511, 591*)	46	52	44	40	33
Cost—market value stated above cost (*Nos. *105, 309, 487, 596*)	34	38	62	59	71
Cost—market value stated below cost (*Nos. *221, 355, 567*)	27	31	17	30	29
Lower of cost or market (*Nos. *90, 549, 587*)	16	15	19	19	18
Cost or below cost (*No. *356*)	3	3	3	3	2
Market value (*Nos. *26, 216*)	6	3	4	9	8
Redemption value (*Nos. *444, 480*)	10	6	9	9	8
Approximate market or redemption value (*No. *581*)	4	3	3	3	2
Face or par value (*No. *298*)	3	3	5	6	5
	322	337	350	337	342
Basis of valuation not set forth (*Nos. *17, 115, 383, 501*)	72	101	93	85	85
Total	394	438	443	422	427
Number of Companies:					
Showing marketable securities in current assets	366	398	396	366	371
Not showing marketable securities in current assets	234	202	204	234	229
	600	600	600	600	600

*See Company Appendix Section

The following companies in the current asset section of their 1951 balance sheets stated that the securities shown therein were carried at "cost" and no reference was made to the market value of such securities:

Associated Spring Corporation
Consolidated Balance Sheet
Current Assets:
United States and Canadian governments securities—cost plus accrued interest .. $2,116,488.41

W. F. Hall Printing Company
Consolidated Balance Sheet
Current Assets:
Marketable securities—at cost—
U. S. Treasury Securities and accrued interest $3,651,425
Other 17,195

Allied Mills, Inc.
Consolidated Balance Sheet
Current Assets:
Short-Term Marketable Securities—At Cost and Accrued Interest $3,732,368.19

Examples taken from the 1951 reports in which marketable securities valued at "cost" include a statement to the effect that such cost is approximately equivalent to market value are as follows:

The Harshaw Chemical Company
Balance Sheets
Current Assets:
United States Treasury Bills—at cost which approximates market $999,510.44

National Gypsum Company
Consolidated Balance Sheet
Current Assets:
U. S. and Canadian Government securities, at cost and accrued interest (approximate market) $4,544,104

Bath Iron Works Corporation
Consolidated Balance Sheet
Current Assets:
Marketable securities, at cost (approximately equivalent to market value) $3,773,760

Corn Products Refining Company, in the current asset section of its 1951 balance sheet, valued marketable securities at "cost" and also disclosed the market value thereof which, in this instance, exceeded cost:

Corn Products Refining Company
Consolidated Balance Sheets
Current Assets:
Marketable securities, at cost (market value $24,014,097, December 31, 1951):

United States Government	$16,770,058
State and municipal	4,568,858
Corporate stocks	1,285,957

The marketable securities shown in the 1951 balance sheet of American Smelting and Refining Company were valued at "cost." The market value, which was lower than cost, was also disclosed:

American Smelting and Refining Company
Balance Sheet
Current Assets:
U. S. Government securities, at cost less amortized premiums (valuation based on December 31, 1951 market quotations, $83,136,020) $84,534,182

An example of the valuation of marketable securities at "cost or market, whichever lower" is found in the Union Carbide and Carbon Corporation balance sheet for 1951:

Union Carbide and Carbon Corporation
Consolidated Balance Sheet
Current Assets:
United States Government Securities (Cost or Market, whichever lower) $85,794,472

The 1951 balance sheet of The Best Foods, Inc., contains an example of the valuation of marketable securities "at redemption value":

The Best Foods, Inc.
Consolidated Balance Sheet
Government bonds and notes (at redemption values) $9,852,285

The International Nickel Company of Canada, Limited, valued certain of its marketable securities in its 1951 balance sheet "at or below cost." The basis of valuation of certain short-term securities is not disclosed:

The International Nickel Company of Canada, Limited
Statement of Consolidated Assets and Liabilities
Current Assets:

Short-term Securities including Government and Prime Commercial Securities due within twelve months	$62,641,583
Government and Other Marketable Securities maturing after 1952, at or below cost (market at December 31, 1951, Governments $9,966,000, Others $8,415,000)	18,353,715

"Approximate market value" was the basis of valuation in the 1951 balance sheet of Eastman Kodak Company for marketable securities shown in current assets:

Eastman Kodak Company
Statement of Financial Condition
Current Assets:
United States and Canadian Government securities, at approximate market value.... $35,368,936

Anaconda Copper Mining Company did not disclose in its 1951 balance sheet the method of valuing United States and Canadian Government securities:

Anaconda Copper Mining Company
Consolidated Balance Sheet
Current Assets:
United States and Canadian Government securities $71,107,206.44

The 1951 balance sheet of Vanadium-Alloys Steel Company did not state the method of valuing marketable securities carried as current assets. The company, however, did disclose in its balance sheet the market value of such securities.

Vanadium-Alloys Steel Company
Consolidated Balance Sheet
Current Assets:

U. S. Government Bonds (market value, $2,685,486.88)	$2,722,754.97
Other marketable securities (market value $1,848,821.63)	1,419,134.91

Trade Receivables

Trade receivables, of one kind or another, were found in the 1951 balance sheets of all the 600 companies included in the survey. In the great majority of instances, these receivables were shown in the current asset section of the balance sheet and were described as "receivables," "accounts receivable," "notes receivable," or "notes and accounts receivable." In an appreciable number of instances (approximately 10%), certain of the trade receivables were segregated and shown as a noncurrent asset.

Table 4 shows the various categories of trade receivables presented in the 1951 balance sheets of the survey companies and the frequency with which they appeared.

The following examples have been selected from the 1951 reports as illustrative of the more uncommon types of trade receivables presented both in the current and noncurrent asset sections of the balance sheet.

American Can Company
Statement of Financial Position
Current Assets:

Accounts and bills receivable	$23,070,016
Noncurrent Assets:	
Deferred accounts and bills receivable, less allowance for doubtful items of $450,000 at December 31, 1951	1,436,090

The Autocar Company
Consolidated Balance Sheet
Current Assets:

Notes and accounts receivable, net of $369,017 in 1951 allowance for doubtful notes and accounts (Notes A and B)	$2,708,347

Note A: Notes and accounts receivable, aggregating $612,554 (1951) and $1,419,476 (1950), have as collateral direct liens on trucks and tractors.

In accordance with accepted trade practices, the notes and accounts receivable include installment notes and contracts in the amounts of $124,199 and $422,320 due subsequent to December 31, 1952 and 1951, respectively.

Note B: In the opinion of the management, the allowance for doubtful notes and accounts is adequate to cover probable losses on the notes and accounts held by the companies and also on the contingent liabilities of $9,616,835 (1951) and $8,461,075 (1950) for notes and contracts sold and outstanding, substantially all of which have as collateral direct liens on trucks and tractors.

Daystrom Incorporated
Consolidated Balance Sheet
Current Assets:

Accounts and notes receivable—	
Customers (Note 1)	$5,447,077
Government contracts and subcontracts (Note 4)	3,817,584
Others	246,591
	$9,511,252
Less—Allowance for doubtful accounts	234,973
	$9,276,279
Current Liabilities:	
Notes payable to bank—defense contract financing (Note 4)	$6,989,000
Accounts payable—trade, customers' advance payments, other accounts payable, and accrued expenses	4,545,083

Note 1: Accounts and notes receivable from customers include $2,059,309 in 1952 and $955,212 in 1951 of notes with liens or accounts under conditional sales contracts, maturing monthly within one to three years, and $362,856 in 1952 and $259,740 in 1951 of accrued interest on installment notes.

In accordance with a generally recognized trade practice, installment notes receivable were classified as current. It is estimated that approximately 50% of the notes will be realized within the ensuing fiscal year.

Note 4: Under bank loan agreements, loans aggregating $6,989,000 were made to the Company and two operating wholly-owned subsidiaries, secured by the assignment of all moneys and claims for moneys due and to become due under U. S. Government contracts and subcontracts. At March 31, 1952 the amounts so assigned were as follows: accounts receivable $3,458,804; unbilled costs $2,884,667; and inventories $3,259,079.

The Company is presently negotiating with a financial institution for a V-Loan under which it may borrow up to $15,000,000 at any time prior to March 31, 1954. Under the terms of the proposed agreement, the proceeds of the V-Loan will be used in part to liquidate the bank loans mentioned in the preceding paragraph.

TABLE 4: TRADE RECEIVABLES

Described As:	1951
Accounts receivable or receivables (*Nos. *17, 120, 151, 189, 274, 340, 373, 478, 514, 598*)	436
Notes and accounts receivable combined (*Nos. *19, 113, 132, 221, 278, 330, 415, 429, 513, 571*)	163
Notes receivable (*Nos. *10, 80, 123, 263, 346, 441, 547, 579*)	35
Instalment accounts receivables (*Nos. *76, 234, 273, 403, 521*)	16
Instalment notes receivable (*Nos. *35, 196, 283*)	7
Time drafts—trade acceptances (*Nos. *122, 254, 352, 560*)	11
Employees—trade receivables (*Nos. *175, 250, 377, 412*)	11
Deferred trade receivables (*Nos. *90, 262*)	6
Foreign trade receivables (*Nos. *173, 205*)	3
Various other receivables (*Nos. *59, 104, 338, 435, 592*)	27
Total	715
Number of Companies showing trade receivables	600

*See Company Appendix Section

Diana Stores Corporation
Consolidated Balance Sheet
Current Assets:

Accounts receivable:	
Customers' balances on layaway merchandise sales	$544,618.57
Customers' open account balances, less allowance of $15,585.02 for doubtful accounts	60,459.82
Other accounts receivable	103,013.93
	708,092.32

Dresser Industries, Inc.
Consolidated Balance Sheets
Current Assets:

Receivables—	
Trade notes and accrued interest (includes $634,020 of past due installments at October 31, 1950)—*Note A*	$ 773,730
Trade accounts	14,008,525
	14,782,255
Less allowances for doubtful receivables	305,549
	14,476,706
Investments and Other Assets:	
Trade notes receivable (not considered current) less allowance of $901,289 for doubtful notes at October 31, 1951	938,389

Note A: The Corporation and its subsidiaries were contingently liable to the extent of $489,698 and $909,611 at October 31, 1951, and October 31, 1950, respectively, for trade notes receivable discounted; in addition, in connection with the sale of equipment by a subsidiary, such subsidiary agreed under certain conditions to purchase from banks (which hold as security mortgages on oil producing properties and other assets) notes payable of the purchaser amounting to $256,931 at October 31, 1951, and $300,000 at October 31, 1950.

A subsidiary and the Corporation have been named defendants in an Anti-Trust action in connection with one product in which the relief requested is that the defendants cease all further acts which would have the effect of monopolizing trade and commerce in such product.

Columbia River Packers Association, Inc.
Balance Sheet
Current Assets:

Accounts receivable—trade	$1,707,472.48
Less drafts discounted with affiliated bank—Note A	165,663.34
	$1,541,809.14
Under: "Other Assets"	
Accounts receivable—fishermen	$ 379,590.14
Less allowance for doubtful	144,642.87
	$ 234,947.27
Employee accounts, notes and advances	44,092.01

Note A: At December 31, 1951, the Company was contingently liable in the amount of $165,663.34 for drafts discounted.

The Cleveland Graphite Bronze Company
Statement of Financial Position
Current Assets:

Amounts due from customers, less amounts estimated to be uncollectible	$3,646,717
Costs of facilities recoverable from U. S. Government	423,234

Curtiss-Wright Corporation
Consolidated Balance Sheets
Current Assets:

Accounts receivable, principally United States Government, including reimbursable expenditures for machine tools, etc.: 1951, $24,338,960; 1950, none	$56,338,544

Goldblatt Bros., Inc.
Consolidated Balance Sheets
Current Assets:

Receivables (including approximately $400,000 at January 31, 1952, due in more than one year) less reserves of $1,787,000 and $2,084,000 at respective dates for doubtful accounts, income taxes on installment sale profits and unearned carrying charges	$6,379,397

Mack Trucks, Inc.
Consolidated Balance Sheets
Current Assets:

Accounts receivable	$12,994,857
Installments receivable (Note 1)	9,369,444
Equity in installments receivable sold without recourse (Note 2)	3,562,365
	$25,926,666
Less: Reserve	800,000
	$25,126,666
Current Liabilities:	
Collections during December on installments receivable sold without recourse (paid to banks in January)	$ 2,090,868

Note 1: Installments receivable are secured by chattel mortgages, conditional sales agreements or leases. Of the total installments receivable at December 31, 1951, $2,985,092 is due subsequent to 1952.

Note 2: The Company has sold to banks, without recourse, certain installments receivable and its equity therein at December 31, 1951 amounted to $3,562,365. 85% of the principal amount of such installment receivable was received from the banks at time of sale and the 15% balance (representing the Company's equity) is payable by the banks when, and only to the extent that, the amounts collected from customers exceed the banks' equity in all installments purchased by them. At December 31, 1951 the unpaid balances owing by customers on such installments receivable amounted to $21,658,228 (after deducting $2,090,868 of December 1951 collections not paid to the banks until January 1952), of which $5,503,351 is due subsequent to 1952.

Phillips Petroleum Company
Consolidated Balance Sheet
Current Assets:

Notes and Accounts Receivable (less reserves—1951, $1,219,554)	$52,759,718
Noncurrent Assets:	
Notes, Accounts Receivable, and Contract Advances—Due After One Year (less reserves: 1951—$258,525)	5,058,474

The Plomb Tool Company
Consolidated Balance Sheet
Current Assets:

Accounts receivable (including $20,092 from officers and employees), less $129,497 reserve for collection losses	$1,475,922

Sears, Roebuck and Co.
Statement of Financial Position
Current Assets:

Accounts and notes receivable:	
Customers installment accounts	$493,195,968
Less—Sold to banks	158,557,086
	334,638,882
Other customers accounts	19,398,523
Manufacturers and miscellaneous receivables	19,055,861
	373,093,266
Less—Estimated collection expenses and losses	56,405,773
Accounts and notes receivable—*net*	316,687,493
Current Liabilities:	
Due Customers	$ 22,338,145

The Timken-Detroit Axle Company
Consolidated Balance Sheet
Current Assets:

Trade accounts, notes, and contracts receivable:	
Trade accounts	$8,754,960
Trade notes and contracts	542,447
	$9,297,407
Less allowance	200,000
	$9,097,407
Reimbursable expenditures in connection with facilities contract with United States Government	46,704
Direct tooling costs recoverable under defense supply contracts	683,183

The Wayne Pump Company
Statement of Financial Condition
Current Assets:

Accounts receivable (including current maturities of instalment contracts, 1951—$719,270.38), less reserves for losses, 1951—$90,000.00	$2,512,058.81

Noncurrent Assets:
Under: "Other Assets"

Instalment contracts receivable—portion due after one year	198,314.74
Amounts applicable to sales contracts less amortization—Note 4	568,777.35

Note 4: As of January 6, 1950 $921,448.90 was entered on the books of Martin & Schwartz, Inc. for certain contracts for the future sale of pumps; on that date these contracts were purchased for cash for Martin & Schwartz, Inc. and donated to it by its then parent, The Symington-Gould Corporation. This amount is being amortized on the basis of pumps sold under the contracts.

Western Auto Supply Company
Comparative Balance Sheet
Current Assets:
Notes and accounts receivable—

Retail customers' accounts—mainly installment accounts due within one year	$18,653,528
Less—Accounts sold to banks (less Company's equity therein, $1,843,366) (Note 1)	11,724,496
	6,929,632
Associate store owners' accounts:	
Unsecured	3,813,160
Secured by installment contracts of their customers	3,366,990
Due from suppliers	376,352
Employees' merchandise accounts	475,646
Sundry notes and accounts	199,446
	$15,160,626
Less allowance for doubtful accounts and collection expenses	1,208,463
Notes and accounts receivable—Net	13,952,163

Note 1: Customers' Accounts Sold—Customers' installment accounts have been sold to banks subject to terms of a purchase agreement under which the company assumes certain obligations under specified conditions. It is believed that the actual liability thereunder is reasonably covered by the allowance of $659,303 against installment accounts included in the allowance for doubtful accounts and collection expenses.

Mercantile Stores Company, Inc.
Consolidated Balance Sheet
Current Assets:
Accounts receivable—
Customers accounts—

Regular retail terms	$ 7,740,673
Installment terms, including installments maturing after one year	1,628,693
Equity in installment accounts sold (the uncollected balances of accounts sold amounted to $9,237,893)	923,789
Other accounts	553,506
	$10,846,661
Less—Reserve for doubtful accounts	1,297,209
	$ 9,549,452

The United Piece Dye Works
Statement of Financial Condition
Current Assets:

Trade Accounts Receivable (Note 1)	$1,827,581.76

Note 1: The amount due from factor [$1,550,091.95] arises from the sale of trade accounts receivable to the factor. The accounts are owned by and payable directly to the factor. All accounts received assigned to the factor are to remain outstanding at all times entirely at the risk of the Corporation and without responsibility on the part of the factor. At December 31, 1951 the factor had a total of $1,533,209.62 of outstanding accounts receivable.

Inventories

BASIS OF VALUATION

Table 5, based on the annual reports of the 600 companies in the survey, shows that the "lower of cost or market" was by far the most commonly used basis of valuation for inventories. The only other widely used basis was "cost."

TABLE 5: INVENTORIES—BASIS OF VALUATION

Basis of Valuation	1951	1950	1949	1948	1947
Lower of cost or market. (*Nos. *161, 226, 300, 317, 387, 469, 551, 554, 586, 598*)	468	484	488	513	496
Cost. (*Nos. *145, 163, 273, 274, 332, 391, 418*)	219	178	156	141	141
Cost or less than cost. (*Nos. *41, 193, 278, 289, 356, 531, 537, 583*)	33	41	37	39	40
Cost or less than cost—not in excess of market. (*Nos. *26, 74, 120, 209, 211, 355*)	12	13	17	18	22
Market value. (*Nos. *178, 182, 254, 279, 333, 386, 425, 454*)	27	27	28	33	33
Assigned value. (*Nos. *188, 257*)	4	4	3	3	3
Various other bases. (*Nos. *383, 472, 494*)	15	16	15	12	11
Total	778	763	744	759	746
Number of Companies:					
Stating valuation basis	594	585	585	585	580
Not stating valuation basis	6	15	15	15	20
Total	600	600	600	600	600

*See Company Appendix Section.

Only a relatively few companies (6 in 1951) fail to disclose in their annual reports the basis used in the valuation of their inventories.

"Cost" Basis of Valuation

The principal methods of determining "cost" in the valuation of inventories, as disclosed in the annual reports of the survey companies, are "last-in, first-out" (LIFO), "first-in, first-out" (FIFO), and "average cost." All of the various methods of determining "cost" disclosed by the 600 survey companies are summarized in Table 6.

TABLE 6: INVENTORIES—'COST' BASIS OF VALUATION

Method of Determining Cost	1951	1950	1949	1948	1947
Last-In, First-Out (LIFO)†	171	146	106	107	104
LIFO—Retail Stores†	12	13	9	9	7
First-In, First-Out (FIFO) (*Nos. *2, 64, 124, 169, 227, 285, 286, 331, 395, 401, 406, 516, 523, 533*)	137	131	120	109	112
FIFO—Retail Stores (*Nos. *76, 97, 153, 268, 442, 585*)	6	6	7	7	7
Average Cost. (*Nos. *1, 3, 24, 47, 89, 95, 111, 166, 201, 229, 298, 306, 330, 385, 407, 420, 438, 440, 486 502*)	141	137	132	127	124
Standard Cost. (*Nos. *91, 94, 168, 284, 321, 418, 427, 545, 549, 558, 590*)	24	30	32	34	34
Actual Cost. (*Nos. *223, 426, 428, 498, 558, 587*)	21	21	21	22	22
Estimated Cost. (*Nos. *251, 265, 387, 425, 521, 539*)	11	11	10	10	10
Retail Method. (*Nos. *15, 234, 337, 338, 345, 442*)	6	5	8	8	8
Base or Normal Stock Method. (*Nos. *173, 213, 226, 383, 414*)	5	6	8	7	6
Various other methods.	0	0	3	3	4
Total	534	506	456	443	438
Number of Companies:					
Stating inventory "cost" method	363	353	345	332	319
Not stating inventory "cost" method	227	231	255	268	281
Not referring to "cost"	10	16			
Total	600	600	600	600	600

*See Company Appendix Section.
†See Table 8 for Examples.

EXAMPLES OF BASES OF INVENTORY VALUATION

(a) 'Lower of Cost or Market'

E. R. Squibb & Sons, in a footnote to its 1951 balance sheet, discussed at length the methods of determining "cost" and "market" in the valuation of its inventories at the lower of cost or market.

E. R. Squibb & Sons
Consolidated Balance Sheet
Inventories (see Note 2 for basis of valuation):

Finished goods	$ 9,761,669
Raw materials, including container materials, and work in process	16,190,654

Note 2: The amounts of the consolidated inventories at the beginning and end of the year have been determined by physical inventories taken on various dates not more than three months prior to the end of each fiscal year and adjusted for transactions to each year-end. Of the total inventories at June 30, 1951, an amount of $17,312,187 is stated at the lower of cost or market of materials, plus direct labor and other direct costs (overhead excluded). The remainder, $8,640,136, is stated at the lower of cost or market (overhead included). Cost is determined substantially in accordance with the first-in, first-out inventory method and market is based on replacement cost. Adjustments to the lower of cost or market are made on the basis of specific items. Intercompany profits in inventories have been eliminated.

The parent company has consistently followed the practice of omitting overhead from costs with respect to its inventory; such omission although conservative, is not recognized as being in conformity with generally accepted accounting practice. The amount of such overhead is determinable only as of the dates of physical inventories; computations indicate that at April 30, 1951 (date of latest physical inventory) overhead approximated 22% of the prime cost ($15,759,000) of the inventories valued on that basis at such date. A similar computation based on the physical inventories taken at April 30, 1950 indicates that if overhead had been included in both inventory valuations the net income for the year ended June 30, 1951 would have been increased by approximately $110,000.

Other examples of the valuation of inventories at the lower of cost or market are as follows:

The American Metal Company, Limited
Consolidated Balance Sheets
Inventories (Page 30) $36,187,387
Page 30: Inventories:
Metals refined and in process:

Metals against which firm sales contracts are held, at sales prices	$ 7,715,252
Metals unsold, at the lower of cost (in part average; in part last-in, first-out) or market (at December 31 market quotations, 1951, $32,905,000; 1950, $24,461,000)	22,961,779
	$30,677,031
Ores and concentrates, at cost	957,890
Fuel and other operating supplies, at cost less reserves (1951, $610,362; 1950, $559,442)	4,552,466
	$36,187,387

Elliott Company
Statement of Financial Position
Current Assets:
Inventories (page 7) $15,987,598
Supplementary Financial Information (page 7):
Inventories:

Finished goods and work in process, at cost (job order method) or realizable value, whichever is lower	7,503,582
Raw materials and supplies, at cost (first-in, first-out)	8,484,016

General Aniline & Film Corporation
Consolidated Financial Position
Current Assets:
Inventories (including $7,305,314 in 1951 ... on consignment with General Dyestuff Corporation), priced at the lower of average cost or market $57,760,820

Munsingwear, Inc.
Statement of Financial Position
Current Assets:
Inventories—at lower of cost (first-in, first-out) or market:

Finished goods	$ 4,117,798
Raw materials, goods in process and supplies	5,561,823

Otis Elevator Company
Balance Sheet

Inventories—Note 1	$26,728,382

Note 1: Inventories. Priced as follows: Specific items of raw materials at lowest of standard cost, actual cost or replacement market; work in process and finished parts at standard cost of labor, factory overhead, and material adjusted to market price of basic component materials, with the exception of the inventory, including defense, at the Yonkers Works, which is stated at book value ($15,916,184) due to strike conditions which existed at that Works during the last quarter of 1951. Defense inventory at Harrison Works is stated at actual cost.

Pet Milk Company
Statement of Consolidated Financial Position

Inventories	$16,614,083
Details of Certain Items:	
Inventories stated at lower of cost (on a first-in, first-out basis) or market:	
Finished goods and work in process	$10,099,162
Materials and supplies	6,514,921
	$16,614,083

The Pittston Company
Consolidated Balance Sheet
Current Assets:

Inventories, at the lower of actual or replacement cost (coal and other fuels $3,947,972.37, merchandise $833,713.01, supplies $1,242,886.04)	$6,024,571.42

Raytheon Manufacturing Company
Consolidated Balance Sheet
Current Assets:
Inventories (Note A):

Work in process and finished goods	$31,873,626
Materials, purchased parts and supplies	12,287,167
	$44,160,793
Less United States Government progress payments	3,031,265

Note A: Inventory amounts with respect to stores items and commercial products were approximately at cost, partly on a first-in, first-out, and partly on an average basis, and not in excess of either estimated replacement cost or realizable prices. Inventory items discontinued, determined to be obsolete, or in excess of requirements and segregated as a result of continuous or periodic reviews, were priced at estimated realizable amounts. Amounts for fixed price production and development contracts in process were cost or less, but not in excess of contract amounts.

(b) 'Cost'

Examples showing the use of the first-in, first-out (FIFO) method of inventory cost determination are set forth below:

TelAutograph Corporation
Statement of Financial Condition
Current Assets:

Inventories—paper, cable and work in process on the basis of cost (first-in, first-out method) or market, whichever lower	$ 28,920.43

Continental Motors Corporation
Consolidated Balance Sheet
Current Assets:
Inventories—at lower of cost (first-in, first-out method) or market:

Finished products, work in process, and raw materials	$ 32,027,469
Service parts	2,184,733
Factory supplies	1,768,520
	$ 35,980,722

Goldblatt Bros., Inc.
Consolidated Balance Sheets
Current Assets:

Inventories of merchandise and supplies, priced at the lower of cost or market, applied in part (approximately 50% of the inventories) on a "last-in, first-out" basis and in part on a "first-in, first-out" basis	$ 14,676,292

Marshall-Wells Company
Consolidated Balance Sheet
Current Assets:

Inventories of merchandise, at the lower of cost (first-in, first-out) or market (replacement value), less allowance of $50,000.00 for unrealized inter-company profits	$18,046,147.70

The Texas Company
Consolidated Balance Sheet
Inventories—

Crude and refined oil producers and merchandise, at cost determined on the first-in, first-out method, which in the aggregate was lower than market	$ 196,064,149
Materials and supplies, at cost	31,801,794

The following examples illustrate the various types of "costs" disclosed in the 1951 reports, such as, "production cost," "average cost," and "standard cost."

American Hard Rubber Company
Consolidated Balance Sheet
Current Assets:

Inventories of Finished Goods, Work in Process, Raw Materials and Supplies, at cost or market whichever lower	$3,487,033.55

Note: Inventories of Finished Goods and Work in Process are stated at standard costs, major Raw Materials at cost or market, whichever lower, and Supplies at cost or realizable value.

Black & Decker Manufacturing Company
Consolidated Balance Sheet
Current Assets:
Inventories (at standard costs which are generally the lower of cost or market):

Finished products	$3,917,019
Work in process	3,429,067
Raw materials	1,430,981
In transit	477,401

Jones & Lamson Machine Company
Balance Sheet
Current Assets:

Materials and supplies, work in process and finished parts and machines—as inventoried by company's officials and valued at cost or standard cost	$5,100,330.06
Less: Reserve for inventory	150,000.00

Bristol-Myers Company
Consolidated Statement of Financial Position
Current Assets:
Inventories—

Raw materials	$3,871,315
Finished stock	3,295,825
Packaging materials	1,486,731
Work in process	2,673,024

Notes: Inventories. The inventories generally were valued at average cost not in excess of market and that cost was used in computing cost of sales. The inventory values include no intercompany profit.

Lone Star Cement Corporation
Comparative Consolidated Balance Sheet
Current Assets:
Inventories—

Finished cement and process stocks, at average cost which is lower than market	$2,654,824
Packages (including those estimated to be in hands of customers), fuel, spare machinery parts and general supplies, at or below average cost	10,907,401

Wheeling Steel Corporation
Consolidated Balance Sheet

Inventories—page 17	$50,072,429
Inventories (Page 17):	
Finished products	$13,884,954
Semi-finished products	8,686,774
Raw materials	18,828,991
Manufacturing and other supplies	7,800,370
By-products and scrap	871,340
	$50,072,429

Finished and semi-finished inventories are stated on a standard cost basis. The standard cost basis provides that such inventories are priced at predetermined costs, based upon the actual experience obtained during a period of normal operations, with adjustments periodically to reflect current conditions. Raw materials, manufacturing and other supplies, and by-products and scrap are valued at average cost except for rolls, molds, stools, annealing equipment and small spares, which are included in manufacturing and other supplies at cost less allowance for usage. The aggregate amount at which the inventories are stated is less than the aggregate market value of the inventories.

The inventories do not include any interplant or intercompany profit.

The method followed in computing cost of products sold is based on standard costs, as explained above, with adjustments for variances between such standard costs and actual costs.

(c) 'Market'

Only a few of the companies referring to "market" in the valuation basis state or indicate how the market value of inventories was determined. The following examples, selected from the 1951 reports of the survey companies, are those which set forth some additional information as to "market value":

Polaroid Corporation
Comparative Consolidated Balance Sheets
Current Assets:

Merchandise inventories (Note A)	$600,477.27

Note A: Merchandise and Supplies Inventories were valued at cost (first in, first out) or market (not in excess of net realizable value), whichever was lower.

The Cudahy Packing Company
Consolidated Statement of Financial Position
Current Assets:
Inventories—
Products where costs were not ascertainable, priced at approximate market prices allowing for estimated selling expense; other products and ingredients and supplies, priced at the lower of cost or market—

Products	$40,646,686
Ingredients and supplies	6,883,898
	$47,530,584

McKesson & Robbins, Incorporated
Balance Sheet
Current Assets:
Inventories—at the lower of cost or market—Note 2:

Drugs and drug sundries	$49,556,161
Wines and liquors	37,829,468

Note 2: The opening and closing inventories, reflected in cost of goods sold in the accompanying consolidated statement of income for the year ended June 30, 1951, were determined by actual count by employees of the Companies and are priced, after adequate provision for slow moving and obsolete merchandise, at the lower of cost, representing invoice cost on a first-in, first-out basis, or market based on current replacement cost. The examination of these inventories by . . . included a general review of inventory-taking procedure and test-checks of physical quantities, prices and mathematical accuracy thereof.

The inventories in bonded warehouses are exclusive of duty and/or excise taxes which must be paid to obtain the release thereof.

The inventories include whiskey, which is aging in storage, amounting to approximately $15,300,000.

Mercantile Stores Company, Inc.
Consolidated Balance Sheet
Current Assets:

Merchandise inventories, priced at the lower of cost or market, as determined by the retail inventory method, except for merchandise in transit which is priced at cost	$22,796,904

John Morrell & Co.
Consolidated Statement of Financial Position
Current Assets:
Inventories, stated on the following bases:

Pork products and live hogs, at cost on basis of "last-in, first-out," principally at prices prevailing November 2, 1940	$2,985,298
Other products on basis of market less allowance for distributing and selling expenses	3,511,362
Raw materials, certain livestock and supplies, at cost or market, whichever lower	7,938,286

Ralston Purina Company
Balance Sheet
Inventories (Note 2):

Finished products	$ 5,127,395
Grain, raw materials, bags, containers, etc.	22,421,147
Miscellaneous merchandise, livestock, etc.	3,186,152

Note 2: The inventories at September 30, 1951 are based on physical inventories taken as of that date or on perpetual inventory records adjusted to quantities shown by physical inventories taken from time to time during the year.

Finished products are valued at market prices of ingre-

PITTSBURGH PLATE GLASS

Consolidated

DECEMBER 31,

ASSETS

	December 31 1951	December 31 1950
CURRENT ASSETS:		
Cash	$ 36,010,031	$ 23,110,747
U. S. Government securities—at lower of cost or market (Quoted market value at December 31, 1951, $42,074,033; December 31, 1950, $42,152,536)	$ 42,064,440	$ 42,152,536
Other marketable securities—at lower of cost or market (Quoted market value at December 31, 1951, $401,940; December 31, 1950, $347,760)	$ 233,030	$ 233,030
Trade notes and accounts receivable (less estimated uncollectible notes and accounts: 1951, $2,751,034; 1950, $2,374,920)	$ 27,829,209	$ 27,531,445
Other notes and accounts receivable (including $329,873 in 1951 and $384,497 in 1950 from officers and employees)	$ 3,853,002	$ 2,727,782
Inventories (see note 2):		
Finished goods	$ 43,978,078	$ 33,335,651
Work in process	4,719,848	4,367,545
Raw materials	15,022,420	14,143,965
Supplies (including repair parts)	17,288,887	13,587,381
Total inventories	$ 81,009,233	$ 65,434,542
Total current assets	$190,998,945	$161,190,082
INVESTMENTS AND OTHER RECEIVABLES:		
Investments in domestic subsidiaries not consolidated—at cost (Equity in undistributed earnings since dates of acquisition: 1951, $11,437,368; 1950, $20,113,934)	$ 1,668,230	$ 3,891,601
Investments in and advances to foreign subsidiaries not consolidated—at cost or less (Equity in undistributed earnings since dates of acquisition: 1951, $5,354,111; 1950, $3,742,087)	12,198,794	11,707,489
U. S. Government securities deposited with State Insurance Commissions—at cost	609,477	521,501
Other investments—at cost or less	2,101,953	2,124,219
Other notes and accounts receivable (including $125,155 in 1951 and $114,817 in 1950 from officers and employees), less estimated losses	3,954,848	2,777,580
Total investments and other receivables	$ 20,533,302	$ 21,022,390
PROPERTY—At cost:		
Land	$ 5,680,302	$ 5,186,689
Buildings, machinery and equipment, depletable resources, etc.	268,986,451	202,592,746
Total	$274,666,753	$207,779,435
Less accumulated depreciation and depletion	114,468,288	97,374,633
Property—net	$160,198,465	$110,404,802
PATENTS—At nominal value	$ 1	$ 1
DEFERRED CHARGES (Insurance deposits and unexpired premiums, unamortized cost of alterations to leased property, prepaid rent, advertising, taxes, etc.)	$ 7,902,873	$ 3,920,735
Total	$379,633,586	$296,538,010

Balance Sheet

1951 AND 1950

LIABILITIES

	December 31 1951	1950
CURRENT LIABILITIES:		
Accounts payable and sundry accruals:		
Trade	$ 13,639,445	$ 11,285,207
Salaries and wages	8,869,375	7,568,304
Other	6,899,378	2,741,510
Notes payable to foreign subsidiary not consolidated	269,300	275,800
Taxes:		
Federal taxes on earnings	70,582,287	42,441,337
Other	4.044.261	2,938,265
Total current liabilities	$104.304.046	$ 67.250.423
NONCURRENT LIABILITIES:		
Notes payable to banks	$ 26,950,000	$
Other	1,669,601	674,616
Total noncurrent liabilities	$ 28.619,601	$ 674,616
DEFERRED CREDITS, ETC.	$ 695.411	$ 204,214
ACCUMULATED PROVISIONS FOR:		
Pensions and relief (including voluntary plans)	$ 5,390,719	$ 5,997,363
Insurance	2,582,417	2,614,929
Maintenance and repairs	2,724.194	2.316,158
Total accumulated provisions	$ 10.697.330	$ 10.928,450
CAPITAL AND RETAINED EARNINGS:		
Capital stock—authorized, 12,500,000 shares, par value $10 each; issued and outstanding, 9,030,182 shares	$ 90,301,820	$ 90,301,820
Capital contributed for stock in excess of par value	5,555,375	5,555,375
Earnings retained for use in the business (exclusive of amounts transferred to capital stock):		
Appropriated for:		
Replacement cost of facilities	15,554,608	10,414,134
Contingencies	5,681,365	5,681,365
Unappropriated	118.224,030	105,527,613
Total capital and retained earnings	$235.317,198	$217,480,307
Total	$379.633.586	$296.538,010

NOTES TO FINANCIAL STATEMENTS

1. It is the practice of the Company to exclude from consolidation all foreign subsidiary companies and to include in consolidation all domestic subsidiary companies in which the percentage of ownership is more than 51 per cent.

2. Inventories are stated generally at the lower of average cost (excluding certain fixed expenses) or market and are after deducting allowances of $1,825.925 in 1951 and $1.629,898 in 1950 to reduce inventories of flax, linseed oil, and bristle to a last-in first-out basis of computing costs. On an average cost basis, such inventories amounted to $4,432,876 and $6,266,899 at December 31, 1951 and 1950, respectively.

3. Dividends received in 1951 from subsidiaries not consolidated exceeded the Company's share of the net profits of such subsidiaries by $2,243,268. In 1950, the equity in undistributed net profits of such subsidiaries was $5,366,765.

4. Reference is made to Page Six of this report for information as to the basis for providing for pensions covered by agreements with various labor unions.

dients plus manufacturing cost, with the exception of certain items amounting to $434,164 which are stated at approximate market. Grain, raw materials, bags, containers, etc., are stated at the lower of average cost or replacement market. Miscellaneous merchandise, livestock, etc., (except $1,666,673 valued at approximate market) are priced at average cost.

United Merchants and Manufacturers, Inc.
Consolidated Balance Sheet
Current Assets:
Merchandise inventories (Note B):

Raw materials and supplies	$ 9,122,823
Goods in process, including greige goods	15,883,927
Finished goods	27,090,375

Note B: Merchandise Inventories—The merchandise inventories are stated by groups or classes of merchandise substantially at the lowest of (1) average cost, (2) replacement market or (3) selling market after deducting for selling expenses and profits. Merchandise stated at cost on the last-in, first-out basis aggregated $1,029,728, which is less than replacement market. Inter-company profits on goods in inventories have been eliminated.

Wesson Oil & Snowdrift Co., Inc.
Consolidated Balance Sheets
Current Assets:
Inventories (for bases of valuation See Note)—

Vegetable oils and their by-products	$11,911,713
Other finished goods	5,675,483
Other raw materials	12,066,056
Packaging materials and supplies	6,885,317

Notes to the Financial Statements: The vegetable oils and their by-products included in the inventories were valued on the last-in, first-out basis at cost established originally at August 31, 1941, and for all of the oils in the inventory at August 31, 1951 cost was below market value as at that date. The other finished goods and other raw materials were valued at the lower of cost (computed on the first-in, first-out basis) or market. Market prices used for comparison with costs were based on current published quotations where available; otherwise latest purchase costs were considered to represent current market. Inventories of packaging materials and supplies were valued at cost or less.

(d) Other Bases of Valuation

The following examples of bases of inventory valuation include "net realizable value," and established "price per pound," "selling prices," and "base stock method."

Daystrom Incorporated
Consolidated Balance Sheets
Inventories (Note 2):

Government contracts and subcontracts	$ 5,205,659
Less—progress payments	1,587,176
	$ 3,618,483
Raw materials	1,087,555
Work in process	4,775,659
Finished goods	2,183,699
	$11,665,396

Note 2: Inventories under Government contracts and subcontracts are stated at cost. Commercial inventories, other than finished type, were priced at the lower of average cost or market. Inventories of finished type, amounting to $383,346 in 1952 and $393,594 in 1951, were priced on the basis of a price per pound established in 1936 which is less than current cost or market.

W. F. Hall Printing Company
Consolidated Balance Sheet
Inventories—

Materials and supplies—at cost	$1,749,771
Work in process—at approximate cost	2,222,016
Finished products—at selling prices	104,604
	$4,076,391

Michigan Sugar Company
Balance Sheet
Current Assets:
Inventories—

Refined sugar at estimated net realizable value	$3,173,994
Pulp, molasses and process stock	81,257
Materials and supplies, at or below cost	1,179,910
Beet seed at cost and advances against future deliveries of seed	322,299

The National Sugar Refining Company
Statement of Financial Position
Current Assets:
Inventories—

Raw and refined sugar	$7,857,931
Manufacturing supplies	1,202,789

To Our Stockholders and Employees: Base Stock Inventory Valuation—Prior to this year, the Company had used the first in, first out inventory method and sugar inventories were valued at cost or market, whichever was lower. This method has sometimes necessitated a substantial write down of inventories at the year end.

After consideration, the Board of Directors approved the base stock method of valuation wherein 25,000 tons of sugar are inventoried at a constant figure of 5.00¢ per pound duty paid, which is currently lower than the cost of such inventory. The first in, first out method has been continued for sugar inventories in excess of the base stock, and for manufacturing supplies, which are valued at the lower of cost or market.

The Company believes that the base stock inventory method is well suited for the sugar refining business. Under present regulations of the Deparment of Internal Revenue, income tax returns are not filed on this basis, but are filed on the old first in, first out basis. Nevertheless we feel that this method provides a more realistic basis for determining the Company's earnings.

The adoption of the base stock method as of January 1, 1951, resulted in a charge to the current income account of $603,667. This initial adjustment is shown as an extraordinary item in the accompanying Statement of Earnings, and the new inventory method has been used in determining the cost of goods sold for the year. As a result of the adoption and application of the base stock method, net earnings for 1951 and inventories at the end of the year are $435,017 less than would have been reported under the previous method.

The current income account also includes an extraordinary credit of $628,127 which more than offsets the reduction in earnings resulting from the change in inventory methods. This credit consists of a transfer from the reserve for contingencies, which was no longer needed or usable, of that portion of the reserve which was provided, by charges to income in prior years, for possible additional Federal taxes on income. The balance of the reserve for contingencies of $150,000 was transferred to Earnings Retained for General Use in the Business.

LIFO INVENTORY COST METHOD

Table 7 shows a continuing trend toward the adoption of the last-in, first-out method of determining inventory cost. By 1951 there were 183 of the 600 survey companies that had adopted LIFO.

TABLE 7: LIFO INVENTORY COST METHOD

Number of Companies:	1951	1950	1949
Adopting LIFO in current year†	26	43	0
Readopting LIFO in current year (*No. *131*)	0	1	0
Extending LIFO to additional inventory classes in current year (*Nos. *62, 85, 216, 236, 309, 551*)	6	15	1
Partially abandoning LIFO in current year (*No. *268*)	1	1	0
Continuing LIFO as adopted in prior year†	150	99	114
Companies retaining LIFO at year end†	183	159	115
Companies abandoning LIFO in current year (*Nos. *76, 507*)	(2)	(0)	(1)
Companies not referring to LIFO	419	441	486
	600	600	600

*See Company Appendix Section.
†See Table No. 8 for examples.

EXAMPLES OF LIFO INVENTORY VALUATION

Adoption of LIFO

The annual reports of the following companies contain disclosure of the 1951 adoption of the last-in, first-out method of determining inventory cost:

American Can Company
Statement of Financial Position
Current Assets:
Inventories of raw materials, work in process and finished product (Note 1) $128,708,731

Note 1: Sheet metals (tinplate and black plate) in raw materials, work in process and finished product inventories at December 31, 1951 were valued on the last-in, first-out (lifo) cost basis. Prior to 1951, a fixed quantity of tinplate was carried at an amount which was substantially lower than the then current market price and all other sheet metals were valued at the lower of first-in, first-out cost or market. This change in basis of valuation did not have a material effect, after the related income tax benefit therefrom, upon 1951 net income. The tinplate inventory reserve of $7,870,000 provided in prior years was restored in 1951 to earnings reinvested in the business in accordance with U. S. Treasury tax regulations relating to the lifo inventory method. All other inventory components were valued in both 1951 and 1950 at the lower of cost or market, generally on a first-in, first-out basis.

Brown & Sharpe Manufacturing Company
Comparative Consolidated Balance Sheet
Current Assets:
Inventories: Materials, work in progress and finished goods (for basis of valuation see Note 1) and reimbursable costs on U. S. Government subcontract, less progress payments $17,766,317

Note 1: In 1950 and prior years, the company's inventories were stated at cost of materials and direct labor, determined principally on the first-in, first-out basis, plus an allowance for a portion of the manufacturing overhead expenses computed at a percentage of direct labor cost. In 1951 the company adopted the LIFO method of costing substantially all of the inventories of regular products.

In determining inventory on the LIFO basis at December 31, 1951, the allowance for overhead with respect to the increased quantities was based on total, rather than a portion, of the manufacturing overhead expenses for the year. The changes described above have had the net effect of reducing the consolidated loss for 1951 by approximately $686,000 and of increasing the value of inventories at December 31, 1951, by the same amount.

Crown Cork & Seal Company, Inc.
Consolidated Balance Sheets
Current Assets:
Inventories, at cost or market, whichever lower, see Note A $34,071,465

Note A: Inventories are valued at cost or market, whichever lower with cost determined on various bases. At December 31, 1951 the last-in, first-out method of cost determination has been applied to certain items of raw material included in the inventory. This represents a change in the method of valuation of such items which has had the effect of stating the inventory at that date at approximately $979,000 less than it would have been stated on the bases formerly used and of reducing net income for the year ended December 31, 1951 by approximately $458,000.

Inventories comprise the following:

Finished goods and work in process	$16,680,335
Raw materials and supplies	17,391,130
	$34,071,465

To the Stockholders: Inventories are valued at cost or market, whichever lower. Cost represents in part first-in, first-out cost; in part average cost; and in part last-in, first-out cost. The last-in, first-out (LIFO) method of computing cost of certain items of raw materials and the content thereof in work in process and finished goods was adopted for the year 1951. This change in method of valuation of such items had the effect of stating the inventory at December 31, 1951 approximately $979,000 less than it would have been stated on the basis formerly used and of reducing net income for the year by approximately $458,000, and earnings per share by 38 cents. The resulting savings in federal taxes on income amounted to approximately $521,000.

Hunt Foods, Inc.
Consolidated Balance Sheet
Current Assets:
Inventories (Note 2):

Finished goods	$28,445,704
Products in process	551,275
Materials and supplies	3,183,072
Total inventories	$32,180,051

Note 2: During the year ended November 30, 1951, the Company adopted the last-in, first-out (Lifo) method of inventory valuation with respect to finished goods aggregating $28,445,704 at November 30, 1951. As a result of this change in accounting policy, the inventory at November 30, 1951, is stated at an amount approximately $2,230,000 less than it would have been if valued on the basis formerly used; the effect on net income (after Federal income and excess profits taxes) for the year ended November 30, 1951, was a reduction of approximately $460,000. The use of the Lifo method of inventory valuation is subject to review and acceptance by the United States Treasury Department. Products in process and raw

materials and supplies included in the inventory at November 30, 1951 are stated at the lower of cost or market, the method of inventory valuation previously applied to all inventories.

J. I. Case Company
Balance Sheet
Current Assets:

Inventories of materials, supplies and finished product valued at cost, principally on "last-in, first-out" basis in 1951 and at lower of average cost or market in 1950	$71,333,291.01

To the Stockholders: Inventories. As of November 1, 1950, the Company adopted the last-in, first-out method of valuing substantially all of its inventories, in place of the average cost or market whichever was lower method used in previous years. The last-in, first-out method relates current costs to current income, and its adoption will tend to maintain more conservative inventory valuations during the present inflationary period. As a result of this change in the method of valuing inventories, the amount of inventories at October 31, 1951, was approximately $5,000,000 less than it would have been if the change had not been made.

National Gypsum Company
Consolidated Balance Sheet
Current Assets:
Inventories (Note A):

Products finished and in process	$ 3,822,522
Materials	3,488,596
Operating and maintenance supplies	4,973,579
Materials and supplies in transit	362,190
	$12,646,887

Note A: Inventories of products finished and in process, other than as hereinafter stated, were priced on the basis of predetermined standard or averaged costs or, if lower, estimated replacement costs or net realizable amounts. Certain inventories previously priced on the same basis as other in-process inventories, were priced at December 31, 1951 at the aggregate amount of $1,589,423 on the basis of cost as determined by the last-in, first-out method. This change resulted in an inventory amount approximately $800,000 less than would have resulted had there been no change, and a reduction of approximately $152,000 in net income (after taxes on income) for the year. Materials and supplies were priced at the lower of cost (averaged or first-in, first-out) or replacement market.

Phelps Dodge Corporation
Consolidated Balance Sheet
Current Assets:

Metals and manufactured products, finished and in process—note B	$21,117,262.09
Merchandise at mercantile stores, less reserve	1,411,109.34
Supplies—note B	8,133,331.43

Note B: During the year 1951 the Company adopted the last-in, first-out (LIFO) method of valuation with respect to the major portion of copper carried in consolidated inventories and intends to elect such method in the computation of taxable income. Part of the copper inventories have heretofore been considered as normal working stocks and have been valued at a fixed price, but in conjunction with the adoption of LIFO such inventories, as of January 1, 1951, have been adjusted to the income tax basis. This has resulted in increasing inventories at that date by $2,724,335.20 with a corresponding credit to Surplus. The above change has not materially affected Net Income of the year.

Other inventories continue to be valued as heretofore, namely, gold and silver at market or less and in general all other inventories (including such copper as is not on a LIFO basis) at the lower of cost or market.

Supplies, which include repair and replacement parts as well as ordinary current supply items, are carried at cost or less.

Penn-Dixie Cement Corporation
Consolidated Statement of Financial Position
Current Assets:

Finished products	$1,154,318
Raw materials and fuel	870,566
Paper bags	380,472
Supplies, at lower of cost or market	1,921,721

Note: During 1951 the company adopted in its accounts the last-in first-out (lifo) basis of valuing inventories of finished products, raw materials and fuel and paper bags. As a result of this change, the inventories at December 31, 1951 have been decreased by approximately $158,600 and the profit for the year after federal income and excess profits taxes has been decreased by approximately $30,500.

The Reliance Electric and Engineering Company
Balance Sheet
Current Assets:

Inventories of raw materials, in process and finished motors and parts—at cost (mainly last-in, first-out) which did not exceed replacement market—Note A	$7,366,245

Note A: Raw material and the material and direct labor content of in-process and finished inventories are stated on the basis of the last-in, first-out method of determining cost instead of the method previously used. This change had the effect of reducing the amount stated for inventories and increasing cost of products sold by approximately $246,000, and resulted in a reduction in net income for the year of approximately $53,000.

Deere & Company stated, in a note to its financial statements for 1951, that the last-in, first-out "method was adopted for determining profits, as well as for Federal income tax purposes." The 1951 balance sheet presentations of inventories, the related footnotes, and the extensive discussions contained in letters to the stockholders in the annual reports of Deere & Company, Joy Manufacturing Company, and The Oliver Corporation with respect to their adoption in 1951 of the LIFO inventory cost determination method are set forth below:

Deere & Company
Consolidated Balance Sheet
Current Assets:

Inventories (see Note 1)	$107,428,090

Note 1: All of the inventories in the United States at October 31, 1950 were priced generally at the lower of cost or market on a "first-in, first-out" basis.

Substantially all of the inventories in the United States at October 31, 1951 are priced at cost on the "last-in, first-out" method. This method was adopted for determining profits, as well as for Federal income tax purposes, beginning with the fiscal year 1951. As a result of this change in method, inventories at October 31, 1951 and the amount of income for the year ended that date were approximately $8,250,000 and $1,700,000, respectively, less than would have been shown by the use of the lower of cost or market on the "first-in, first-out" method of computation used in the preceding fiscal year.

Inventories in Canada were priced generally at the lower of cost or market on a "first-in, first-out" basis at October 31, 1951 and 1950.

To the Stockholders: Inventories totaled $107,428,090 at October 31, 1951 compared with $94,190,840 at the end of 1950.

The Company changed the accounting method of valuing almost all of its domestic inventories as of the beginning of the 1951 fiscal year from the lower of cost or market method on a "first-in, first-out" basis to the cost method on a "last-in, first-out" (LIFO) basis. The LIFO method tends to eliminate from the income account, gains and losses resulting from changes in the prices used in valuing inventories. The LIFO method generally allocates current costs to current income. The adoption of the LIFO method of inventory valuation caused inventories at October 31, 1951 and income for the 1951 year to be approximately $8,250,000 and $1,700,000, respectively, less than would have been shown if the lower of cost or market method calculated on the "first-in, first-out" basis had been used.

Joy Manufacturing Company
Balance Sheet
Current Assets:

Inventories (Note 1)	$26,432,593

Note 1: Inventories are generally valued at cost or market, whichever the lower. As of September 30, 1951, the cost of inventories, approximating ninety per cent of the total, was determined on the last-in first-out method in lieu of the method (principally average costs) previously used. This change in policy had the effect of reducing inventories at September 30, 1951, by approximately $1,880,000 and of reducing net income for the year then ended by approximately $320,000.

To Our Shareholders: Your attention is directed to a change in the method of inventory valuation that has been adopted by our company effective in this report for the fiscal year just closed. The materials and components going into our manufacture have increased markedly in cost since the outbreak of the war in Korea. Heretofore, we have valued our inventory at the lower of cost (principally average costs) or market. Under that method, such inflationary increases are reported to a measurable extent as profits from inventory appreciation and are subject to taxation. Furthermore, since these profits so recorded are not realized and to a large degree may not be realized, your Directors requested the executive officers to make a study of the advantages to the company of the Last In First Out, or LIFO, method of inventory valuation. On the basis of facts developed from extensive investigation and analysis, the officers recommended LIFO. After careful consideration, your Directors authorized the adoption of LIFO for valuing the major portion of our inventory for the fiscal year just closed and for all reports hereafter.

Had we used the former method of inventory valuation in this report as in all previous annual and quarterly reports issued by the company, we would have reported net earnings for the fiscal year of $6.10 per share. Therefore, the adoption of the LIFO method has resulted in a reduction of $.36 per share in stated earnings. However, the quantity and character of the materials in our inventory on September 30, of course, are not changed in any respect by the fact that under LIFO those materials are valued at a lower figure, and, due to savings in taxes, the financial position of the company is improved. Furthermore, the adoption of LIFO tends to eliminate unrealized profits or losses in inventories arising from price fluctuations and thus more realistically reflects the results of company operations.

The Oliver Corporation
Statement of Financial Position
Current Assets:

Inventories—1951 at cost principally on last-in, first-out basis; 1950 at lower of cost (first-in, first-out basis) or market (Note 1)	$53,560,604
Less: Allowance for inventory obsolescence and other losses	(1,851,807)

Note 1: The company adopted the last-in, first-out method of determining cost of inventories (except defense inventories) at October 31, 1951, instead of the first-in, first-out method previously used. This change had the effect of reducing the inventories by approximately $3,065,000 at October 31, 1951, and of reducing the net earnings for the year ended that date by $936,000, after recognizing the income tax effect. Inventories applicable to defense products ($1,219,336 at October 31, 1951) are carried at actual cost.

To the Shareholders: Net earnings for the fiscal year 1951 amounted to $6,005,980, or $7.01 per share of outstanding common stock, after provision of $5,600,000 for income taxes. These earnings reflect the effect of the adoption of the last-in, first-out (LIFO) method of valuing inventories in 1951. This provides a conservative and realistic approach to inventory valuation in an inflationary period, since it reflects rising costs in current operations. The change to the LIFO method of inventory valuation resulted in a reduction of $3,065,000 in inventory values as of October 31, 1951. This had the effect of lowering net earnings by $936,000, or $1.16 per share of common stock, after taking into consideration a reduction of $2,129,000 in Federal income taxes. If this change in accounting policy had not been made, the 1951 earnings would have been $8.17 per share of common stock compared with earnings of $7.31 per share in 1950.

Extension of LIFO

Extension of the last-in, first-out method of inventory cost determination to additional classes of inventory was disclosed in the 1951 reports of Beech-Nut Packing Company and Armour & Company as follows:

Beech-Nut Packing Company
Consolidated Balance Sheet
Current Assets:
Inventories —(Note 1)

Materials and supplies	$14,374,029.50
Finished goods	9,753,362.93
Total Inventories	$24,127,392.43

Note 1: Since 1942 gums and flavoring oils have been valued at cost (last-in, first-out method) and all other inventories at the lower of cost (first-in, first-out method) or market. For the year ended December 31, 1951, the Company extended the application of the last-in, first-out method to all strained and junior food and chewing gum inventories including finished goods, materials, and supplies. Such inventories, on the last-in, first-out method aggregated $20,465,845 at December 31, 1951. All other inventories totaling $3,661,547 were valued as in prior years. As a result of the change, inventories at the end of the year were decreased and the cost of goods sold was increased by $1,225,491; Federal taxes on income were reduced by $621,937; and net income transferred to earned surplus was reduced by $603,554.

To the Stockholders: The reduction in earnings for 1951 was attributable to higher costs, increased Federal income tax rates, and a change in the method of valuing inventories. Since 1942 certain gum materials have been priced on the last-in, first-out basis and all other inventories on first-in, first-out basis. In 1951 the last-in, first-out method was applied to the remaining chewing gum and all strained and junior baby food inventories. The change covered finished stock, materials and supplies.

Under the last-in, first-out method, inventories on hand at the close of the year, to the extent of beginning of the year quantities, are valued at the same costs at which they were carried at the beginning of the year. Advances which occur in costs during the year (except for quantity increases over those at the beginning of the year) are applied to current operations instead of being reflected in increased inventory value and profit.

Armour and Company
Consolidated Statement of Financial Position
Current Assets:
Inventories—certain products valued at cost on basis of "last-in, first-out," balance of products and supplies at the lower of cost or market except as to products where cost was not ascertainable, which products were valued at market less allowance for selling expense.

Products	$170,898,692
Supplies	23,660,832

Note: Inventories. During the 1951 fiscal year the Company extended the "last-in, first-out" method of inventory valuation to certain inventories which had previously been valued at the lower of cost or market. This change reduced the consolidated inventories approximately $1,800,000 at October 27, 1951, and the consolidated earnings approximately $980,000 for the fiscal year then ended.

Application of the "dollar value" method of computation and the retroactive extension of LIFO to include merchandise held in the retail stores of First National Stores Inc., was disclosed in the 1952 report of the company as follows:

First National Stores Inc.
Balance Sheet
Current Assets:

Inventories (Note 1)	$23,418,605

Note 1: In order to meet the requirements of the Bureau of Internal Revenue and enable the company to qualify under the provisions of the income tax regulations pertaining to the last-in, first-out ("LIFO") method of inventory valuation, that method has been retroactively extended to include the merchandise held in the retail stores, previously valued at approximate cost on the basis of first-in, first-out. In revising the basis of valuation to include the merchandise held in retail stores with the inventories valued on the "LIFO" basis, the "dollar value" method of computation was applied during the year to all inventories.

As a result of this change, an amount of $4,650,000, covering the reduction in the carrying value of the inventories as at March 31, 1951, was charged to the balance of unappropriated earnings. Because of the uncertainties involved, no provision has been made in the accounts to reflect an upward adjustment of the amount of the claims of $2,950,000 previously set up for refunds of federal taxes arising from the excess cost of replacement of inventories involuntarily liquidated in prior years. It is estimated that the current revision in the basis of inventory valuation may result in additional refunds of approximately $1,350,000. If this change in the basis of inventory valuation had been in effect during the fiscal year ending March 31, 1951 the amount of the net earnings (after taxes) previously reported for that year would have been reduced by approximately $400,000.

The use of the last-in, first-out method and the application of the involuntary liquidation and replacement provisions of the tax law are subject to further review and acceptance by the Bureau of Internal Revenue.

Continuing LIFO Adopted in Prior Years

In the following examples, the companies indicate in their 1951 reports that they are continuing the use of the last-in, first-out method of inventory valuation which was adopted in a prior year.

American Viscose Corporation
Consolidated Financial Position
Current Assets:

Inventories	$46,254,000

Note 1: Inventories:

Finished goods and work in process	$21,375,000
Pulp and chemicals	12,318,000
Manufacturing supplies and repair parts	12,561,000
	$46,254,000

Pulp and other major chemicals have been charged to costs by use of the last-in, first-out method commencing with the year 1947. Use of this method had the effect of stating the profit for 1951 $1,055,000 more—and the profit for 1950 $2,000,000 less—than it would have been if the first-in, first-out method had been continued. For tax purposes wood pulp had been charged to costs by use of the last-in, first-out method since 1947; in 1951 the Corporation elected, for tax purposes, to charge certain other chemicals to costs by this method.

Century Electric Company
Balance Sheet:
Current Assets:
Inventories—Note A:

Finished products	$ 914,368
Products in process	1,439,568
Raw materials	1,619,757
Manufacturing supplies	603,078
	$4,576,771

Noncurrent Assets:
Recoverable Federal Taxes on Income—Estimated—

Claimed for the nine years ended December 31, 1949 as a result of the re-adoption of LIFO—Note A	$ 758,000

Note A: As explained in the report for the year ended December 31, 1950, the Company adopted the last-in, first-out (LIFO) basis for pricing principal items of inventory during the year ended December 31, 1941. At that time the Bureau of Internal Revenue took the position that the use of the LIFO basis, as applied by the Company, could not be used by taxpayers with inventories of the type owned by the Company. During the latter part of 1949, for the first time the Commissioner of Internal Revenue issued regulations wherein the method of applying the LIFO basis, as used by the Company, was recognized for reporting taxable income. As a result of these regulations the Company has re-adopted the LIFO basis retroactive to December 31, 1941 and claims for refund of taxes paid in prior years in the aggregate amount of $758,000 have been filed. Because the Treasury Department regulations require that when the LIFO basis is used for reporting taxable income and same basis be used for reporting earnings to stockholders, the effect of the re-adoption of LIFO and the related claims for refund of

LIFO BY INDUSTRIAL GROUPS

The 600 companies included in the survey have been classified by industrial groups and sub-groups and Table 8 shows the number of companies in each classification which have referred to the use of the last-in, first-out method of determining inventory cost during the years 1949-1951, inclusive. (The Company Appendix Numbers shown in bold face type in Table 8 indicates initial adoption of LIFO in the year 1951.)

TABLE 8: INDUSTRIAL GROUPS USING LIFO INVENTORY COST METHOD

Group Total	Industrial Group and Company Appendix Numbers		LIFO Use In: 1951	1950	1949
	Chemicals and Chemical Products:				
25	Chemicals	(*Nos. 29, 69, 284, 309, 336, 391, 583)	7	7	6
11	Drugs and Medicines	(*No. 342)	1	1	0
7	Paints and Varnish	(*Nos. 264, 410)	2	3	2
22	Clay, Glass, and Roofing Products	(*Nos. **17**, 132, **282**, 319, **344**, **409**, 458)	7	3	3
26	Electric Appliances and Machinery	(*Nos. 131, 219, 251, **253**, **587**)	5	3	1
	Food Products:				
9	Bakery	(*No. 402)	1	1	0
13	Beverage	(*Nos. 232, 408)	2	2	2
16	Canning & Preserving	(*Nos. 36, 119, **303**, 349, 374, **519**, 525, 526, **534**)	9	6	3
6	Confectionery	(*Nos. 85, 102, 293, 596)	4	4	3
11	Dairy	(*Nos. 99, 125)	2	2	2
9	Grain Milled Products	(*Nos. 58, 327)	2	2	2
13	Meat Products	(*Nos. 62, 333, 371, 394, 473, 542, 593)	7	7	7
8	Sugar	(*Nos. 297, 573)	2	2	2
12	Instruments—Scientific	(*Nos. 216, 320, 588)	3	3	3
12	Leather and Shoe Products	(*Nos. 314, 334, 380)	3	3	2
6	Lumber and Wood Products	(*Nos. **195**, **424**, 589)	3	1	1
	Machinery:				
7	Agricultural	(*Nos. **127**, 128, **191**, **426**)	4	1	1
10	Business and Store	(*Nos. 115, 280, **403**, 480)	4	3	1
26	General Industrial	(*Nos. 145, 176, 291, **324**)	4	3	3
8	Household and Service	(*Nos. 372)	1	1	1
25	Special Industrial	(*Nos. **33**, **108**, **179**, 415, 557)	5	2	1
24	Metal Products	(*Nos. **25**, 40, 168, 459, 499, 510)	6	5	5
7	Motion Picture		0	0	0
18	Non-Ferrous Metals	(*Nos. 18, 37, 44, 53, 54, 103, 139, 147, 148, 329, 449, 483)	12	11	9
22	Paper	(*Nos. 135, 192, **201**, 313, 332, 378, 498, 551, 584)	9	8	4
32	Petroleum	(*Nos. 68, 141, 170, 193, 278, 432, 453, 466, 489, 511, 527, 528, 529, 530, 531, 537, 547, 553)	18	18	18
10	Printing and Publishing	(*No. 548)	1	1	0
10	Radio, Records, Television		0	0	0
36	Retail Stores	(*Nos. 15, 67, 116, 143, 234, 236, 262, 268, 273, 339, 361, 370)	12	13	9
9	Rubber Products	(*Nos. 235, 259, 270, 271)	4	4	1
29	Steel and Iron	(*Nos. 9, 11, 90, 171, **181**, 239, 308, 322, 358, 413, 482, 503, **535**, 568, 570, 599)	16	14	5
	Textiles:				
7	Floor Covering	(*Nos. 12, 63, 65, 91, 389, 514)	6	6	5
5	Rayon	(*Nos. 48)	1	1	1
24	Wool and Cotton	(*Nos. 86, 123, 152, 224, 318, 328, 416, 430, 478, 500, 532, 545, 560, 591)	14	14	10
10	Tobacco	(*No. 163)	1	1	1
	Transportation Equipment:				
20	Aircraft		0	0	0
5	Boat and Ship		0	0	0
23	Motor Vehicles		0	0	0
13	Railway	(*Nos. 38, 256, 463, **465**, **495**)	5	3	1
8	Miscellaneous Manufacturing		0	0	0
6	Miscellaneous Nonmanufacturing		0	0	0
600	Totals		183	159	115

*See Company Appendix Section.

taxes for prior years has been reflected in the Company's financial statements. Ordinarily such a procedure would not be followed until a determination had been made with respect to the Company's claims for refund of taxes. Any adjustment in the claims in final settlement would result in a restatement of financial reports.

Manufacturing supplies were priced at the lower of average cost or replacement market.

Revere Copper and Brass Incorporated
Balance Sheet
Current Assets:
Inventories (Note A)—

Metals	$ 8,026,545
Fabricating costs	3,044,210
Raw, in process, and finished stock at manufacturing departments	3,747,168
Supplies	1,616,535
	$16,434,458

Note A: The Company adopted as at January 1, 1938, the last-in, first-out method for determining cost of metals included in cost of goods sold. Metal contents of inventories at December 31, 1951, valued in accordance with the last-in first-out method were in the aggregate below market at that date. Inventories at December 31, 1951, other than metal contents thereof, are stated at cost determined on the first-in first-out method, which cost was not in excess of market at that date.

Swift & Company
Consolidated Balance Sheet
Current Assets:
Inventories—

Products—see notes	$134,845,715
Ingredients and supplies, valued at the lower of cost or market	26,991,009

Notes to Financial Statements: Inventories—A substantial portion of the product inventories of Swift & Company and its domestic subsidiaries is valued at cost under the "Last-in, First-out" (Lifo) method provided in the Internal Revenue Code, which was adopted as of January 1, 1941 and 1942, the companies' tax year being the calendar year. Other product inventories of the company and its domestic subsidiaries are valued at approximate market, less selling expense. The product inventories of the Canadian subsidiaries are valued at cost under a modified form of the "Lifo" method.

In the normal operation of the business, inventories decline during the first ten months of each calendar year and increase in November and December. "Lifo" base values being generally lower than current price levels, this seasonal liquidation and replacement of the December 31 quantities causes a profit to be realized in the ten-month period which is reversed (to the extent that the liquidated quantities are replaced) in the following two-month period. Since these two periods fall in different fiscal years, a provision is made at the end of each October to cover the excess (after income taxes) of the estimated cost of the expected November and December replacements over the basic "Lifo" values thereof. As of October 27, 1951, this provision amounted to $9,716,661.

United Can & Glass Company, in a footnote to its 1951 balance sheet, disclosed that the company had elected to use the last-in, first-out method of determining inventory cost for Federal income tax purposes. The company had used this method on the books for a number of years but not for tax purposes.

United Can & Glass Company
Consolidated Balance Sheet
Current Assets:
Inventories (Note 3)—

Cans in process and tinplate (at cost computed under the last-in, first-out method)	$3,493,452
Glass containers, raw materials, packaging materials, and supplies (at the lower of cost or market)	304,541
Can-making equipment, parts, and supplies (at cost)	679,192

Note 3: Inventories—As of November 30, 1951, the Company adopted the last-in, first-out method for Federal income tax purposes in valuing cans, cans in process, and tinplate. This method had been used on the books (but not for tax purposes) since November 30, 1948. The change in method resulted in an upward revaluation of $142,115 in the inventories at December 1, 1950, which amount was credited to other income, and an increase of approximately $385,000 in the net income for the year ended November 30, 1951, after giving effect to the reduction in the provision for Federal taxes on income in the amount of $283,000 (including $105,000 excess-profits tax). If the Company had continued on the lower of cost or market method of valuing inventories the earned surplus at November 30, 1951 would have been approximately $4,110,000 and the net income for the year $755,000.

The inventory valuations on the last-in, first-out basis at November 30, 1951, are approximately $353,000 less than the valuations at the lower of cost or market.

Abandonment of LIFO

Barker Bros. Corporation, Goldblatt Bros., Inc., and The Sherwin-Williams Company set forth the following information in their 1951 annual report with respect to the partial or complete abandonment of the use of the last-in, first-out method of inventory cost determination:

Goldblatt Bros., Inc.
Consolidated Balance Sheets
Current Assets:

Inventories of merchandise and supplies, priced at the lower of cost or market, applied in part (approximately 50% of the inventories) on a "last-in, first-out" basis and in part on a "first-in, first-out" basis	$14,676,292

Note 2: During the preceding year the company changed its method of pricing its entire inventories from a "first-in, first-out" to a "last-in, first-out" basis. Subsequently, the company deemed it advisable to exclude certain of those inventories from this change. The financial statements for the preceding year have been revised to reflect this adjustment, the net effect of which was to increase last year's profit by $210,271.

Barker Bros. Corporation
Consolidated Balance Sheets
Current Assets:

Inventories of merchandise, manufacturing materials, etc., at lower of cost of market (see note to financial statements)	$6,582,358

Note to Financial Statements: In 1951 the company discontinued the method of pricing inventories on the last-in, first-out ("Lifo") basis which it had adopted in 1950 and reinstated the first-in, first-out method which it had used prior to 1950. These changes affected the statements of profit and loss for 1950 and 1951 by relatively unimportant amounts.

To the Stockholders: The company adopted in 1950 the last-in, first-out (commonly known as "LIFO") method of pricing substantially all of its inventories in anticipation that such method would be adopted for federal income tax purposes. In 1951 it was concluded that the adoption for the latter purpose was inadvisable and also that the method should be discontinued for accounting purposes. Consequently the inventories at December 31, 1951 have been priced on the first-in, first-out basis which was in use prior to 1950. The adoption of the "LIFO" method in 1950 and its discontinuance in 1951 affected the statements of profit and loss for 1950 and 1951 by relatively tively unimportant amounts.

The Sherwin-Williams Company
Consolidated Balance Sheet
Current Assets:
Inventories—raw materials and supplies, in process and finished merchandise, at lower of cost or market—Note A.... $55,236,057.03

Note A: In 1948 the Company adopted the policy of establishing reserves against inventories of certain oils and pigments which had the effect of reducing the amounts of these inventories to a basis equivalent to the last-in, first-out method of pricing inventories, based on prices during 1945. Such method was not adopted for federal income tax purposes because of certain provisions of the Internal Revenue Code, which provisions are still unchanged. In view of the fact that no tax benefit was obtained by this method, the Company, for this reason as well as other reasons, has decided to discontinue (as of September 1, 1950) pricing the inventories referred to on such last-in, first-out method. The effect of this change was to increase net profit for the year ended August 31, 1951, by approximately $2,100,000.00.

INVENTORY RESERVES

Indicated Purpose

As shown by Table 9, inventory reserves were created by the 600 survey companies primarily for possible future inventory price declines, obsolescence, and basic (LIFO) inventory replacement. During the past five years the number of inventory reserves disclosed by the 600 survey companies has declined from 194 in 1947 to 129 in 1951. This decline has resulted from the decrease in the number of reserves for possible future inventory price declines.

Balance Sheet Presentation

Table 10 shows the various balance sheet presentations of inventory reserves. In 1951, there were 129 such reserves and the most frequent presentation (46 reserves) was in the "current asset section" of the balance sheet; the next most common presentation (36 reserves) was "above the stockholders' equity section"; and the other commonly used presentation (30 reserves) was "within the stockholders' equity section."

In 1947, by far the greatest number of inventory reserves (122 out of a total of 194) were set forth "above the stockholders' equity section." There has been a marked decline in such presentation between 1947 and 1951.

TABLE 9: INVENTORY RESERVES

Indicated Purpose	1951	1950	1949	1948	1947
Possible Future Inventory Price Decline — but *not clearly* captioned as such (*Nos. *33, 39, 81, 313, 315, 413, 469, 538, 567, 570*)	25	27	37	50	50
Possible Future Inventory Price Decline — *clearly captioned* as such (*Nos. *82, 99, 119, 253, 263, 334, 441, 500, 521, 532, 560, 593*)	22	27	43	65	74
Obsolescence (*Nos. *74, 222, 306, 307, 362, 426, 471, 550, 582*)	18	20	19	21	12
Basic LIFO Inventory Replacement (*Nos. *58, 103, 148, 171, 235, 271, 278, 394, 410, 413, 483, 490, 542, 593*)	14	16	13	14	15
Basic Inventory Replacement (*No. *466*)	2	3	—	—	—
Reduction of inventory to LIFO Cost Basis (*Nos. *65, 99, 264, 273, 291, 319*)	6	7	7	7	6
Reduction of inventory to Cost Basis (*Nos. *173, 226*)	5	5	7	5	5
Intercompany sales, discounts, profits (*Nos. *253, 326*)	5	5	5	7	6
Materials or supplies adjustments (*No. *559*)	3	3	—	—	—
Container valuation (*No. *212*)	2	2	2	1	1
Various other indicated purpose (*Nos. *124, 143, 217, 413*)	6	6	6	6	6
No purpose indicated (*Nos. *71, 305, 383, 391, 410, 483, 578, 581, 587*)	21	24	14	14	19
Total	129	145	153	190	194
Number of Companies:					
Referring to inventory reserves	111	122	139	164	179
Not referring to inventory reserves	489	478	461	436	421
	600	600	600	600	600

*See Company Appendix Section.

EXAMPLES OF INVENTORY RESERVES

(a) Possible Future Inventory Price Decline

Beatrice Foods Co.
Consolidated Balance Sheet
Within: "Surplus"
Appropriated for possible future inventory price decline $500,000.00

General Electric Company
Consolidated Balance Sheet
Current Assets:
Inventories—after reserves (Note 7) $571,355,191

Note 7: Inventories were verified by physical count during the latter part of the year. With the exception of the change in valuation of tungsten stocks mentioned below, inventories were carried, in accordance with long established practice, at the lower of cost (exclusive of certain indirect manufacturing expenses) or market values of individual items or groups of items on a "first-in, first-out" basis, less reserves which (a) make provision for possible losses on inactive and excess stocks; (b) have the effect of accounting for the inventory of copper substantially in accordance with the base stock principle; and (c) eliminate unrealized intercompany profits. Effective January 1, 1951 inventories of tungsten metal were valued on a "last in, first out" basis which had the effect of reducing inventories and earnings before taxes by $4,234,000 and net earnings by $865,000.

The Glidden Company
Consolidated Balance Sheet
Current Assets:
Inventories—raw materials, in process, and finished goods principal raw materials are stated at cost (last-in, first-out method) which did not exceed replacement market; other items are stated at the lower of cost (accumulated average) or replacement market $31,110,474.20

To the Stockholders: Our inventories are well balanced and exceptionally low in relation to sales volume. Gross inventories of $34,337,126, before deduction of LIFO Reserve, are $759,080 below last year.

Under the LIFO plan the company has a reserve of $3,226,652 to take care of market variations.

TABLE 10: INVENTORY RESERVES

Balance Sheet Presentation	1951	1950	1949	1948	1947
Current Asset Section (*Nos. *71, 99, 119, 200, 253, 291, 297, 326, 366, 380, 391, 449, 569, 578, 581*)	46	49	65	61	57
Noncurrent Asset Section (*Nos. *455, 546*)	3	4	1	1	1
Current Liability Section (*Nos. *58, 103, 148, 212, 542*)	9	9	5	5	4
Above: Stockholders' Equity Section (*Nos. *30, 113, 185, 187, 224, 293, 296, 326, 383, 410, 413, 441, 567, 582*)	36	46	55	105	122
Within: Stockholders' Equity Section (*Nos. *39, 81, 305, 313, 315, 334, 392, 402, 469, 500, 521, 538*)	30	32	27	17	10
Disclosed in notes to financial statements (*Nos. *91, 319, 566*)	3	3	—	1	—
Total	127	143	153	190	194
Disclosed in letter to stockholders (*No. *560*)	2	2	—	—	—
Total	129	145	153	190	194
Number of Companies:					
Referring to inventory reserves	111	122	139	164	179
Not referring to inventory reserves	489	478	461	436	421
	600	600	600	600	600

*See Company Appendix Section.

The Hobart Manufacturing Company
Condensed Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves Appropriated from Surplus—

Contingencies	$ 500,000
Possible future prices declines and obsolescence in inventories	1,000,000
Possible losses on notes and accounts receivable	300,000

Marion Power Shovel Company
Balance Sheet
Above: "Capital"
Reserves for inventory price declines and other contingencies (surplus reserve) ... $250,000.00

Melville Shoe Corporation
Consolidated Statement of Financial Condition
Inventories, less provision for price decline:

Finished goods	$5,205,325
Work in process, raw materials and supplies..	2,955,811

National Steel Corporation
Consolidated Balance Sheet
Above: "Stockholders' Equity"
Reserves:

For relining, rebuilding and repairs	$ 7,662,687
For general contingencies, inventories, etc.—Note A	5,535,022
For general operating purposes, including prior year taxes on income and general reserves	20,273,323

Note A: Inventories—Inventories are stated at cost, generally under the last-in, first-out principle, less reserves for possible shrinkage. The prices used were not in excess of replacement market at December 31, 1951. The reserve for general operating purposes, carried under the "Reserves" caption in the balance sheet includes $1,300,000 for possible loss upon liquidation of inventories and for estimated loss upon replacement of certain inventories involuntarily liquidated during 1951.

The inventories as stated in the balance sheet at December 31, 1951 were comprised of the following elements:

Finished and semi-finished products	$19,362,772
Raw materials	25,029,174
Supplies	11,874,294
	$56,266,240
Less reserves for possible shrinkage	1,739,989
	$54,526,251

Wilson & Co., Inc.
Consolidated Balance Sheet
Directly below: "Total current liabilities"

Reserve for Replacement of "Last-In, First-Out" Inventories	$ 5,100,000
Total current liabilities and inventory replacement reserve	$73,001,943

Within: "Capital Stock and Retained Earnings"
Appropriated for possible future inventory price decline 5,000,000

(b) Obsolescence

Continental Can Company, Inc.
Comparative Consolidated Balance Sheet
Current Assets:
Inventories, at the lower of cost or market:

Raw materials	$34,025,759
Work in Process and Finished	46,414,865
Supplies	9,656,152
	90,096,776
Less: Reserve for Obsolescence	266,877
	$89,829,899

Eaton Manufacturing Company
Consolidated Balance Sheets
Current Assets:
Inventories—at lower of average cost or replacement market:

Finished	$ 1,274,378
In-process	13,249,503
Raw materials	7,027,042
Manufacturing supplies	1,711,276
	$23,262,199
Less allowance for shrinkage and obsolescence	1,163,108
	$22,099,091

(c) LIFO Replacement and Reduction to Cost

Artloom Carpet Co., Inc.
Statement of Assets and Liabilities
Current Assets:
Inventories (Priced at Standard Cost) "A":

Finished Goods	$ 589,297.19
Work in Process	990,383.67
Raw Materials	1,690,174.98
Raw Materials, Work in Process—Defense	136,337.58
Miscellaneous Supplies, etc.	163,402.27
	$3,569,595.69
Less—Adjustment of Standard Cost to give effect to Last-in—First-out Value of Raw Materials, Labor and Burden in Inventory	1,539,592.68
	$2,030,003.01

Note A: The net Inventories in the Balance Sheet and those used in computing Cost of Sales are stated, as to Finished Goods, Work in Process and Raw Materials, at cost on the basis of Last-in—First-out. Raw Material, Work in Process—Defense, are stated at Standard Cost. The Miscellaneous Supplies, etc., are stated at cost (on a First-in—First-out basis) or Market, whichever is lower. The amount at which the inventories are stated at December 29, 1951 is less than current replacement cost.

The Borden Company
Consolidated Balance Sheet
Current Assets:
Inventories (Note 2)

Finished Goods	$46,311,002
Materials and Supplies	32,901,468
Total (certain products at Income Tax Lifo basis adopted as of January 1, 1950)	$79,212,470
Less excess as of January 1, 1950 of tax Lifo basis over book Lifo basis previously adopted	5,469,633
	$73,742,837

Note 2: Inventories—In valuing inventories and in determining the cost of goods sold, average costs (reduced to market if lower) were used, except as to certain products for which the last-in, first-out (Lifo) method was used. For the years from 1939 to 1949, inclusive, the Lifo method was so used for accounting but not for income tax purposes. As of January 1, 1950, the Lifo method was adopted for income tax purposes for all of the products previously on the book Lifo basis plus certain other products. This necessitated restatement of inventory values as of December 31, 1949 on the Income Tax Lifo basis, resulting in Income Tax Lifo values which were $5,469,633 more than the book Lifo values previously adopted. In the Consolidated Balance Sheet this latter amount has been deducted from the inventories, including those on the Income Tax Lifo basis, and can be utilized, for accounting but not for income tax purposes, if market prices of products on the Income Tax Lifo basis decline below values as of January 1, 1950.

Bridgeport Brass Company
Balance Sheets
Current Liabilities:
Provision for excess cost of replacing inventories $360,000

Continental Steel Corporation
Consolidated Balance Sheets
Above: "Capital Stock and Surplus"
Reserves for Repair, Compensation Insurance, Replacement of Basic "Lifo" Inventories, etc. $770,357

Gulf Oil Corporation
Supplementary Financial Information
Reserves:
Contingencies $4,289,831

Note: The provision of $1,000,000 from income to the Reserve for Contingencies is to provide for the probable "excess cost" of replacing inventories involuntarily liquidated in 1951.

John Morrell & Co.
Consolidated Statement of Financial Position
Current Liabilities:
Replacement of basic "last-in, first-out" inventories $2,555,000

The Firestone Tire & Rubber Company
Consolidated Balance Sheet
Above: "Capital Stock"
Reserves:

For Foreign Investments	$37,628,792
For Rubber Inventory Replacement, less Federal taxes	3,828,000
For Risks not covered by Insurance Policies	1,200,000

(d) Various Other Inventory Reserves

Bath Iron Works Corporation
Consolidated Balance Sheet
Current Assets:
Inventories—

Miscellaneous work in process and finished product, at cost	$ 297,957
Materials and supplies, substantially at cost, less reserve of $65,000	1,324,823

Lerner Stores Corporation
Consolidated Balance Sheet
Current Assets:
Merchandise inventories—at the lower of cost or market:

Finished goods—based upon retail method	$13,172,014.89
Raw materials	1,825,503.73
Merchandise at contractors	226,257.15
Merchandise in transit	999,822.85
	$16,223,598.62
Less: Reserve for markdowns	100,000.00
	$16,123,598.62

Mercantile Stores Company, Inc.
Consolidated Balance Sheet
Within: "Capital Stock and Surplus"
Surplus reserve for inventories and contingencies $1,500,000

Wagner Electric Corporation
Consolidated Balance Sheet
Above: "Stockholders' Investment"
Surplus Reserve—Based on Inventory Overhead Increase $3,152,023

Cash Surrender Value of Life Insurance

Table 11 indicates that the prevailing practice of the 600 companies with respect to the balance sheet position of the item, "Cash Surrender Value of Life Insurance," is the presentation thereof as a noncurrent asset. Accounting Research Bulletin No. 30, "Current Assets and Current Liabilities—Working Capital," issued by the Committee on Accounting Procedure, American Institute of Accountants, in August 1947, states that the "nature of current assets contemplates the exclusion from that classification of such resources as . . . (d) cash surrender value of life insurance policies. . . ."

TABLE 11: CASH SURRENDER VALUE OF LIFE INSURANCE

Balance Sheet Presentation	1951	1950	1949
As a noncurrent asset shown under "investments" or "other assets" (*Nos. *11, 42, 58, 78, 225, 244, 455, 472, 576, 583*)	70	73	72
As a noncurrent asset separately set forth (*Nos. *7, 152, 239, 276, 394*)	28	27	20
As a noncurrent asset under "deferred" (*No. *335*)	1	1	1
As a current asset separately set forth (*Nos. *215, 318*)	4	3	9
Number of Companies			
Presenting item	103	104	102
Not presenting item	497	496	498
	600	600	600

*See Company Appendix Section.

Examples of Balance Sheet Presentations

Collins & Aikman Corporation
Consolidated Balance Sheet
Noncurrent Asset:
Cash Surrender Value of Insurance Policy on Life of Officer $121,168

Hercules Motors Corporation
Balance Sheet
Noncurrent Asset:
Investments and Other Assets:
Cash surrender value of life insurance.......$89,940.25

The Kendall Company
Consolidated Balance Sheets
Noncurrent Asset:
Cash surrender value of life insurance....... $574,103

Lynch Corporation
Balance Sheet
Noncurrent Assets:
Cash Surrender Value of Life Insurance Policies $273,542
Statement of Operations
Net Income for the Year................. $744,332
Add—Excess of face amount of insurance on life of officer over surrender value at date of death 184,753
Net Income and Special Credit............ $929,085

Miller Manufacturing Co.
Consolidated Balance Sheet
Other Assets:
Cash surrender value of life insurance policies (Note 1) $87,026.38
Note 1: The Trust Indenture relating to the 5% Sinking Fund Debentures . . . Certain life insurance policies which had a cash surrender value of $15,108.50 at September 30, 1951 were assigned in accordance with the terms of the indenture to the trustee and the bank which holds the notes payable.

Ralston Purina Company
Balance Sheet
Noncurrent Assets:
Other investments and advances, including cash surrender value of life insurance, $407,524. . $505,366
Statement of Profit and Loss and Earnings Retained for Use in the Business
Income from Sale of Goods and Other Sources:
Proceeds from life insurance, less surrender value $252,414

United Stove Company
Balance Sheet
Current Assets
Cash value of life insurance policies to be surrendered in 1952—Note B..............$14,625.00
Note B: As security for notes payable to banks, the Company has mortgaged . . . and assigned its life insurance policies, and further . . .

Claims for Refund of Taxes

Tax refund claims of various kinds were disclosed by 106 of the 600 companies included in the survey. The information in the reports with regard to these claims is summarized in Table 12.

The nature and degree of disclosure and the accounting treatment with regard to tax refund claims are illustrated by the following examples selected from the 1951 annual reports:

Sections 721 and 722

American Viscose Corporation
Consolidated Financial Position
Current Assets:
Refundable income taxes and interest thereon $6,100,000
To the Stockholders: In December 1951 the Corporation signed an agreement consenting to a determination under Section 722 of the Internal Revenue Code of constructive average base period net income for the taxable years 1940-1945. Following formal action by appropriate government agencies, the Corporation will receive a net tax refund of about $4,800,000. This amount, with a tax reserve of $1,200,000 not now required, has been added to retained earnings and estimated interest on the refund has been taken up in 1951 income.

Merck & Co., Inc.
Notes: The Company reached a preliminary agreement with the Bureau of Internal Revenue in 1951 with respect to its claim for refund under Section 722 of the Internal Revenue Code covering excess profits taxes paid for the years 1940 through 1945. The refund and applicable interest is estimated to amount to approximately $2,000,000. Approval of this settlement by final governmental authority must be made before a refund will be granted. No

TABLE 12: TAX REFUND CLAIMS

Nature of Tax Refund Claims	1951
CLAIMS FOR REFUND OF FEDERAL INCOME OR EXCESS PROFITS TAXES BASED ON:	
Sections 721 and 722 of Internal Revenue Code (*Nos. *74, 129, 292, 318, 421, 522*)	29
Operating loss carryback (*Nos. *1, 10, 65, 183, 548*)	13
Replacement of basic LIFO Inventory (*Nos. *102, 173, 380*)	10
Adoption of LIFO Inventory (*Nos. *236, 361*)	6
Various other, including those where no explanation is given (*Nos. *15, 63, 108, 165, 171, 204, 308, 370, 391, 404, 448, 556, 589*)	64
CLAIMS FOR REFUND OF STATE TAXES (*Nos. *67, 421*)	5
CLAIMS FOR REFUND OF FOREIGN TAXES (*Nos. *56, 136*)	4
Total	131
Number of Tax Refund Claims:	
Shown in Current Assets	40
Shown in Noncurrent Assets	43
Shown as an offset to income tax liability	4
Disclosed in notes to financial statements	36
Disclosed in letter to stockholders	8
Total	131
Number of Companies:	
Referring to tax refund claims	106
Not referring to tax refund claims	494
	600

*See Company Appendix Section.

recognition has been given to the proposed settlement in the financial statements.

Raytheon Manufacturing Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserve for Federal Taxes on Income:
Withheld from payment based on application for relief under Section 721 of the Internal Revenue Code (Note D) $1,960,383

Note D: Federal Taxes—The liability for Federal taxes on income is after taking certain credits for the 1945-1946 tax years which were stated in the tax notices sent to the Company by the Collector of Internal Revenue, but which have not yet been formally allowed.

Federal income tax returns filed by the Company and its subsidiaries for the fiscal years ended May 31, 1947, 1948 and 1949, have been examined by the Bureau of Internal Revenue, as a result of which tax deficiencies aggregating $1,870,248 have been proposed. Protests have been filed against the Revenue Agent's reports with respect to each of the three years, and it is believed that when effect is given to (1) related reduction in taxable income of the fiscal year 1950 and (2) clearly deductible items which the Revenue Agent did not allow because of uncertainty as to proper time for deduction, decreases in tax liabilities of the fiscal years 1947-1950 will result which will more than offset the proposed deficiencies. Accordingly, no specific provision for such tax deficiencies has been made.

A number of claims for refund or for tax relief relating to the fiscal years 1940-1946 are pending, which include claims under Section 721 and 722 of the Internal Revenue Code. The amount withheld from payment on account of the Section 721 claims ($1,960,383) is shown as a separate reserve. The Company is awaiting statutory notice of rejection of the Section 722 claims. The Section 721 claims for relief, which are for a total less than the amount withheld, and the claims for refund, are currently being discussed with the appellate staff of the Bureau of Internal Revenue. No estimate is possible as to the amounts, if any, which will be recovered or retained on account of any of the aforementioned claims for refund or tax relief, or when final disposition thereof will be made. None of these claims is carried on the books at any value.

Based upon the foregoing, it is believed that the amounts included for federal income taxes in current liabilities and in the reserves for taxes and for contingencies (to which any deficiency of tax or interest thereon not covered by specific tax reserves would be charged) constitute adequate provision for federal taxes on income and for the amount of any interest thereon (computed as if accrued at May 31, 1952, less a related reduction in tax calculated at estimated current year rates).

Celanese Corporation of America
Consolidated Balance Sheet
Current Liabilities:
Federal taxes on income, net (Note 3) ... $ —0—

Note 3: The net accrued liability for Federal taxes on income at December 31, 1951 is as follows:

Provision for Federal income and excess profits taxes	$33,102,274
Deduct: Refund claims arising principally from accelerated amortization	2,484,753
U. S. Treasury Notes, Series D, and accrued interest	30,617,521
Net	$ —0—

The tax returns of the Corporation for 1940, 1941 and 1942 have been examined and proposed additional assessments have been protested. All tax liabilities of subsidiary companies have been settled through 1942. The tax liabilities of Tubize Rayon Corporation (acquired by merger in 1946) have been settled. The tax returns of the Corporation and subsidiary companies for the years 1943 through 1947 are currently being examined. The Reserve for Contingencies is believed to be sufficient to meet any liabilities in excess of the above provision. Applications for relief from excess profits taxes under Section 722 of the Internal Revenue Code have been filed by the Corporation and certain subsidiaries for the years 1940 through 1945, and by Tubize Rayon Corporation for the years 1941 through 1945, but pending settlement, no credit for possible refunds has been taken in the financial statements.

Operating Loss Carry Back

Beaunit Mills, Inc.
Consolidated Balance Sheets
Current Assets:
Amounts receivable as refunds of prior years' federal taxes on income, net .... $ 644,308
Deferred Credit
Tentative carry-back adjustment of federal income tax in suspense (Note 4) $1,550,000

Note 4: The company received in 1951 $1,550,000 resulting from a claim for tentative carry-back adjustment of federal income taxes paid for 1947 and 1948 by American Bemberg Corporation under the loss carry-back provisions of the Internal Revenue Code. The claim is presently under examination by the Internal Revenue Bureau, and the amount is carried in suspense pending the final determination of the company's taxes for the respective years, which may result in the repayment of a part of the $1,550,000.

The Cessna Aircraft Company
Statement of Financial Position
Current Assets:
Claim for Net Renegotiation Rebate $126,446
Federal Taxes recoverable under Loss Carry-back Provisions applicable to 1946 Fiscal Year—Note B 165,975

Note B: The accounts of the Company have been examined by representatives of the U. S. Treasury through September 30, 1949, and all income tax liabilities prior to this date have been paid. The 1946 net loss carry-back claim aggregating $165,975 due the Company has been cleared by the appropriate U. S. Government agencies and payment of this claim is anticipated at an early date. Income and excess profits taxes as reflected in the accompanying financial statements are subject to examination and final determination by representatives of the U. S. Treasury Department.

Servel, Inc.
Consolidated Balance Sheet
Current Assets:
Refundable Federal taxes on income of prior year $933,785.72

To the Stockholders: A claim for Income Tax refund of $933,785.72 under the Operating Loss Carry-Back Provision will be filed by the Company with the Collector of Internal Revenue, and the reports have been adjusted to include this credit. $516,400 has been credited back to income representing Federal and Canadian Income Taxes applicable to warranty reserves provided since November 1, 1949 in accordance with the policy established in 1950.

Replacement of Basic LIFO Inventory

American Radiator & Standard Sanitary Corporation
Consolidated Balance Sheet
Other Assets:
Federal Taxes Refundable $960,000

To the Stockholders: Federal income taxes for the years 1948 to 1951, and Federal excess profits taxes for 1950 and 1951, and the claims for refund of taxes shown on the Balance Sheet are subject to final review and determination by the U. S. Treasury.

Federal tax refunds arising from the excess cost of replacement of "Lifo" inventories involuntarily liquidated during the war years were collected during 1951 in the amount of $2,270,000.

Archer-Daniels-Midland Company
Consolidated Balance Sheet
Current Assets:
Refundable federal income and excess profits taxes—Note B $7,045,364
Current Liabilities:
Reserve for anticipated replacement of inventories, less related income tax deduction—Note B 885,000

Note B: The Internal Revenue Code provides that taxes arising from the involuntary liquidation of LIFO inventories to December 31, 1948, are retroactively recoverable on the basis of cost incurred in the year of replacement of such inventories. The Company elected to take advantage of the provisions of the Internal Revenue Code, and by December 31, 1948, had replaced all of the oils priced on the LIFO principle which had been liquidated in prior years. The aggregate amount of taxes recoverable under this election was approximately $12,173,000, of which $2,154,000 was collected during the current fiscal year and $2,974,000 during the preceding fiscal year. The amount included in the balance sheet will be collectible upon examination and approval of the tax returns for the years concerned by the Bureau of Internal Revenue, which examination is presently in progress. The Company may, however, collect immediately approximately $4,150,000 upon the filing of appropriate claims.

E. J. Brach and Sons
Balance Sheet
Other Assets:
Recoverable taxes on income (resulting from replacement in 1951 and prior years of last-in, first-out inventories)—estimated $70,000.00

The National Supply Company
Consolidated Balance Sheet
Noncurrent Assets:
Net refund of Federal income taxes claimed for effected replacements of involuntarily liquidated "last-in, first-out" inventories .. $1,048,521

Note 1: At December 31, 1951, substantially all inventories are stated at cost on "last-in, first-out" basis, with current replacement costs approximately $10,000,000 in excess of the stated value. In addition, provisions aggregating $2,170,000 at December 31, 1951, have been made in the accounts over a period of years to cover anticipated excess replacement costs of involuntarily liquidated inventories, as defined in Section 22(d)(6) of the Internal Revenue Code.

Adoption of LIFO Inventory

Gimbel Brothers, Inc.
Comparative Consolidated Balance Sheet
Noncurrent Assets:
Overpayments of Federal taxes on income claimed for the six years ended January 31, 1947, as a result of the readoption of LIFO (See Note 1) $5,960,000
Current Liabilities:
Federal taxes on income (See Note 1) 5,814,584

Note 1: Merchandise inventories are stated at cost or market whichever lower. Cost is determined on the LIFO (last-in first-out) basis using the retail inventory method.

As explained in the report for the year ended January 31, 1948, the LIFO method was adopted retroactively to January 31, 1941. As a result of the readoption, federal taxes on income for the period since January 31, 1941 have been reduced by $7,510,000. Of this amount $5,960,000 represents overpayments claimed for the six years ended January 31, 1947 (carried in the accompanying balance sheet as a non-current asset). The balance of the reduction, $1,550,000, has been reflected in the reduced provision for federal taxes on income in the five years ended January 31, 1952. To date, the right to use the LIFO method retroactively to 1941 as claimed by the Company and its subsidiaries has not been authorized by the Treasury Department; efforts to procure such authorization continue.

W. T. Grant Company
Statement of Financial Position
Other Assets:
Recoverable taxes if retroactive LIFO is not sustained (Note A) $1,268,000
Above "Capital":
Reserve for reduction in inventory valuation, less tax refunds if retroactive LIFO is sustained (Note A) 3,214,118

Note A: The accompanying financial statements reflect adoption as of January 31, 1950 of the last-in, first-out (LIFO) method of determining cost of inventories. However, the Company's claim to the right to use LIFO retroactively to 1941 is still pending and the accompanying statement of financial position includes the amount of $1,268,000 for taxes recoverable if retroactive LIFO is not sustained and the reserve of $3,214,118 for reduction in inventory valuation, less tax refunds, if retroactive LIFO is sustained. The balances in both of these accounts resulted from the accounting adjustments which reflected the adoption of LIFO as of January 31, 1950. These balances have remained unchanged as adjustments for 1950 and 1951, which would be applicable only in the event that retroactive LIFO is sustained, have been relatively immaterial. A more detailed explanation appeared in the notes to financial statements in the report for the fiscal year ended January 31, 1951.

Various Other Tax Refund Claims

Allied Stores Corporation
Statement of Consolidated Financial Position
Current Assets:
Claimable refunds of federal income taxes of prior years $4,177,336

Bigelow-Sanford Carpet Company, Inc.
Comparative Consolidated Balance Sheet
Current Assets:
Estimated Refund of Federal Taxes on Income (Note 7) $600,000

Note 7: As a result of the consolidation described in Note 1, the predecessor company has a claim for refund of Federal taxes on income of approximately $600,000 arising principally from the carry-back of unused excess profits credit relating to the period ended June 19, 1951. With respect to the period from June 20, 1951 to December 31, 1951, the successor company may carry forward to 1952 and subsequent years a net loss of approximately $1,800,000 and approximately one-half of the 1951 excess profits credit.

Bullock's, Inc.
Comparative Consolidated Balance Sheet
Investments and Other Assets:
Refundable federal taxes on income—estimated—Note B $1,188,866

Note B: Federal income tax returns of Bullock's, Inc. have been examined by representatives of the Treasury Department through January 31, 1949. When the estimated refundable taxes on income were placed on the books, tentative agreements had been reached locally which would result in refunds approximating the amount shown in the balance sheet and which it was then believed would be approved by the Department. It now appears that the greater portion of the claimed refunds will be contested, but in view of uncertainty as to the probable outcome, no further adjustment of the accounts is being made at this time.

Federal income tax returns of I. Magnin & Co. have been examined by representatives of the Treasury Department through January 31, 1950 and settlements made except for a proposed assessment of $49,232 which the Company is protesting.

Cutler-Hammer, Inc.
Balance Sheet
Other Assets:
Claim for Refund of Prior Years' Federal Taxes on Income $269,665
Current Liabilities:
Vacation Pay (Note 1) 988,000

Note 1: As at December 31, 1951 the company adopted the practice of accruing the expense for vacation pay to be paid in the ensuing year to conform to the method established for income tax purposes. The effect of this change in method was to charge $988,000 to operations in 1951 and the similar expense for the previous year, aggregating $813,798, was eliminated from current operations and charged to earned surplus, less a refund of $269,665 for Federal taxes on income in connection therewith.

The Maryland Drydock Company
Balance Sheet
Current Assets:
Federal Income Taxes recoverable under carry-back provisions of Internal Revenue Code .. $188,669

Pfeiffer Brewing Company
Comparative Balance Sheets
Current Assets:
Refundable excess profits tax arising from carry-back of unused credit $33,000

Safeway Stores, Incorporated
Statement of Consolidated Financial Position
Current Assets:
Refund claim—1950 excess profits tax $1,108,165

Fixed Assets—Basis of Valuation

The basis used in valuing fixed assets was disclosed by 538 of the 600 survey companies in their 1951 annual reports. The great majority of these companies stated that they valued their fixed assets at "cost." The method of valuing "subsequent additions," wherever indicated, was always stated to be cost. This general acceptance of values based on cost is in accord with the recommendation contained in Accounting Research Bulletin No. 5 issued by the Committee on Accounting Procedure, American Institute of Accountants, that "accounting for fixed assets should normally be based on cost" and the requirement of the Securities and Exchange Commission in its Regulation S-X, governing the form and content of financial statements filed with the Commission, that additions to fixed assets be stated at cost. Table 13 summarizes the various bases used by the survey companies in valuing fixed assets as disclosed in their annual reports.

The following typical examples of the valuation of fixed assets at "cost" have been selected from the 1951 reports:

Naumkeag Steam Cotton Company
Comparative Balance Sheet
Property, plant and equipment (Note B):
Land, buildings, machinery and equipment (at cost—less provision for depreciation $3,811,752.09) $6,214,922.37

Note B: Property, Plant and Equipment—The property, plant and equipment are stated at cost after elimination of fully depreciated items against the reserve for depreciation. Depreciation charged to operations for the year ended December 1, 1951 amounted to $290,452.26.

The Diamond Match Company
Consolidated Statement of Financial Condition
Buildings and equipment, at cost less items fully depreciated and written off (less reserve—1951, $8,606,763) $12,940,439

S. S. Kresge Company
Consolidated Balance Sheet
Fixed Assets:

Land and buildings, at cost	$ 77,996,482
Depreciation to date (deduct)	(15,461,784)
Leasehold improvements, at cost less amortization	21,774,677
Furniture and fixtures, at cost	40,435,412
Depreciation to date (deduct)	(21,650,679)
Leaseholds as valued in 1916, less amortization	172,796
Construction in progress	4,034,475
	$107,301,379

Struthers Wells Corporation
Consolidated Balance Sheet
Property, Plant and Equipment, at cost, less accumulated depreciation (includes $1,467,227 fully-amortized facilities):

Land and land improvements	$ 301,840
Buildings	1,912,404
Machinery and equipment	8,321,439
	$10,535,683
Less Accumulated depreciation and amortization	7,932,118
	$ 2,603,565

TABLE 13: PROPERTY—FIXED ASSETS

Basis of Valuation	1951	1950	1949
Cost (*Nos. *78, 89, 100, 118, 159, 228, 270, 297, 330, 382, 416, 467, 540, 599*)	446	437	416
Cost or below cost (*Nos. *120, 207, 344, 419, 518, 552, 556*)	14	15	17
Cost in cash or securities (*Nos. *54, 139, 184, 265, 521*)	9	10	10
Approximate cost (*Nos. *77, 304, 472, 539*)	9	10	12
Below cost (*Nos. *112, 132, 264*)	8	12	13
Appraisal value (*Nos. *50, 89, 167, 439, 551*)	20	20	20
Appraisal value with subsequent additions at cost (*Nos. *26, 82, 154, 266, 314, 410, 443, 454, 561, 591*)	51	56	59
Assigned value (*Nos. *92, 220*)	4	4	6
Assigned value with subsequent additions at cost (*Nos. *328, 489, 527*)	6	5	5
Revised value with subsequent additions at cost (*Nos. *261, 357, 471*)	6	6	6
Acquisition value (*No. *179*)	3	3	3
Acquisition value with subsequent additions at cost (*Nos. *52, 92*)	3	3	3
Book value (*Nos. *322, 449*)	3	3	3
Book value with subsequent additions at cost (*No. *586*)	1	2	2
Estimated value (*Nos. *168, 227, 313*)	5	5	5
Various other valuation bases (*Nos. *64, 130, 593*)	7	9	12
Total	595	600	592
Number of Companies:			
Stating valuation basis for fixed assets	538	536	525
Not stating valuation basis for fixed assets	62	64	75
	600	600	600

*See Company Appendix Section.

Burroughs Adding Machine Company
Statement of Financial Condition

Cost of Land, Buildings, Equipment and Patents used in connection with the production and sale of products, reduced by the estimated cost of wear and exhaustion (depreciation and amortization)	$27,185,645

United States Potash Company
Balance Sheets
Fixed Assets—At cost:

Land and water rights	$ 261,166.84
Construction in progress	869,199.75
Plant and equipment, less accumulated depreciation—1951, $6,330,172.96	6,271,061.46
Leaseholds and mineral rights, less accumulated depletion and amortization—1951, $763,569.47	20,334.66
Total Fixed Assets—Net	$7,421,762.71

E. L. Bruce Company indicated "cost" as the basis of valuation for "Land, Timber, Timber Rights, etc." as well as for "Property, Plant and Equipment" and showed the following details in its 1951 consolidated balance sheet:

E. L. Bruce Company
Comparative Consolidated Balance Sheet
Land, Timber, Timber Rights, etc.—at cost:

Land, timbered and cut-over	$ 96,543.91
Timber and timber rights—depleted amount	702,124.67
Townsite—Bruce, Mississippi	3,098.94
Total Land, Timber, Timber Rights, Etc.	$ 801,767.52
Property, Plant and Equipment—at cost less allowance for depreciation:	
Land used for plant purposes	$ 256,081.22
Buildings	2,742,450.26
Machinery and other equipment	4,720,437.03
	$7,718,968.51
Less Allowance for depreciation to date	4,312,758.30
Total Property, Plant and Equipment—Net	$3,406,210.21

J. J. Newberry Co., in the consolidated balance sheet in its 1951 report, indicated that its fixed assets were valued "at or below cost":

J. J. Newberry Co.
Consolidated Balance Sheet
Property and Equipment:

Land, buildings and improvements—at or below cost	$16,486,165
Furniture and fixtures—at cost	21,638,791
	$38,124,956
Less Provision for depreciation	11,611,474
	$26,513,482

In some instances, fixed assets have been acquired partly for cash and in part by the issuance or exchange of securities. The following examples, from the 1951 reports, disclose such method of acquisition:

KOPPERS COMPANY, Inc.
AND
CONSOLIDATED SUBSIDIARIES

DETAILS OF ITEMS IN STATEMENT OF CONSOLIDATED FINANCIAL CONDITION

DECEMBER 31, 1951 AND 1950

(See Accompanying Notes)

	December 31, 1951	December 31, 1950
DETAILS OF CURRENT LIABILITIES:		
Funded debt due within one year	$ 1,550,176	$ 1,145,700
Accounts payable and accrued liabilities	18,515,704	11,705,243
Accrued taxes, less U. S. Government securities held for payment of Federal income taxes, 1951—$16,968,754, 1950—$9,992,530 (Note 3)	4,532,640	3,316,000
Advance payments received on contracts	4,715,852	2,972,828
	$29,314,372	$19,139,771
DETAILS OF FIXED ASSETS:		
Buildings, equipment and standing timber at cost, including at December 31, 1951 $5,184,023 for emergency facilities to be amortized over period of sixty months	$94,635,216	$89,602,812
Less accumulated depreciation, depletion, and amortization of emergency facilities ($480,207 at December 31, 1951)	45,600,010	43,768,081
	$49,035,206	$45,834,731
Land, at cost	6,076,271	5,753,013
Leasehold cost, less amortization	328,974	472,174
	$55,440,451	$52,059,918
DETAILS OF INVESTMENTS AND OTHER ASSETS:		
Investments (See accompanying statement)	$ 3,432,902	$ 7,108,898
Notes and accounts receivable, not current	280,368	509,830
Deferred charges	236,702	210,713
	$ 3,949,972	$ 7,829,441
DETAILS OF FUNDED DEBT:		
First Mortgage Bonds, 3% Series, due October 1, 1964, less $288,000 principal amount at December 31, 1951 purchased for 1952 sinking fund requirement, (semi-annual sinking fund requirements, $287,500 in years 1952-1954 and $488,750 in years 1955-1964)	$22,138,000	$23,000,000
Serial Bank Notes, 1.75%, due $500,000 semi-annually from June 11, 1952 to June 11, 1954	2,500,000	3,000,000
Liability under agreements for purchase of tank cars, due $131,588 semi-annually from February 15, 1952 to August 15, 1965 and $96,231 on February 15, 1966. Interest at 2½% per annum on $1,938,466 and 3% on $1,842,229	3,780,695	1,060,500
	$28,418,695	$27,060,500
Less amounts due within one year included in current liabilities	1,550,176	1,145,700
	$26,868,519	$25,914,800

Scott Paper Company did not disclose the basis of valuation for "Plant Assets" in its 1951 consolidated balance sheet but indicated "cost less depletion" as the valuation basis for "Timber lands and standing timber" included under "Other Assets" in the non-current section of the statement.

A "Statement of Increase in Value of Timber and Timberlands" is included in the 1951 report of Weyerhaeuser Timber Company and its "Statement of Consolidated Financial Condition" sets forth the following information as to timber and timberlands and states "cost" to be the basis of valuation for real estate, plants and equipment:

Weyerhaeuser Timber Company
Statement of Consolidated Financial Condition

Timber and Timberlands, etc., at March 1, 1913 values determined for Federal income tax purposes and approved by U. S. Treasury Department, plus subsequent additions at cost	$ 78,657,774
Real Estate, Plants and Equipment, at cost	$195,752,207
Less—Portion charged to operations to date as depreciation and amortization	70,025,070
	$125,727,137

International Paper Company
Consolidated Balance Sheets
Capital Assets:

Plants and properties, including intangibles (Note 3)	$381,516,972
Less: Reserves for depreciation and obsolescense	183,530,383
Net plants and properties, including intangibles	$197,986,589
Woodlands—net (Note 3)	44,701,743
Funds segregated for future capital expenditures	30,097,300

Note 3: Schedule B—Plants and Properties, including Intangibles [details deleted herein]. At cost of acquisition on a consolidated basis representing cash paid or stated value of securities issued therefor after deducting (1) sales of property and stumpage and (2) depletion and write-offs which, in the case of some holdings, reduced the book value to a nominal amount or to estimated realizable value.

Woodlands of Canadian subsidiaries acquired prior to December 31, 1939 are stated generally at $1 for the Canadian dollar; subsequent additions have been converted to the U. S. dollar values at the rates prevailing at the time of acquisition.

Note 3: Schedule C—Woodlands [details deleted herein]. At cost of acquisition or construction on a consolidated basis representing cash paid or stated value of securities issued therefor, less subsequent sales and write-offs to adjust the value of certain of the properties to nominal or estimated realizable values. Woods plant and equipment is less amortization and depreciation credited to the assets.

Plants and properties of Canadian subsidiaries acquired or constructed prior to December 31, 1939 are stated generally at $1 for the Canadian dollar; subsequent additions have been converted to the U. S. dollar values at the rates prevailing at the time of acquisition or construction.

Cherry-Burrell Corporation
Consolidated Balance Sheet

Property, Plant and Equipment, at cost in cash and securities	$9,899,666
Less: Allowance for depreciation	3,479,916
	$6,419,750

Globe Steel Tubes Co.
Balance Sheet

Fixed Assets—at cost (represented in part by the stated value of capital stock issued therefor at inception of company in 1922), including fully amortized emergency facilities:	
Buildings	$1,262,162.37
Machinery and equipment	5,611,196.99
	$6,873,359.36
Reserves for depreciation and amortization	3,819,524.77
	$3,053,834.59
Land	185,638.59
	$3,239,473.56

Mathieson Chemical Corporation in its 1951 "Balance Sheet" indicated that its "Property, Plant and Equipment" was valued at "approximate cost." Another example, taken from the 1951 report of Sterling Drug Inc., also shows the valuation of fixed assets at approximate cost.

Sterling Drug Inc.
Consolidated Balance Sheet

Property Accounts, at Approximate Cost:	
Land ($1,836,774) and buildings ($18,105,842)	$19,942,616
Machinery, equipment, furniture and fixtures	24,392,206
	$44,334,822
Less—Reserve for depreciation	15,628,789
	$28,706,033

The following examples, selected from the 1951 reports, are illustrative of those cases where fixed assets are valued at "appraisal value with subsequent additions at cost":

Hayes Manufacturing Corporation
Consolidated Balance Sheet
Property, Plant and Equipment (Note 2):

Land	$ 464,599.49
Buildings and fixtures	2,759,595.15
Machinery and equipment	4,517,755.64
Total	$7,741,950.28
Less accumulated depreciation	4,401,159.92
Net property, plant, and equipment	$3,340,790.36

Note 2: The amount at which property, plant, and equipment is carried does not purport to represent realizable value or replacement cost.

The carrying value of property, plant, and equipment of the Company represents cost, less accumulated depreciation. Except for land and fully amortized emergency facilities, such cost and depreciation were based, as of October 1, 1946, on a retroactive cost appraisal and estimates of the useful lives of the assets as developed by an appraisal company. Property purchased since October 1, 1946 is included at cost.

Facilities purchased by the Company under certificates of necessity during the period of the last war carried in the accounts at September 30, 1951 at a cost of $212,293, fully offset by amortization of like amount.

Property, plant, and equipment of American Engineering Company is carried at cost to its predecessor company with respect to such property acquired from the predecessor as of December 31, 1943, plus subsequent additions at cost and less retirements at applicable book values. The related accumulated depreciation is the amount shown on the books of the predecessor as of December 31, 1943 plus subsequent provisions for depreciation, less retirements. Operations have been charged with depreciation of property on the basis of the predecessor and subsequent costs as set forth above. However, for the purpose of determining taxable income, an allocation of the total cost of all assets acquired from the predecessor company has been made to specific assets under which an amount considerably less than the amount carried on the books was allocated to depreciable property. For this reason and because of other adjustments made for tax purposes, the aggregate depreciation deductible for tax purposes for the year ended September 30, 1951 is approximately $63,000 less than the aggregate amount recorded on the books. A similar difference from this source will prevail in future years.

Property, plant, and equipment of other subsidiaries are carried at cost less accumulated depreciation.

The consolidated provision for depreciation for the years ended September 30, 1951 and 1950 amounted to $287,476 and $285,206, respectively.

American Hide and Leather Company
Consolidated Balance Sheet

Fixed Assets (at appraised values as of June 30, 1935, plus subsequent addition at cost):	
Land and water rights	$ 122,948.94
Buildings, machinery and equipment	6,304,978.03
	$6,427,926.97
Less—Accumulated depreciation	2,669,930.51
Total fixed assets	$3,758,023.46

Continental Steel Corporation
Consolidated Balance Sheets

Fixed Assets (based on reproductive values determined by independent appraisers as at Dec. 31, 1926, plus additions since at cost):	
Land, buildings, machinery and equipment	$19,148,313
Less—Reserve for depreciation	9,253,554
	$ 9,894,759

McKesson & Robbins, Incorporated
Balance Sheet

Fixed Assets—Note 4	
Land	$ 2,130,061
Buildings, machinery and equipment	13,884,455
Improvements to leased buildings	923,736
	$16,938,252
Less: Reserves for depreciation and amortization	4,724,755
	$12,213,497

Note 4: The gross amount of property, plant and equipment represents the appraised cost of reproduction—new, with minor exceptions, as determined by The American Appraisal Company as at October 31, 1934, plus subsequent additions at cost. With minor exceptions, the reserves for depreciation and amortization are as determined by The American Appraisal Company as at October 31, 1934, plus subsequent provision for depreciation and amortization at rates recommended by The American Appraisal Company.

City Products Corporation, in its 1951 consolidated balance sheet, stated that its fixed assets were valued "at cost or as appraised." Virginia-Carolina Chemical Corporation also indicated in its 1951 balance sheet the use of appraised values.

Virginia-Carolina Chemical Corporation
Comparative Balance Sheet

Property, Plant, and Equipment—stated at cost or appraised values:	
Land, including mineral deposits and rights	$ 6,811,442
Less: Reserve for depletion	2,620,665
	$ 4,190,777
Buildings, machinery, and equipment	$42,352,311
Less: Reserve for depreciation	24,205,221
	18,147,090
	$22,337,867

In the Sinclair Oil Corporation consolidated balance sheet for 1951, it was stated that fixed assets were valued on the basis of values determined by the Board of Directors.

Sinclair Oil Corporation
Consolidated Balance Sheet

Properties, Plant and Equipment	
At values determined by the Board of Directors as of January 31, 1932 with subsequent net additions at cost, less accumulated depreciation, depletion and amortization (see page 20)	$530,708,538

Bathurst Power & Paper Company Limited indicated in its 1951 report that its fixed assets were "included at book values" with subsequent additions at cost.

Bathurst Power & Paper Company Limited
Consolidated Balance Sheet

Properties (Note 2):	
Timber leases and licenses and undeveloped water powers	$ 7,492,646.97
Less: Reserve for depletion	1,783,335.77
	$ 5,709,311.20
Land, buildings, plant and machinery, etc.	$20,172,368.92
Less: Reserve for depreciation	8,092,430.41
	$12,079,938.51

Note 2: The properties, with the exception of plants of container subsidiary companies, are included at book values at December 31, 1934 (after applying in reduction of values capital surplus of $8,804,082.45 at December 31, 1935) plus subsequent additions at cost; plants of container subsidiary companies are included at the appraised replacement values at March 15, 1946 as reported by Industrial Valuation Company Limited plus subsequent additions at cost.

"Book value" as a basis of property valuation was set forth by Saco-Lowell Shops in its 1951 balance sheet.

Saco-Lowell Shops
Consolidated Balance Sheet

Real Estate, Machinery, Equipment, Etc. (at depreciated ledger values which do not purport to represent either cost or presently realizable or replacement values)	$10,255,569

The basis of valuation for "Properties" detailed by Crown Zellerbach Corporation in the consolidated balance sheet of its 1952 report was disclosed in a note to the financial statements to be inclusive of "cost" and various other bases of valuation. The balance sheet presentation of the Corporation's properties and the note related thereto are set forth below:

Crown Zellerbach Corporation
Consolidated Balance Sheets
Properties (note 3):

Buildings, machinery and equipment	$149,982,837
Less allowances for depreciation	74,104,304
	75,878,533
Construction in progress	5,474,726
Timberlands and pulp leases, land and logging facilities, net of depletion and amortization	25,053,504
Intangibles, principally water power leases and licenses, net of amortization	3,286,077
	$109,692,840

Note 3: Properties—With minor exceptions, the investment in properties of the domestic companies represents cost.

The amount at which the properties of Pacific Mills, Limited were capitalized at the date of organization of that company in 1915 was equal to $10,154,500 par value of securities and $85,000 cash payments. Of this amount $1,365,949 was assigned to buildings, machinery and equipment based on appraisal made in 1913. The remainder, less salvage sales credits of $10,956, was subsequently allocated to various property accounts for statement purposes. Of this remainder $3,329,199 was written off up to April 30, 1952, leaving the following amounts in the consolidated balance sheet at that date:

Pulp leases	$2,394,145
Water power and supply licenses	2,889,251
Land	250,000
	$5,533,396

The overall investment in properties is substantially below present day reproduction value.

Central Soya Company used "cost" as a valuation basis for fixed assets set forth in its 1951 consolidated balance sheet and included therewith certain fixed assets in process of construction "at estimated cost to complete and equip" as follows:

Central Soya Company
Consolidated Balance Sheet
Fixed Assets:

Property, plant and equipment (at cost), (including $1,975,000 estimated cost to complete and equip facilities in process of construction) (Note 2)	$21,190,407
Less—Allowance for depreciation	4,059,182
	$17,131,225

Note 2: Estimated construction liabilities represent estimated cost to complete and equip facilities in process of construction based on contracts with construction companies, on purchase commitments and on estimates by the company's engineering and purchasing departments.

"Values established on organization of the Company" plus subsequent additions at "cost," less "write-down and allowance for revaluation," were disclosed in a footnote by Utah-Idaho Sugar Co. in its 1952 report.

Utah-Idaho Sugar Company
Consolidated Balance Sheet
Property, Plant, and Equipment—Note A:

Land, irrigation projects, and water rights	$ 3,675,547.59
Plant and equipment	28,020,627.37
Less allowance for depreciation	11,877,530.38
	16,143,096.99
	$19,818,644.58

Note A: Property, plant, and equipment is carried at values established on organization of the Company, which values were based generally on amounts recorded by the predecessor companies, plus subsequent additions at cost, less write-down of $503,294.58, and allowance for revaluation of $930,932.88, applicable to land, irrigation projects, and water rights. Provisions for depreciation allowed for income tax purposes exceed the amounts recorded on the books by $3,450,000.00, a difference which arose prior to February 29, 1932.

Long-Term Leases—Disclosure by Lessees

It was the opinion of the Committee on Accounting Procedure of the American Institute of Accountants in Accounting Research Bulletin No. 38, issued in October, 1949, that where rentals, or other obligations, under long-term leases are material in the circumstances,

(a) disclosure should be made in financial statements or in notes thereto of

(1) the amounts of annual rentals to be paid under such leases with some indication of the periods for which they are payable, and

(2) any other important obligation assumed or guarantee made in connection therewith;

(b) the above information should be given not only in the year in which the transaction originates but also as long thereafter as the amounts involved are material; and

(c) in addition, in the year in which the transaction originates, there should be disclosure of the principal details of any important sale-and-lease transaction.

The Bulletin states that the foregoing principles of disclosure apply not only to the so-called "sell-and-lease" arrangements, but also to conventional long-term leases. They are not intended, however, to apply to short-term leases or to those customarily used for oil and gas properties.

There were 200 of the survey companies that disclosed the existence of long-term leases in their 1951 annual reports. Of these, 139 companies merely mentioned the existence of such leases but did not give any details with regard thereto. The remaining 61 companies in this group set forth various factual data, such as amount of annual rental, the number of leases involved, the terms of the lease, and whether there was a renewal option. Such information was almost always presented in the footnotes to the financial statements. Table 14 summarizes the nature of the information disclosed in the 1951 reports concerning long-term leases and the method of disclosure.

TABLE 14: LONG-TERM LEASES

Disclosures by Lessees	In Foot-notes	In Letter To Stock-holders	In Account-ant's Report	1951 Total
Annual Rental Amount	56	2	1	59
Aggregate Rental Amount	2	—	—	2
Number of Leases	36	1	—	37
Expiration Date of Lease	13	—	1	14
Renewal Option	12	1	—	13
Term of Lease	11	1	—	12
Sell-Lease-Back Feature	3	—	—	3

Number of Companies:	1951
Setting forth details of long-term leases	61
Mentioning long-term leases but not setting forth details	139
Not referring to long-term leases	400
	600

The following examples are typical of the disclosure of information concerning long-term leases in the 1951 annual reports of the survey companies.

Botany Mills, Inc.
Note 10: Long-Term Lease: At December 31, 1951, Garfield Worsted Mills, Inc., a wholly owned subsidiary of Botany Mills, Inc., was a tenant under a lease of real property expiring on April 30, 1963. The annual rental is $17,550.00.

Bullock's, Inc.
Note D: The Companies occupy premises held under twenty-five lease agreements which provide for aggregate minimum annual cash rentals as follows, plus taxes, insurance and maintenance:

Eight leases expiring in one to seven years	$ 339,008
Ten leases expiring in eighteen to twenty-six years	881,913
Seven leases expiring in thirty-two to fifty-four years	150,726
Aggregate Minimum Annual Cash Rental	$1,371,647

Five of these leases provide for additional cash rental based on a percentage of sales. The aggregate rentals for the year, exclusive of taxes, insurance and maintenance were $1,835,916.

Childs Company
Note 9: As at December 31, 1951, the Company and its subsidiaries were lessees of real property under 44 leases expiring subsequent to January 1, 1955, which provided for aggregate annual minimum rentals of approximately $1,162,500. In addition to the rent, the lessees are required to pay real estate taxes under 26 of such leases. These taxes amounted to approximately $279,000 for the year 1951.

Consolidated Cigar Corporation
Note 3: A building sold by the Corporation in 1951 for $600,000 was leased back for an initial term of 22 years at an annual rental of $42,000 with options to extend the lease thereafter to the year 2023 at a reduced rental. Taxes, insurance and maintenance costs are to be borne by the Corporation.

Dr. Pepper Company
Consolidated Statement of Financial Position
Commitments (Note 4)
Note 4: On November 2, 1951, the Company entered into a ten-year lease, at an annual rental of approximately $17,500.00, for certain plant facilities located in Baltimore City, Maryland, to be used as a syrup plant. The rental period begins February 1, 1952, and it is expected that operation of the syrup plant will start shortly thereafter. The Company has an option to renew for an additional ten years on substantially the same terms.

Allen B. DuMont Laboratories, Inc.
Note 6: Long-term lease: Under the terms of the lease entered into by the Company covering the rental of property at 205 East 67th Street, New York City to be remodeled and used as a television program production facility, the Company is obligated to pay rentals of approximately $430,000 each year for five years commencing January 1, 1952. If the Company decides to exercise its first renewal option to 1960, the rental for 1956 will be reduced to $138,750, and the rentals for 1957 to 1960, inclusive, will be $115,000 in each year.

Fairmont Foods Company
Notes to Consolidated Financial Statements: Property Being Constructed Under Sale and Lease-Back Agreement and Other Lease Commitments—The Company has under construction at Omaha, Nebraska, a new general office building on which construction costs to February 29, 1952 amounted to $180,229. The Company has a sale and lease-back agreement with an insurance company under which this property will be sold upon its completion in 1952 at the lesser of actual costs or appraised value, and then leased back for a period of 25 years with options to renew for a similar period.

The annual rentals on the new general office building and on all other leases on real property presently in effect (most of which have terms less than 5 years remaining) will amount to approximately $90,000, plus taxes, insurance, maintenance, and similar costs pertaining to the properties.

Federated Department Stores, Inc.
Note 4: Long-term leases of the Company at February 2, 1952 comprised 65 leases with terms of more than three years after that date and with an aggregate minimum annual rental of approximately $4,442,000. In addition to fixed rentals, most of these leases require the Company to pay real estate taxes (recorded as taxes) and other expenses and, as to some of the leases, additional rentals based on a percentage of sales. Insofar as any of the main stores of the Company's nine divisions are in whole or in part on leased sites, no one of these is a percentage lease, the earliest expiration date on any of these leases is 1966, and all contain renewal provisions excepting five, one of which expires in 2008 and four in 2010.

Foremost Dairies, Inc.
Note 5: The Company is lessee on thirty-six leases of

land and buildings for periods expiring more than three years after December 31, 1951, under which the current annual rentals aggregate $237,125.

The properties occupied under lease include six plants which were formerly owned by the Company; the current annual rentals of these properties aggregate $99,946, with taxes, insurance, and maintenance expenses payable by the lessee. Of these leases, expiring in 1970 or later, three provide for reduced rentals during the latter portion of the periods of lease and four grant options to the lessee to repurchase the properties at times and prices stated in the leases.

General Shoe Corporation

Accountant's Report: The companies operate at various locations under long term leases, the major portion of which expire successively to 1964. Minimum annual rentals on leases expiring after October 31, 1954 aggregate $2,419,000.

Interchemical Corporation

Note 5: One of the plants operated by Interchemical Corporation is occupied under a twenty-five year lease, entered into in 1948, at an annual rental of $117,247 (plus the cost of maintenance, taxes and insurance on the property), with options of renewal at a lower rental.

Julius Kayser & Co.

Note 3: The property, plant and equipment account does not include two newly-constructed plants in South Carolina which were sold at approximate cost and leased-back pursuant to arrangements made during the year. The two leases (one dated June, 1951 and the other July, 1951) have original terms of fifteen years each and several renewal periods of five years each. The rentals for the original terms total $146,833 per annum for the two leases, plus real estate taxes and other expenses; for the renewal terms, the annual rentals are at greatly reduced figures.

Purolator Products, Inc.

Note 3: During the year 1949 the Company leased a plant in Rahway, New Jersey, from the John Hancock Mutual Life Insurance Company for a period of twenty-eight years and three months expiring March 14, 1978 with three renewal options of ten consecutive years each. The annual rental amounts to $87,640 or an aggregate of $2,300,550 from December 31, 1951. Pursuant to the terms of the lease, $150,000 of U. S. Treasury bonds were deposited with the lessor to be returned in part in twelve years and completely in fifteen years from date of the lease.

Shoe Corporation of America

Consolidated Balance Sheet

Lease Commitments (Note 5)

Note 5: At December 31, 1951, minimum rentals on 290 leases expiring after December 31, 1954, aggregate approximately $1,728,000 per annum. Of these, 260 leases, with aggregate minimum rentals of approximately $1,408,000 per annum, expire prior to December 31, 1969, and 30 leases with aggregate minimum rentals of approximately $320,000 per annum, expire subsequent thereto.

Sunshine Biscuits, Inc.

Note to Statement of Financial Position: In connection with sales of bakeries and other property made from 1947 to 1950, the company has leased the properties from the purchasers at annual net rentals aggregating $582,000.00 for 19 to 20 years and $10,000.00 for 30 years from dates of such sales.

A Message to the Shareholders: New leased warehouse buildings, erected to our specifications, were occupied during the year 1951 at: Veazie, Maine; Greensboro, North Carolina; Manchester, New Hampshire; San Diego, California; and Wilmington, Delaware.

Standard Oil Company (New Jersey)

Financial Review: At December 31, 1951, consolidated companies had leases expiring more than three years after that date, covering office buildings, tankers, and service stations. For the year 1952 the minimum rentals are estimated at $18,000,000.

Small Tools, Containers, Dies, etc.

Table 15 discloses that only 69 of the 600 survey companies carried items of this type on their 1951 balance sheets. The great majority of these companies (59 in 1951) valued such assets on their balance sheets at a valuation in excess of "nominal." Small tools, containers, dies, etc. were normally included under noncurrent assets.

The following examples, selected from the 1951 reports, are illustrative of the balance sheet presentation of small tools, containers, dies, etc.

Canada Dry Ginger Ale, Incorporated

Consolidated Balance Sheet

Under: "Property, Plant, and Equipment"

Containers—including estimated quantities in hands of customers:	
Bottles	$7,630,248.49
Cases (less reserve, for balance sheet purposes, provided from earned surplus and equal to 50% of ledger value of cases—1951, $3,285,885; 1950, $3,155,858)	3,285,885.23
Under: "Miscellaneous Assets"	
Deposits receivable from customers on returnable containers—estimated	$ 720,509.06
Current Liabilities:	
Total current liabilities (exclusive of an indeterminable amount of container deposits which will probably be currently returned to customers—see below)	$8,209,594.45
Other Liabilities:	
Liability to customers for deposits on returnable containers—estimated	3,892,006.56

Lukens Steel Company

Comparative Balance Sheets

Under: "Inventories"

Moulds, caps, bottom plates, etc.	$1,238,408

Mergenthaler Linotype Company

Financial Position

Noncurrent Assets:

Under: "Deferred Charges to Future Operations"

Small tools and expense supplies	$303,463

Pfeiffer Brewing Company

Comparative Balance Sheets

Under: "Inventories, at the lower of cost or market"

Bottles, cans, and cartons, including those held by customers, less customers' deposits ($1,011,379 in 1951)	$1,477,419
Noncurrent Asset:	
Kegs, at cost	$ 870,267
Reserve for depreciation	247,827
	$ 622,440

Admiral Corporation
Consolidated Balance Sheet
Noncurrent Assets:
Deferred Charges and Sundry Assets, Including Unamortized Cost of Tools and Dies (1951, $974,259) $3,184,439

Bendix Aviation Corporation
Consolidated Balance Sheet
Under: "Deferred Charges"
Special tools, dies, jigs, and patterns—unamortized balance $2,943,771

International Cigar Machinery Company
Balance Sheets
Noncurrent Assets:

Tools, Jigs, Drawings, Pattern, etc. at cost ...	$335,411
Less: Reserve for depreciation	224,636
	$110,775

Leslie Salt Co.
Statement of Financial Position
Current Assets:
Inventories:
Salt, containers and supplies—at cost and average cost not exceeding market $1,132,741

Lynch Corporation
Balance Sheet
Under: "Properties—at cost"
Machinery (tools, jigs, patterns, drawings and equipment) $2,156,341

The Sparks-Withington Company
Consolidated Balance Sheet
Noncurrent "Deferred Charges":
Prepaid taxes, unexpired insurance premiums, perishable tools, and sundry $78,043.66

TABLE 15: SMALL TOOLS, CONTAINERS, DIES, ETC.

Shown in Balance Sheet:	Small Tools	Dies, Jigs, Lasts, Molds	Drawings, Patterns	Cases, Containers	Rolls, Parts, etc.	1951 TOTAL
IN CURRENT ASSETS—						
Under:						
Inventories	3	2	—	5	2	12
Prepaid Expenses	2	1	—	—	—	3
Total	5	3	—	5	2	15
IN NONCURRENT ASSETS—						
Under:						
Fixed Assets	18	14	11	6	4	53
Set Forth Separately	5	7	8	3	3	26
Other Assets	4	1	1	—	2	8
Deferred Charges	2	1	1	—	1	5
Intangible Assets	—	—	1	—	—	1
Total	29	23	22	9	10	93
Total Presentations	34	26	22	14	12	108

Valuation:	Nominal Value	Amortized Value	Fully Amortized Value	Unamortized Value	1951 TOTAL
Small Tools	—	16	1	17	34
Dies, Jigs, Lasts, Molds	4	9	—	13	26
Drawings, Patterns	10	8	1	3	22
Cases, Containers	—	9	—	5	14
Rolls, Parts, etc.	—	4	—	8	12
Total	14	46	2	46	108
Number of Companies					
Showing Small Tools, Containers, Dies, etc.	9	32	1	27	69
Not showing Small Tools, Containers, Dies, etc.	—	—	—	—	531
					600

Intangible Assets

Table 16 sets forth the various types of intangible assets shown in the 1951 balance sheets of the 600 companies included in the survey, together with the balance sheet presentation and valuation thereof. The intangible assets most frequently shown were patents, goodwill, trademarks, and brand names. By far the most common balance sheet presentation was the noncurrent asset display of intangible assets as a separately presented item.

Table 16 also discloses that there were 325 companies which presented intangible assets in their 1951

TABLE 16: INTANGIBLE ASSETS

	Balance Sheet Presentation				
		Under Noncurrent:			
Type	Noncurrent Assets	Fixed Assets	Other Assets	Deferred Charges	1951 Total
Patents	168	8	14	5	195
Goodwill	161	1	7	—	169
Trademarks, Brand Names	101	3	4	1	109
Leasehold, Leasehold Improvements	9	39	4	4	56
Licenses, Franchises	23	5	3	2	33
Designs, Devices, Formulae	17	1	2	1	21
Research, Development Cost	9	2	1	2	14
Copyrights	10	—	—	—	10
Water, or Water Rights	1	9	—	—	10
Mining or Timber Cutting Rights	5	2	2	—	9
Contracts	5	2	—	—	7
Various other types	7	—	—	—	7
"Intangible Assets" (Not further identified)	11	2	—	—	13
TOTAL	527	74	37	15	653

	Balance Sheet Valuation					
Type	Nominal Value	Amortized Value	Fully Amortized Value	Unamortized Value	No Value	1951 Total
Patents	122	54	—	19	—	195
Goodwill	138	12	—	18	1	169
Trademarks, Brand Names	82	11	—	16	—	109
Leasehold, Leasehold Improvements	2	51	—	3	—	56
Licenses, Franchises	7	17	—	8	1	33
Designs, Devices, Formulae	14	4	—	3	—	21
Research, Development Cost	4	4	1	5	—	14
Copyrights	7	3	—	—	—	10
Water, or Water Rights	—	3	—	7	—	10
Mining or Timber Cutting Rights	1	3	—	5	—	9
Contracts	4	3	—	—	—	7
Various other types	3	2	—	2	—	7
"Intangible Assets" (Not further identified)	10	2	—	1	—	13
TOTAL	394	169	1	87	2	653
Number of Companies:						
Presenting Intangible Assets	175	106	1	42	1	325
Not presenting Intangible Assets	—	—	—	—	—	275
						600

balance sheets. The majority of these companies (175 in 1951) carried such assets at nominal value, which was usually in the amount of one dollar. Of the remaining companies, 107 showed intangible assets net of amortization. There were 42 companies that did not indicate a policy of amortizing intangible assets. In cases where the method of valuation was disclosed, "cost" was the basis most frequently used.

The examples set forth below, selected from the 1951 reports, show the various balance sheet presentations of intangible assets:

Noncurrent Assets—Separately Presented

Anchor Hocking Glass Corporation
Consoliated Balance Sheet
Noncurrent Assets:
Patents and Patent Rights:

At cost (purchased in 1951), less amortization	$243,358
At nominal amount	1

Beech Aircraft Corporation
Balance Sheet
Noncurrent Asset:
Intangible Assets—

Patents and Licenses—At cost	$85,480
Less: Provision for Amortization	35,617
	$49,863
Design and Development Costs	200,601

The Butterick Company
Balance Sheet
Noncurrent Assets:

Publications, copyrights, subscription lists, advertising and pattern contracts, etc.—Stated at value approved by Board of Directors on January 28, 1943	$400,000

Columbia Broadcasting System, Inc.
Consolidated Balance Sheet
Noncurrent Assets:

Talent Contracts, Program Rights, Scripts, etc., less amortization	$2,288,291
Goodwill	1

Crown Cork & Seal Company, Inc.
Consolidated Balance Sheets
Noncurrent Assets:

Patents and patent applications at $1.00 for items acquired prior to January 1, 1937, at cost for items acquired since, less allowance for amortization; 1951, $357,937	$388,153

McCall Corporation
Balance Sheet
Noncurrent Assets:

Subscription Lists, Advertising and Pattern Contracts, Patents on Printed Pattern, Processes, Trademarks and Goodwill	$8,365,931

The Oliver Corporation
Statement of Financial Position
Noncurrent Assets:

Patents, Designs, Trade-Marks and Goodwill	$1

Shown Under Fixed Assets

Hearst Consolidated Publications, Inc.
Consolidated Balance Sheet
Under: "Property"

Buildings, machinery, equipment and improvements to leased property, etc.	$58,723,237.64
Less reserves for depreciation and amortization	30,684,641.42
	$28,038,596.22
Leaseholds—Unamortized portion	351,628.24
Water rights	578,895.17
Noncurrent Assets:	
Circulation, Press Franchises, Reference Libraries, and Goodwill (see Notes 1 and 3)	$81,478,724.64

Note 1: The intangible assets described as Circulation, Press Franchises, Reference Libraries, and Goodwill are stated at valuations which, in the case of the newspaper-publishing subsidiaries acquired when the Company was formed in 1930, represent valuations made at or prior to that time and, in the case of the properties subsequently acquired, represent the portion of the purchase price allocated to the intangible, or (as to one such former subsidiary, now merged) original cost.

Note 3: A new loan agreement was entered into as of February 29, 1952 . . . The notes payable to a bank and the serial secured notes . . . are collaterated by a mortgage on the plant assets, circulation, press franchises and goodwill of Hearst Publishing Company, Inc. . . .

Melville Shoe Corporation
Consolidated Statements of Financial Condition
Property, plant and equipment, at cost:

Store and office fixtures, improvements to leased properties and miscellaneous equipment	$11,486,003

National Lead Company
Consolidated Balance Sheet

Plant, property and equipment, at 1915 appraised values, subsequent additions at cost (including intangibles of $20,692,311 not being amortized), less reserves for depreciation, depletion and amortization of: 1951, $71,215,202	$82,797,466
Patents and licenses, less amortization	40,027

The Safety Car Heating and Lighting Company, Inc.
Consolidated Balance Sheet
Under: "Property, Plant and Equipment"

Drawings and patterns	$573,239.99
Patents	1.00
Leasehold improvements, less amortization	5,932.11

St. Regis Paper Company
Consolidated Balance Sheet
Under: "Property, Plant, and Equipment—at cost, or appraised or companies' valuations plus subsequent additions at cost, less retirements"

Timberlands and cutting rights	$19,273,700
Less reserves for depletion	5,434,295
	$13,839,405
Water-power rights and privileges	2,045,095
Noncurrent Asset:	
Patents, Patent Rights, Trade-Marks, and Goodwill (less reserves for amortization $89,017)	3,812

United States Potash Company
Balance Sheets
Under: "Fixed Assets—At cost"
Land and water rights $261,166.84
Leaseholds and mineral rights, less accumulated depletion and amortization—1951, $763,569.47 .... 20,334.66

West Virginia Coal & Coke Corporation
Consolidated Balance Sheet
Under: "Plant, Property and Equipment—at cost"
Coal lands and rights $449,108
Less Reserve 248,189
$200,919
Coal leaseholds 1

Shown Under Other Assets

Bayuk Cigars Incorporated
Consolidated Balance Sheet
Other Assets—at cost:
Patent rights, less amortization .... $ 7,844
Plant Facilities:
Unamortized cigar machine licenses 116,401
Note 4: Depreciation and amortization—Cost of goods sold and other expense accounts include the following charges . . . Amortization of machine licenses and patent rights, $13,374.

Allen B. DuMont Laboratories, Inc.
Balance Sheet
Other Assets:
Patents, patent applications and licenses $644,474
Less accumulated amortization 171,271
$473,203
Film rental rights, less amortization 270,667

Marathon Corporation
Consolidated Balance Sheet
Under: "Other Receivables and Sundry Assets"
Timber cutting rights and development expenses, in process of amortization $638,827

H. K. Porter Company, Inc.
Consolidated Balance Sheet
Other Assets:
Leaseholds and patents, less amortization of $36,321.04 .... $14,994.67

Sprague Electric Company
Comparative Consolidated Balance Sheets
Other Assets:
Goodwill (at nominal amount) .... $ 1.00
Patents, trademarks and leasehold improvements—at cost less amortization $88,690.29
Statement of Consolidated Earnings
Costs and Other Charges:
Depreciation of plant and equipment and amortization of intangible assets 594,740.51

Talon, Inc.
Financial Position
Under: "Other Assets"
Patents—Cost not yet allocated to operations. . $97,594

Shown Under Deferred Charges

Marchant Calculating Machine Company
Balance Sheet
Under: "Deferred Expenses"
Issued patents and applications—less amortization of $173,897.52 .... $15,884.58

Consolidated Grocers Corporation
Consolidated Balance Sheet
Noncurrent Assets:
Deferred Charges—
Unamortized leasehold improvements ..... $ 73,941.05
Unamortized long term debit expense 97,294.32
Total deferred charges $171,235.37
Patents, Trade-marks, Goodwill, and other intangibles .... $ 2.00

Granite City Steel Company
Consolidated Statement of Financial Position
Under: "Other Assets and Deferred Expenses"
Unamortized leasehold improvements $508,528
Unamortized process licenses, debt expense, and other deferred charges 274,839

Reynolds Metals Company
Consolidated Balance Sheet
Other Assets—Note B:
Sundry investments, notes, deposits, etc.—$856,825; patents and licenses (unamortized cost) —$49,314 .... $ 906,139
Under: "Deferred Charges":
Mine development, exploration, and stripping costs (unamortized balance) 1,818,080
Note B: Assets Subject to Liens—Certain assets of the Companies were subject to liens under the terms of certain of the Companies' long-term indebtedness. Such liens attached to . . . (b) certain leases granting domestic bauxite mining rights; . . . Under certain conditions liens also shall attach to any or all patents and patent rights owned by the Company.

Richmond Radiator Company
Consolidated Balance Sheet
Noncurrent Asset:
Good Will and Trade-Marks .... $ 1.00
Under: "Deferred Charges"
Unamortized costs under license agreements. . 48,844.74

Sonotone Corporation
Consolidated Balance Sheet
Noncurrent Assets:
Intangibles:
Patents, patent rights and license agreements, less amortization $1,909.07
Mailing list, less amortization 1.00
$1,910.07
Deferred Charges:
New product costs chargeable to future operations 147,852.61

Amortization of Intangible Assets

As shown by Table 16, there were 107 companies in 1951 that indicated a policy of amortizing intangible assets and showing such assets in their balance sheets net of such amortization. Although relatively few of these companies disclosed the formula that was being followed in regard to such amortization, the following examples of a stated amortization policy are to be found in the 1951 annual reports.

Colgate-Palmolive-Peet Company
Balance Sheet
Noncurrent Assets:
Goodwill, Trade-Marks, etc. $1,875,000

The Balance Sheet Plainly Stated: Goodwill is the backbone of an established business. It is the high regard which people hold for products bearing our name. Because it is intangible and cannot be measured, goodwill is generally carried at the nominal value of $1.00. However, in 1946, the price paid for the Lustre-Creme business included $3,750,000 for the goodwill of this product. This goodwill is being absorbed in expense over a ten-year period starting in 1947.

Diana Stores Corporation
Consolidated Balance Sheet
Noncurrent Assets:
Excess in Consolidation
Excess of cost of investments in subsidiaries over the book value of their net assets at date of acquisition $400,607.10
Less: Amortization (over a ten-year period) 257,056.26

$143,550.84

Statement of Consolidated Profit and Loss
Below: "Estimated Federal Taxes on Income"
Allowance for Amortization of Excess Cost of Investments in Subsidiaries over the book value of their net assets at date of acquisition 40,060.71

Food Machinery and Chemical Corporation
Consolidated Balance Sheet
Noncurrent Assets:
Patents, trademarks and goodwill (Note 3).... $570,211
Note 3: Patents, trademarks and goodwill were recorded at $1.00 at the date of incorporation (1928) and, in accordance with the policy of the Corporation, all experimental, development and patent expenses prior to 1951 have been charged to cost of sales or expense. In 1951, the policy was modified to the extent that a significant purchase of patents is to be amortized over remaining lives of the patents.

Pittsburgh Brewing Co.
Balance Sheet:
Noncurrent Assets:
Trade names and good will (Note 1) ... $1,800,000.00
Statement of Income and Expenses
Extraordinary Charge:
Amortization of Trade Names and Goodwill which does not affect earnings for income tax purposes .... $ 100,000.00
Note 1: Represents the excess of the par value of Capital Stock issued at organization of the Company in 1899, over the aggregate of net tangible assets received in exchange therefor, $11,408,854.55, less writedowns as follows:

1918—1919	$3,129,357.87	(1)
1934	3,529,502.44	(1)
1949	2,749,994.24	(1)
1950	100,000.00	(2)
1951	100,000.00	(2)
	$9,608,854.55	

(1) Charged to Surplus.
(2) Charged to Current Earnings.

McCormick & Company, Incorporated
Consolidated Balance Sheet
Noncurrent Assets:
Goodwill, Trade Marks, Formulae, etc. (Note C) $86,845
Human Relations (at nominal value) 1
Note C: Goodwill, Trade Marks, Formulae, Etc., includes $77,344 unamortized portion of goodwill incident to the acquisition of A. Schilling & Company (May 27, 1947), and $9,500 representing the unamortized portion of the cost to The McCormick Western Hemisphere Corporation of processing methods (June 1, 1951), both of which are being written off over a period of ten years from the respective dates of acquisition.

Shellmar Products Corporation
Consolidated Balance Sheets
Noncurrent Assets:
Patents, Patent Applications and Other Intangibles (Less Allowance for Amortization) (Note 2) $572,950
Note 2: On July 14, 1950 the company acquired (in a tax-free reorganization) the net assets of Fibre-Plastics Corporation, a Minnesota Corporation, in exchange for 23,000 shares of the common stock of Shellmar Products Corporation. The excess of the fair value of common stock issued over the par value thereof (such excess being $391,000) was credited to additional paid-in capital. The excess of fair value of common stock issued and liabilities assumed over the book value of assets acquired (such excess being $543,973) was allocated to intangibles and is being amortized over fifteen years.

United States Tobacco Company
Comparative Statement of Financial Position
Noncurrent Assets:
Good Will, Trade-Marks, Patents, etc. ...... $..(—)..
Comparative Statement of Earnings Used in the Business
DR.—$3,115,000: "Write-off of cost of brand names and goodwill acquired in 1951."
To the Stockholders: On May 1, 1951, your Company purchased the substantial assets and brand names of Fleming-Hall Tobacco Company, a relatively small cigarette and tobacco company, with an annual sales volume of approximately $3,000,000. The net cost after the sale of its Brooklyn factory was $3,915,000.

In accordance with the preferred and generally accepted method of accounting for intangibles, the Good Will, Trade-Marks, Patents, etc. appertaining to the Company's snuff and tobacco products were written down to $1.00 in 1932, and this amount was charged to earnings in 1951. Following the accepted practice, the amount of $3,115,000 paid for the brand names and good will acquired from Fleming-Hall Tobacco Company was charged to Earnings Used in the Business. In the opinion of your Board of Directors the actual value of these intangibles is greatly in excess of the purchase cost.

Prepaid Expenses and Deferred Charges

In Accounting Research Bulletin No. 30, the Committee on Accounting Procedure of the American Institute of Accountants recommended the inclusion among current assets of "prepaid expenses such as insurance, taxes, unused royalties, current paid advertising service not yet received, and other items which, if not paid in advance, would require the use of current assets during the operating cycle."

Table 17 reveals that there has been a steady increase during the past five years in the number of prepaid expenses and deferred charges shown by the survey companies as current assets while there has been a decrease in the number shown among noncurrent assets.

Table 18 shows the frequency with which certain prepaid and deferred items appeared in the current and noncurrent sections of the balance sheets of the 600 survey companies in 1951 and 1950. In each year more than 40% of the items were not identified but were described merely as "prepaid expenses," "expenses paid in advance," "deferred charges," or similarly.

"Insurance premiums paid in advance" was the most frequently identified item in both 1951 and 1950, comprising in each year approximately 50% of the identified prepayments shown among current assets and approximately 37% of the identified items classified as noncurrent assets.

The following examples, taken from the 1951 reports, illustrate various types of prepaid expenses and deferred charges and their presentation in the current and noncurrent asset sections of the balance sheet.

TABLE 17: PREPAID EXPENSES AND DEFERRED CHARGES

Terminology Used In	1951	1950	1949	1948	1947
CURRENT ASSETS:					
Prepaid (*Nos. *8, 55, 114, 200, 354, 441, 436, 501*)	184	173	163	141	99
Prepaid and deferred (*No. *36*)	4	4	2	1	1
Deferred (*No. *237*)	2	2	1	1	1
Unexpired (*Nos. *79, 371*)	5	8	8	2	1
Costs applicable to future periods (*Nos. *104, 320, 508*)	9	7	5	4	2
Various other terms (*No. *244*)	3	3	3	3	3
Total	207	197	182	152	107
NONCURRENTS ASSETS:					
Deferred (*Nos. *72, 146, 205, 208, 269, 387, 455, 507, 599*)	154	140	142	141	138
Deferred and prepaid (*Nos. *28, 103, 189, 194, 251, 465, 486, 553, 591*)	105	97	102	107	107
Deferred (with items listed thereunder described as "Prepaid") (*Nos. *154, 246, 345, 474, 579*)	77	104	117	123	143
Prepaid (*Nos. *48, 186, 318, 338, 600*)	72	65	61	83	84
Costs applicable to future periods (*Nos. *25, 223, 374, 598*)	23	17	16	13	13
Unamortized (*Nos. *219, 316, 524*)	15	13	12	12	8
Unexpired (*No. *105*)	4	3	2	2	2
Various other terms (*Nos. *34, 89*)	8	9	13	17	19
Total	458	448	465	498	514
Number of Companies:					
Presenting Prepaid Expenses or Deferred Charges in:					
Current Assets	130	125	111	111	71
Current and Noncurrent Assets	77	76	73	49	37
Noncurrent Assets	382	388	407	433	485
Not presenting Prepaid Expenses or Deferred Charges	11	11	9	7	7
	600	600	600	600	600

*See Company Appendix Section

American Cyanamid Company
Consolidated Balance Sheet
Noncurrent Assets:
Prepaid Operating Expenses and Deferred Charges (Note 4) $4,869,382

Note 4: Employees' Retirement Plans became effective, as to employees in the United States, on January 1, 1944, and, as to employees in Canada, on October 1, 1945. The charge against 1951 income in respect of the employees' pension funds includes: (a) $835,562 for the eighth of ten installments of the amount required as of January 1, 1944 to provide accumulated past service credits of employees in the United States; and (b) $132,966 representing amortization of the payments to underwriters to

TABLE 18: PREPAID EXPENSES AND DEFERRED CHARGES

Classification as to Type	CURRENT ASSETS 1951 (A)	CURRENT ASSETS 1950 (A)	NON-CURRENT ASSETS 1951 (B)	NON-CURRENT ASSETS 1950 (B)
Insurance (*A: Nos. *55, 200, 599;* B: *48, 105, 338*)	101	100	163	170
Taxes (*A: Nos. *378, 574;* B: *34; 89, 455*)	46	47	81	85
Debt discount or expense (*B: Nos. *154, 205, 219, 316, 524*)	—	—	63	62
Supplies (*A: Nos. *114, 320;* B: *72, 437*)	18	16	36	40
Rent (*A: Nos. *441;* B: 146, *194*)	11	11	26	26
Commissions or expense advances (*A: Nos. *244;* B: *28, 251*)	11	10	11	10
Advertising or other selling expense (*A: Nos. *501;* B: *89, 507*)	9	9	22	23
Interest (*A: Nos. *215;* B: *182*)	4	5	8	7
Manufacturing costs (*A: Nos. *297;* B: *208*)	2	2	6	6
Employee welfare (*B: Nos. *119, 251, 400*)	—	—	9	11
Leasehold improvements (*B: Nos. *269, 345*)	—	—	7	7
Royalties (*B: No. *189*)	—	—	4	4
Organization expense (*B: No. *287*)	—	—	3	3
Development expense (*B: No. *354*)	—	—	3	3
Licenses, printing, moving expense, and various other (*A: Nos. *392;* B: *416, 499*)	6	7	12	15
Identified only as "prepaid" or "deferred" (*A: Nos. *33, 137, 202, 333, 432, 592;* B: *9, 77, 178, 294, 373, 397, 470, 540, 556, 600*)	143	139	340	341
Total	351	346	794	813

*See Company Appendix Section

cover in full the accumulated past service credits of Canadian employees. The unamortized balance of the payments to underwriters, $379,490, is carried forward as a deferred charge to be amortized over a period of approximately three years.

Columbia Baking Company
Balance Sheet
Current Assets:
Prepaid Insurance and Taxes $12,690.13
Noncurrent Assets:
Deferred Charges—
Stationery and Supplies $22,942.68
Bread and Cake Pans 52,869.01
Others 2,551.02

Foremost Dairies, Inc.
Consolidated Balance Sheet
Current Assets:
Prepaid insurance, licenses, etc. $113,388
Noncurrent Assets:
Deferred Charges 473,530

Gotham Hosiery Company, Inc.
Consolidated Balance Sheet
Noncurrent Assets:
Deferred Charges—
Deposits with mutual insurance companies and prepaid premiums $69,801.68
Unamortized long term debt expenses 6,265.04
Prepaid taxes and sundry expenses 47,790.91

Interstate Bakeries Corporation
Statement of Financial Position
Current Assets:
Prepaid Expenses, including television film rentals—1951, $111,088 .... $304,618

Kaiser-Frazer Corporation
Consolidated Balance Sheet
Current Assets:
Prepaid insurance, taxes, and other expenses. $ 837,818
Noncurrent Assets:
Deferred Charges—Cost of acquiring steel capacity rights to assure a long-term supply of steel, being written off over a period ending in 1954 1,215,000

Knott Hotels Corporation
Consolidated Balance Sheet
Current Assets:
Prepaid insurance, expenses, etc. 196,136.73
Noncurrent Assets:
Deferred—
Mortgage expense $130,467.43
Other 44,821.05

R. G. LeTourneau, Inc.
Balance Sheet
Current Assets:
Stationery, advertising supplies and prepaid expenses $215,397
Noncurrent Assets:
Unamortized Debt Expense 54,565

Reynolds Metals Company
Balance Sheet
Noncurrent Assets:
Deferred Charges:
Inventories of supplies—$3,339,444; and unamortized cost of rolls, dies, etc. $3,889,545
Bond issuance expenses, less amortization... 1,052,856
Prepaid insurance, taxes, royalties, rents, and interest—$724,059; and sundry 841,990

Libby, McNeill & Libby
Consolidated Balance Sheet
Current Assets:
Deferred 1952 pack costs and prepaid expenses $2,636,258
Noncurrent Assets:
Unamortized Debt Discount and Expense 150,081

Lockheed Aircraft Corporation
Consolidated Balance Sheet
Current Assets:
Prepaid expenses $2,336,300
Noncurrent Assets:
Deferred Charges (including development expense—1951—$537,868) 1,184,142

The Mead Corporation
Consolidated Statement of Financial Condition
Current Assets:
Prepaid insurance, taxes, etc. $442,295
Noncurrent Assets:
Deferred charges—bond discount and expense.. 128,853

Montgomery Ward & Co.
Balance Sheet
Current Assets:
Supply inventories and prepaid catalog costs $17,874,606

The Riverside Metal Company
Statement of Financial Condition
Current Assets:
Deferred tools applicable to government work $67,318.50
Prepaid insurance 17,027.52

United Fruit Company
Consolidated Balance Sheet
Noncurrent Assets:
Deferred Charges—
Dead season sugar expenses since termination of 1951 crop $4,593,580
Prepaid rentals, taxes, insurance, etc. 2,512,042
Expenditures on account of unfinished voyages 1,877,380
Unamortized premium on insurance fund investment 14,215
Other deferred charges to operations 1,605,719

United Merchants and Manufacturers Inc.
Consolidated Balance Sheet
Noncurrent Assets:
Deferred Charges (including $260,166 of unamortized organization and plant pre-opening expenses) $3,256,106

Accounts Payable

Accounts payable were shown by all of the 600 companies included in the survey. This item was set forth as a separate amount by 434 of the companies, while the remaining 166 displayed accounts payable with one or more other current liabilities. The following examples are illustrative of the balance sheet presentation of accounts payable. They also contain further examples of liabilities with regard to employees and stockholders which are discussed elsewhere herein.

General Electric Company
Consolidated Balance Sheet
Current Liabilities:
Accounts payable $76,342,149
Noncurrent Liabilities:
Accounts payable and accruals—not current 24,096,737

Allen Industries Inc.
Balance Sheets
Current Liabilities:

Accounts payable:	
Trade accounts	$1,255,964
Pay rolls, bonuses, commissions, and taxes withheld therefrom	247,071
Customers' credit balances and claims	68,957
Pay roll taxes	39,989
Miscellaneous	11,650
	$1,623,631

Camden Forge Company
Statement of Financial Condition
Current Liabilities:

Accounts payable, trade	$218,114.07
Accrued salaries and wages, including vacation wages accrued under union contract	74,862.27
Taxes withheld from employees	31,757.21

Century Electric Company
Balance Sheet
Current Liabilities:

Accounts Payable—	
Trade	$541,249
Salaries, wages, bonuses and contribution to salaried employees' profit sharing investment trust	648,203
Pay roll taxes, employees' accounts, accrued interest, etc.	210,832

Continental Motors Corporation
Consolidated Balance Sheet
Current Liabilities:

Accounts payable and accrued expenses—	
Trade accounts	$23,939,604
Pay rolls and other compensation	3,377,258
Property, pay roll, and excise taxes	878,665
Amounts withheld from employees for taxes and bond purchases	473,779
Miscellaneous	837,889
	$29,507,195

International Shoe Company
Statement of Financial Position
Current Liabilities:

Accounts payable and accrued expenses	$8,756,895
Due to subsidiary companies	367,169
Employees' income tax withheld from payroll	548,838
Stockholders' and employees' balances	249,959

Saco-Lowell Shops
Consolidated Balance Sheet
Current Liabilities:

Accounts payable	$1,360,882
Dividend payable	450,000
Customers' advance payments on sales contracts	595,827
Accrued liabilities:	
Federal income taxes	4,093,632
Social security, state, and local taxes	275,086
Payrolls and vacation pay	663,285
Agents' commissions	284,828

United States Hoffman Machinery Corporation
Consolidated Balance Sheet
Current Liabilities:

Accounts payable and accrued accounts, including deposits on account of uncompleted sales	$1,821,815
U. S. Government advances on contracts	2,648,771

Midwest Rubber Reclaiming Company
Statement of Financial Position
Current Liabilities:

Unpaid invoices for materials, services purchased, and expenses	$438,087
Owing to employees for wages and salaries	89,076

Liabilities Re Employees and Stockholders

Liabilities of this type were shown in 1951 by 442 of the 600 companies included in the survey. The various liabilities disclosed included:

a) Payrolls and other compensation
b) Payroll deductions for savings bond purchases
c) Withholding and social security taxes
d) Dividends payable
e) Guaranty deposits
f) Pension fund contributions
g) Vacation pay

The predominant manner of disclosure in the balance sheet was to combine various of the foregoing items in one amount.

The following examples illustrate various of the liabilities with regard to employees and stockholders as shown in the 1951 reports. They also contain further examples of "accounts payable" which are discussed elsewhere herein.

Bohn Aluminum & Brass Corporation
Balance Sheets
Current Liabilities:

Trade accounts payable	$2,132,303
Payrolls and other compensation	1,131,788
Payroll taxes and taxes withheld from employees	389,947

Continental Baking Company
Consolidated Balance Sheet
Current Liabilities:

Accounts payable	$2,920,899
Employees' payroll deductions for savings bond purchases, withholding and social security taxes and pension plan	410,705
Dividend payable on preferred stock	348,666
Salesmen's guaranty deposits	359,573

Heywood-Wakefield Company
Statement of Consolidated Financial Position
Current Liabilities:

Accounts payable	$624,117
Profit-sharing plan and trust agreement	384,661
Accrued salaries, wages, commissions and vacation pay	416,904

G. R. Kinney Co., Inc.
Consolidated Balance Sheet

Noncurrent Assets:	
Special deposits—Managers' Security Deposits and Employees' U. S. Savings Bond payments (contra)	$ 33,205
Current Liabilities:	
Accounts payable—trade	1,045,456
Accrued compensation, rents, taxes (other than Federal taxes on income), and miscellaneous liabilities	1,435,403
Noncurrent Liabilities:	
Managers' Security Deposits and Employees' U. S. Savings Bond Payments (contra)	$ 33,205

Elgin National Watch Company
Consolidated Balance Sheet
Current Liabilities:

Accounts payable—Trade	$1,395,853
Employees' subscriptions for U. S. Savings Bonds	33,449
Salaries, wages, commissions, etc. and pension and relief fund contributions	1,811,029

Naumkeag Steam Cotton Company
Comparative Balance Sheet
Current Liabilities:

Accounts payable	$394,218.47
Accrued liabilities—wages, salaries and expenses	349,872.63
Employees' deductions for income and social security taxes and purchase of savings bonds	113,044.52

United Aircraft Corporation
Consolidated Balance Sheets
Noncurrent Assets:

Cash in Special Deposit Accounts, per contra	$ 2,546,421
Current Liabilities:	
Accounts payable	28,139,299
Advances on sales contracts	8,428,961
Noncurrent Liabilities:	
Employee Payroll Deductions (federal taxes and savings bonds), per contra	$ 2,546,421

Vanadium-Alloys Steel Company
Consolidated Balance Sheet
Current Liabilities:

Accounts payable, trade	$655,807.52
Accrued payroll	176,350.12
Additional compensation to directors, officers and employees	860,000.00

U. S. Government Securities Used to Offset Federal Income Tax Liability

Over 60% of the 600 companies included in the 1951 survey disclosed in their reports that they owned U. S. Government securities. The reports further indicated that over 40% of the companies owning such securities acquired them with the intent that they be used for the payment of Federal income taxes. Table 19 shows the various types of U. S. Government securities held, as described in the reports, and the frequency with which such securities were shown as an offset against the liability for Federal income taxes.

The following examples, taken from the 1951 reports illustrate the various balance sheet presentations referred to in the above tabulation:

Showing Additional U. S. Government Securities in Current Assets

American Chain & Cable Company, Inc.
Comparative Consolidated Balance Sheet
Current Assets:

United States Treasury Savings Notes (less amounts contra)	$ 450,719
Current Liabilities:	
Federal and Canadian taxes on income	$11,900,687
Less, United States Treasury Savings Notes	11,759,061
	$ 141,626

TABLE 19: U. S. GOVERNMENT SECURITIES USED TO OFFSET FEDERAL INCOME TAX LIABILITY

Description of Securities		1951
Treasury Savings Notes. (*Nos. *11, 71, 99, 109, 129, 238, 293, 303, 344, 376, 401, 475, 533, 546, 559, 575*)		84
Tax Notes. (*Nos. *28, 49, 105, 150, 237, 289, 332, 353, 434, 466, 551, 590*)		40
Tax Anticipation Notes. (*Nos. *120, 228, 293, 462, 522, 538*)		9
Treasury Bills. (*Nos. *156, 219, 528, 546, 551, 559*)		8
Treasury Certificates. (*Nos. *71, 113*)		2
U. S. Government securities. (*Nos. *67, 216, 263, 313, 378, 470, 489, 531, 589, 600*)		30
Total securities offsetting Federal income tax		173
Number of Companies		
Offsetting Federal income tax liability with U. S. Government securities:		
Showing additional government securities in current assets. (*Nos. *17, 61, 129, 188, 211, 271, 305, 459, 479, 517*)	104	
Not showing additional government securities. (*Nos. *12, 82, 106, 224, 260, 368, 396, 415, 457, 522*)	61	165
Not offsetting Federal income tax liability with U. S. Government securities but showing such securities in current assets described as:		
Treasury Savings, Tax, or Tax Anticipation Notes; Treasury Bills; Treasury Certificates. (*Nos. *7, 13, 19, 117, 218, 324, 518, 566, 595*)	29	
U. S. Government securities.	180	
Various other descriptions.	6	215
Not showing U. S. Government securities.		220
		600

*See Company Appendix Section.

Buffalo Eclipse Corporation
Consolidated Balance Sheets
Current Assets:

U. S. Government securities at cost:	
U. S. Treasury Certificates	$3,204,839.11
Less: Allocated as offset against Federal income taxes	3,161,972.49
Current Liabilities:	
Accrued Liabilities:	
Federal income taxes	$3,161,972.49
Less: U. S. Treasury Certificates allocated	3,161,972.49

Crown Zellerbach Corporation
Consolidated Balance Sheets
Current Assets:

Government securities at lower of cost or market:	
United States Treasury Savings Notes	$42,000,000
Less amount to be applied in payment of United States taxes on income—see contra	38,163,155
Current Liabilities:	
Accrued taxes on income:	
United States $38,163,155 less securities—see contra	$ —
Canadian, net of payments	1,813,387

Black & Decker Manufacturing Company
Consolidated Balance Sheet
Current Assets:
United States Government securities—at cost plus accrued interest $3,375,482
Current Liabilities:
Federal, state and foreign taxes on income—estimated $3,976,453
Less foreign tax savings certificates purchased for payment of such taxes when due 89,600

The Florsheim Shoe Company
Balance Sheet
Current Assets:
United States Government securities, at cost $798,258.89
Current Liabilities:
Federal income taxes $950,000.00
Less—United States Treasury Notes 650,000.00

National Gypsum Company
Consolidated Balance Sheet
Current Assets:
U. S. and Canadian Government securities, at cost and accrued interest (approximate market) .... $ 4,544,104

Current Liabilities:
Federal, state and Canadian taxes on income—estimated $12,411,754
Less—U. S. Treasury Notes and Bills to be applied 11,715,204

Sinclair Oil Corporation
Consolidated Balance Sheet
Current Assets:
U. S. Government securities at cost, which approximates market .... $ 8,666,774
Current Liabilities:
Interest, taxes and miscellaneous accruals (including provision for U. S. Federal Income Taxes which, at December 31, 1951, are reduced by $29,871,600 of U. S. Treasury obligations) $29,764,669

Union Bag & Paper Corporation
Balance Sheet
Current Assets:
United States Treasury bills and tax savings notes (not including tax notes and bills deducted from liability for Federal taxes on income) $3,658,810
Current Liabilities:
Accrued accounts:
Federal taxes on income, less United States Treasury tax savings notes and bills, 1951—$23,475,000 .... $1,199,434

Not Showing Additional U. S. Government Securities

Avco Manufacturing Corporation
Consolidated Balance Sheets:
Current Liabilities:
Federal taxes on income (less U. S. Treasury notes and certificates—1951—$15,286,080) $4,524,857

Chrysler Corporation
Consolidated Balance Sheet
Current Liabilities:
Federal taxes on income $86,341,011
Less United States Government obligations held for payment of taxes 69,275,526

Hershey Chocolate Corporation
Balance Sheet
Current Liabilities:
Reserve for Federal income taxes $10,393,043
Less: United States Treasury Savings Notes and tax anticipation securities 4,985,678

Hudson Motor Car Company
Consolidated Balance Sheet
Current Liabilities:
Federal and foreign income taxes, 1951 and prior years $520,278.79
Less, Foreign tax reserve certificates 83,892.38

National Container Corporation
Balance Sheet
Current Liabilities:
Provision for Federal income & excess profits taxes $12,613,325
Less: United States Treasury Savings notes and anticipation bills 7,577,110

Paramount Pictures Corporation
Consolidated Balance Sheet
Current Liabilities:
United States and Canadian taxes on income, estimated (less $2,400,000 U. S. Treasury tax notes) $1,121,457

Polaroid Corporation
Comparative Consolidated Balance Sheets
Current Liabilities:
Provision for Taxes Payable $1,072,617.07
Less U. S. Treasury Bills, Tax Anticipation Series 596,632.16

Philadelphia Dairy Products Company, Inc.
Consolidated Balance Sheet
Current Liabilities:
Federal and State taxes on income, estimated $1,329,823.23
Less U. S. Treasury Savings Notes and accrued interest 1,008,937.50

Struthers Wells Corporation
Consolidated Balance Sheet
Current Liabilities:
Provision for Federal and State taxes on income $2,138,831
Less U. S. Treasury savings notes, series "D," and accrued interest, to be applied in payment of Federal taxes on income 103,560

United Drill and Tool Corporation
Consolidated Balance Sheet
Current Liabilities:
Accrued Liabilities—
Federal taxes on income less U. S. Treasury tax notes and accrued interest of $500,300 .... $2,910,958.53

Not Offsetting Federal Income Tax Liability With U. S. Government Securities

Dragon Cement Company, Inc.
Comparative Balance Sheets
Current Assets:
United States Government securities—Tax Savings notes, and accrued interest receivable $1,610,560
Short-term bills, at cost (principal amount—$700,000) 696,743
Current Liabilities:
Provision for federal taxes on income $1,472,698

American Home Products Corporation
Consolidated Balance Sheet
Current Assets:
U. S. Government obligations, at cost $10,000,000
British tax notes, at cost 964,243
Current Liabilities:
Accrued federal and foreign taxes on income $13,596,647

Joy Manufacturing Company
Balance Sheet
Current Assets:
United States Treasury Savings Notes, Series D, at cost and accrued interest $3,081,600
Current Liabilities:
Provision for Federal and State taxes on income 5,945,569

Simmons Company
Consolidated Balance Sheets
Current Assets:
United States and Canadian Government securities (including U. S. tax anticipation securities, 1951, $2,490,260) at cost $3,588,734
Current Liabilities:
Accrued federal, state, local and foreign taxes $7,092,506

United States Rubber Company
Consolidated Balance Sheet
Current Assets:
U. S. Treasury Savings Notes $15,514,067
Current Liabilities:
Accrued Federal income and excess profits taxes and renegotiation of defense business $70,314,555

Western Auto Supply Company
Comparative Balance Sheet
Current Assets:
U. S. Government securities—at cost (held for payment of Federal taxes on income). $5,922,148
Current Liabilities:
Accrued Liabilities—
Federal and state taxes on income $7,239,000

William Whitman Company, Inc.
Consolidated Balance Sheets
Current Assets:
United States Treasury Bills, and accrued interest (at cost, which approximated market) $7,276,830
Current Liabilities:
Federal taxes on income—estimated 1,860,864

Deferred Income

Seventy of the 600 survey companies displayed deferred income items in their 1951 reports. They were included in the noncurrent liability section of the balance sheet, as shown by the following examples:

Automatic Voting Machine Corporation
Balance Sheet
Current Assets:
Trade receivables due within one year (Note A), less allowance of $5,000.00 .... $ 882,669.15
Noncurrent Assets:
Trade receivables due after 1952 (Note A), less allowance of $30,000.00 .... 2,272,060.71
Noncurrent Liabilities:
Deferred Credits—
Voting machine rentals applicable against selling prices at option of lessees .... $ 46,269.40
Unrealized profit on installment sales and unearned interest 468,576.62
$514,846.02

General Note: The Company sells voting machines under ordinary sales terms and under installment terms. It also rents machines under terms which generally grant to lessees options to purchase and apply rentals on the purchase prices. Gross profit on ordinary sales is taken into income at time of sale, and gross profit on title-retaining installment sales is taken into income proportionately as collections are received. Rentals under short-term agreements containing purchase options are carried as deferred credits until expiration of the agreements. If purchase options are exercised, gross profit on the sales is taken into income on the usual basis. If the machines are returned, the deferred credits are taken into rental income and related costs are charged thereto. Rentals under agreements which permit successive renewals by lessees are similarly treated during the initial short-term rental periods, but thereafter, if rental terms are continued, rentals are taken into income and proportionate amortization of cost of the machines is deducted therefrom.

Beatrice Foods Co.
Consolidated Balance Sheet
Noncurrent Liabilities:
Deferred Income—Storage and Handling Charges $109,338.93

Continental Can Company, Inc.
Comparative Consolidated Balance Sheet
Noncurrent Liability:
Premium on 3% Sinking Fund Debentures, Less Expenses $311,597

Corn Products Refining Company
Consolidated Balance Sheets
Noncurrent Liability:
Deferred credits to income—Note 4 .... $868,902

Note 4: This amount represents dividends, royalties and other items due from foreign subsidiary and affiliated companies at approximate transfer rates at December 31, 1951, which has not been included in income and is shown as deferred credit pending release by exchange authorities.

Joy Manufacturing Company
Balance Sheet
Noncurrent Liabilities:
Deferred inter-company profit in inventories of foreign subsidiaries $250,000

Time Incorporated
Consolidated Balance Sheet
Noncurrent Liabilities:
Deferred Income:
Unearned portion of paid subscriptions ... $25,937,560
Other 59,889

In the 1951 report of Spiegel, Inc. there is an extensive footnote discussion of the adjustment of Federal income tax caused by the inclusion of income arising from installment sales on an accrual basis for accounting purposes whereas such income is reported on the "cash collection basis" for Federal income tax purposes.

Spiegel, Inc.
Consolidated Financial Position
Noncurrent Liabilities:
Reserve for Federal Income Taxes on Accrual Basis, less amount payable in succeeding year on collection basis included in current liabilities $6,500,000

Note at foot of "Consolidated Statement of Profit and Loss": In accordance with past practice the foregoing statement of profit and loss was prepared on the accrual basis, whereas for federal income tax purposes the income arising from installment sales is reported on the cash collection basis. The amount charged against earnings for the year 1951 represents a provision computed at current rates, plus an adjustment in respect of prior years' provisions made necessary by an increase in the income tax rates in 1951. The federal income tax provision for the year 1951 was $2,950,000 on the accrual basis as compared with $1,645,000 on the cash collection basis. The latter amount is included under current liabilities while the deferred portion of $1,305,000 is included in the reserve for federal income taxes on accrual basis.

Ex-Cell-O Corporation, in its 1951 report, explains a revision of its accounting procedure with respect to rentals from leased machines and the deferral of such rental income as follows:

Ex-Cell-O Corporation
Consolidated Balance Sheet
Noncurrent Liability:
Deferred Rental Income—Leased machines—
Note 4 .... $1,938,782

Note 4: The Company has revised its procedure with respect to accounting for rentals from leased machines which, prior to 1951, were reported as receivable at the time of execution of the leases with a corresponding credit to deferred rental income. Under the revised procedure, rentals are recorded only as they become due for payment, are credited initially to deferred rental income, and and transferred to earnings over the estimated life of the machines. Unrecorded rentals yet to be received under terms of existing leases aggregate $8,427,000, of which approximately $3,100,000 is scheduled for payment within the ensuing year. In the accompanying balance sheet, the figures at November 30, 1950 have been restated on a basis consistent with the procedure now in effect.

Dictaphone Corporation, in its 1951 balance sheet, shows the deferral of income under maintenance contracts billed in advance, less the applicable Federal income tax:

Dictaphone Corporation
Consolidated Balance Sheet
Noncurrent Liability:
Maintenance contracts billed in advance, less applicable federal taxes on income (Note 5) $377,693

Note 5: Since 1946 one-year contracts for maintenance of customers' machines have been sold, payment for which was received in advance. Revenues from such contracts were taken into income over the ensuing contract year on an accrual basis, and provision for federal taxes on income was also made on that basis.

The U. S. Treasury Department, however, requires that such revenues be reported on a cash basis, and the company has acquiesced in this ruling. Accordingly the tax on cash collections representing revenues deferred to future periods has likewise been deferred to the period when such revenues are earned and included in the statement of income.

In the 1951 report of Royal Typewriter Company, Inc., deferred income fom the sale of merchandise coupons is set forth within the current liability section of its balance sheet:

Royal Typewriter Company, Inc.
Consolidated Balance Sheet
Current Liabilities:
Unredeemed merchandise coupons (Note 4) .. $775,000

Note 4: Effective August 1, 1950, the Company adopted the practice of deferring income from the sale of merchandise coupons, less commissions and federal taxes on income, until delivery of the related merchandise. As a result, net income for the year is $400,383 less than it otherwise would have been, the adjustment being included in other income, net.

The 1952 balance sheet of Wieboldt Stores, Inc. sets forth the following information with respect to installment contracts:

Wieboldt Stores, Inc.
Balance Sheet
Current Assets:

Accounts receivable and installment contracts—maturing generally within one year	$4,236,315.55
Less allowance for doubtful accounts	185,956.78
	$4,050,358.77
Noncurrent Liabilities:	
Reserves—For deferred income tax on profits reported on installment basis, etc.	$ 260,030.60
Deferred Income—Unearned carrying charges on installment contracts	43,626.69

Short-Term Borrowing and Long-Term Indebtedness

The various types of short-term borrowing and of long-term indebtedness presented in the 1951 balance sheets of the 600 survey companies are set forth in Table 20. There were 196 companies showing short-term borrowing and 395 companies with long-term indebtedness.

The following examples have been selected from the 1951 reports as illustrative of the presentation of short-term borrowing in the current liability section and of long-term indebtedness in the noncurrent liability section of the balance sheet.

Continental Motors Corporation
Consolidated Balance Sheet
Current Liabilities:

Notes payable to banks, including $15,000,000 under V-Loan Agreement (Note B) ..	$16,000,000
[Various current liability items deleted herein ....]	
Payment due within one year on long-term debt	280,000
Total Current Liabilities	$51,185,864
Noncurrent Liabilities:	
Long-Term Debt—	
Note payable to insurance company, 3½% (Note C)	$ 4,440,000
Less payment due within one year included in current liabilities	280,000
	$ 4,160,000

Note B: Notes Payable to Banks under V-Loan Agreement—The agreement provides, among other covenants, (1) that the Corporation will not declare cash dividends on or purchase shares of its capital stock subsequent to October 31, 1950, in an aggregate amount which will exceed 50% of the Corporation's net earnings subsequent to that date, plus $660,000, and (2) that it will not permit its net current assets to decline below $11,000,000, plus 20% of its net earnings subsequent to October 31, 1950. At October 31, 1951, earnings retained for use in the business in the amount of $1,196,162 were free from the foregoing dividend restrictions.

Note C: Note Payable to Insurance Company—The note payable of Continental Motors Corporation to the insurance company, having an original principal amount of $5,000,000, matures October 1, 1961, but the Corporation has agreed to prepay $280,000 principal amount on April 1st of each year. The loan agreement provides, among other covenants, that the Corporation will not declare or pay dividends (other than in capital stock) or apply any of its assets to the purchase of its capital stock unless the aggregate of such amounts (less the net cash proceeds of sales of stocks) subsequent to September 30, 1946, will not be in excess of the consolidated net earnings, after certain adjustments, of the Corporation and its subsidiaries (except Continental Aviation and Engineering Corporation) accrued subsequent to October 31, 1946, and the consolidated net working capital of the Corporation and such subsidiaries after such actions will not be less than $15,000,000. At October 31, 1951, earnings retained for use in the business in the amount of $7,365,223 were free from such restrictions.

The General Tire & Rubber Company
Consolidated Balance Sheet
Current Liabilities:

Notes payable to banks	$ 849,375
Debenture sinking fund installment and notes of Canadian subsidiary company, payable in 1952	322,940
Noncurrent Liabilities:	
Long Term Debt—	
Unsecured promissory notes (sinking fund starts January 15, 1953) 3⅛%—due January 15, 1968	$12,000,000
Payable for purchase of plant and equipment (1953-1958 payments)	192,221
Of Canadian subsidiary company:	
5% sinking fund debentures, maturing in 1969	$ 1,817,140
4% serial notes payable 1953-1956	848,320
	$ 2,665,460
	$14,857,681

The Emerson Electric Manufacturing Company
Balance Sheet
Current Liabilities:

Notes Payable within One Year—	
Bank Credit Agreement (Note 1)	$3,200,000
Purchase Money Mortgage	144,000
Noncurrent Liabilities:	
Long term Liabilities—Principal Payments Due in One Year Are Included in Current Liabilities:	
Purchase Money 4% Mortgage—Due in Monthly Installments of $12,000 Each to September 1970	$2,592,000

Note 1: Notes payable under Bank Credit Agreement are secured by the assignment of the proceeds of certain defense production contracts. Money borrowed under this agreement may be used only as working capital for defense production contracts, for the payment of taxes on the company's profits and for the payment of refunds on defense production contracts. During the life of the agreement the company is required to maintain net current

TABLE 20: SHORT-TERM BORROWING AND LONG-TERM INDEBTEDNESS

Type	1951 Short-Term (A)	1951 Long-Term (B)
Notes payable (*A: Nos. *3, 196, 340, 521;* B: *131, 352, 429, 543, 585*)	163	286
Bonds and debentures (*Bonds: Nos. *49, 141;* Debentures *39, 590;* Sinking Fund Debentures: *331, 511, 582*)	—	154
Mortgages payable (*Nos. *50, 172, 439, 593*)	—	66
Loans payable (*A: Nos. *94, 115;* B: *280, 327*)	11	24
"V" loans (*Nos. *16, 84, 369*)	16	—
Revolving credit agreements (*A: Nos. *108, 368, 453;* B: *262*)	9	2
Credit agreements (*A: Nos. *165, 354;* B: *465, 556*)	4	4
Government loans (*Nos. *70, 103, 367*)	—	7
Owed by subsidiaries or affiliates (*A: *114, 510;* B: *240, 372, 418*)	11	33
Owed to subsidiaries or affiliates (*Nos. *481, 547*)	—	6
Various other (*A: Nos. *145, 422;* B: *59, 145, 382, 476, 576*)	8	38
Total	222	620
Number of Companies:		
Showing borrowing or indebtedness	196	395
Not showing borrowing or indebtedness	404	205
	600	600

*See Company Appendix Section

assets of not less than $4,500,000 and to limit the payment of cash dividends on common stock to earnings subsequent to October 1, 1947. At September 30, 1951, the amount of retained earnings (unappropriated) available for dividends on common stock is $3,202,826.

Abbott Laboratories
Consolidated Balance Sheets
Current Assets:

Cash—Note B	$12,437,236
Current Liabilities:	
Amounts payable to banks—principally by foreign branches and subsidiaries—Note B	3,397,717

Note B: Collateral for Amounts Payable to Banks—At December 31, 1951, the Company has deposited cash in the amount of $240,000 in connection with an amount of $267,905 payable to bank by a foreign subsidiary.

Chain Belt Company
Consolidated Balance Sheets
Current Liabilities:

Notes payable to banks—installment maturing within one year	$ 300,000
Noncurrent Liabilities:	
Notes Payable Under Bank Credit Agreement—unsecured, maturing in annual installments to 1956	$2,100,000
Less: Installment maturing within one year, included in current liabilities	300,000
	$1,800,000

Adam Hat Stores, Inc.
Consolidated Balance Sheet
Current Liabilities:

Notes payable to banks	$250,000.00
(Last item):	
Current maturity of long term debt	160,486.84
Noncurrent Liabilities:	
Long term:	
Notes payable to bank in $75,000 installments semi-annually from June 1, 1952 through May 31, 1956 (interest 2½%)	$675,000.00
Mortgages on real estate	206,683.87
Equipment contract	38,976.57
	$920,660.44
Less maturities included in current liabilities	160,486.84

Weston Electrical Instrument Corporation
Balance Sheet
Current Liabilities:

Notes payable to banks ($5,000,000 under V Loan Agreement—Note C)	$5,500,000.00
Installments due in 1952 on 3% Promissory Notes	360,000.00
Noncurrent Liabilities:	
Long-Term Indebtedness (Note C):	
3% Promissory Notes to banks (payable in seven quarter-annual installments of $90,000 each, beginning February 1, 1952 through August 1, 1953, and $60,000 on November 1, 1953; less installments of $360,000 due in 1952 included in current liabilities)	$ 330,000.00
Promissory Note (4%) to insurance company (payable in ten annual installments of $300,000 each, beginning June 1, 1957 through June 1, 1966)	3,000,000.00

Note C: The Regulation V Loan Credit Agreement provides for a revolving credit of $5,000,000 for additional working capital (increased to $8,500,000 on February 20, 1952), available until June 30, 1953 on terms therein set forth and against which the Corporation had borrowed $5,000,000 to December 31, 1951. Borrowings are evidenced by 90 day promissory notes. The banks or the guarantor may require as security for the loan the assignment of all monies due to the Corporation or arising under defense production contracts.

The proceeds of the Promissory Note (15 years) of the Corporation, purchased by an insurance company pursuant to terms of a loan agreement, provided funds for additional plant facilities.

The agreements relating to the Regulation V Loan and the Promissory Note given to an insurance company, and the terms of the 3% Promissory Notes to banks, contain certain restrictions on the payment of cash dividends. From and after January 1, 1952, under provisions of the most restrictive agreements, the Corporation covenanted to maintain at all times, working capital (as defined) of at least $4,250,000 (at December 31, 1951 working capital was $5,002,926) and that it will not pay cash dividends or make payments for retirement of shares of capital stock in the aggregate exceeding the lesser of (1) under the V Loan Agreement, an amount computed from January 1, 1951 at the rate of $2.00 per annum per share on presently outstanding shares of capital stock, or (2) under the loan agreement with the insurance company, 70% of the net earnings (as defined) for the period commencing January 1, 1951, and terminating at the end of the last fiscal quarterly accounting period preceding the date of such proposed payment. Dividends have been paid at the rate of $2.00 per share for the year ended December 31, 1951. The portion of net earnings since January 1, 1951 not subject to restrictions set forth above was $205,300.

Lear, Incorporated
Balance Sheet
Current Assets:

Trade accounts receivable (Note A)—	
United States Government	$ 921,945
Other, less provision of $65,000 for doubtful accounts	2,215,174
	$3,137,119
Inventories of parts, materials, and work in process—at lower of cost (first-in, first-out method) or market (Note A)	5,041,955
Noncurrent Assets:	
Cash surrender value of life insurance (Note A)	71,973
Current Liabilities:	
Notes Payable (Note A)	3,050,000
Payments due within one year on long-term debt	53,583
Noncurrent Liabilities:	
Long-Term Debt (Note C) —	
First mortgage, 4% due in quarterly installments to November 1, 1958	$ 122,500
Purchase contracts covering equipment and property, 4-5%, maturing in installments to 1957	87,200
	$ 209,700
Less payments due within one year	53,583
	$ 156,117

Note A: Notes payable aggregating $3,000,000 at December 31, 1951 were outstanding under the terms of a bank credit agreement, as amended, running to May 31, 1952. This agreement guaranteed in part under the United States Government V-Loan Program, provides that the Corporation may borrow under a revolving credit up to $3,000,000, subject to the availability of the required collateral. All accounts receivable due and to become due are assigned as security; in respect to accounts arising from the United States Government prime contracts by specific assignment and in respect to all other accounts by general assignment. Of the inventories located in Kent County, Michigan and Lorain County, Ohio, $4,227,509 is subject to lien pursuant to the credit agreement. The Corporation has also agreed that, except with the consent of the bank and the guarantor, it will not declare or pay any dividends (other than stock dividends) or acquire or retire any of its shares of stock, nor permit net current assets to decline below $1,750,000.

Note C: Long-term debt is secured by property, plant, and equipment having a net carrying amount of $482,602 at December 31, 1951.

The Ryan Aeronautical Co.
Consolidated Balance Sheet
Current Liabilities:

Notes payable—bank (Note 1)	$9,500,000

Note 1: Under terms of a bank loan agreement maturing December 31, 1952, the Company has been extended credit not to exceed $12,000,000 to be evidenced by 90 day notes secured by assignment of monies due or to become due under certain production contracts. At October 31, 1951, notes aggregating $9,500,000 are secured by accounts receivable, unreimbursed costs and fees, and inventories totaling approximately $14,000,000.

The agreement provides, among other things, that cash dividends may be declared and paid only from net earnings subsequent to October 31, 1950 and that the Com-

STANDARD OIL COMPANY (NEW JERSEY)

Parent Company Statement of Financial Position

DECEMBER 31, 1951–1950

	1951	1950
CURRENT ASSETS		
Cash	$ 71,258,524	$ 64,576,220
Marketable securities, at lower of cost or market	653,456,784	474,916,334
Accounts receivable, less estimated doubtful accounts	4,489,464	3,544,928
Inventories–supplies	46,240	38,519
Total current assets	729,251,012	543,076,001
LESS–CURRENT LIABILITIES		
Indebtedness to companies consolidated	401,902,030	273,862,340
Accounts payable and accrued liabilities	10,637,620	9,851,189
Estimated income taxes payable	35,879,735	10,624,907
Total current liabilities	448,419,385	294,338,436
WORKING CAPITAL	280,831,627	248,737,565
INVESTMENTS, at cost or less		
Stocks of companies consolidated	932,235,039	831,373,577
Accounts receivable from companies consolidated	116,485,782	211,453,916
Stocks of companies, owned over 50%, in Europe and North Africa, and net amounts receivable	187,239,459	191,372,581
Other investments and long-term receivables	212,349,647	203,314,745
FIXED ASSETS, less depreciation	435,510	423,222
PREPAID CHARGES AND OTHER ASSETS	11,998,041	3,690,516
Total assets less current liabilities	1,741,575,105	1,690,366,122
DEDUCTIONS		
Long-term debt	316,552,414	312,177,597
Deferred credits	596,595	618,623
Reserve for possible losses on foreign investments	90,000,000	105,000,000
Annuity and other reserves	4,111,994	4,626,839
NET ASSETS	$1,330,314,102	$1,267,943,063
SHAREHOLDERS' EQUITY		
Capital:		
Stock issued	$ 908,566,380	$ 757,138,650
Amount in excess of par value		149,539,527
Earnings reinvested and employed in business	421,747,722	361,264,886
	$1,330,314,102	$1,267,943,063

The financial review on pages 10 to 18 is an integral part of this statement.

pany maintain net current assets of not less than $3,000,000 and stockholders' equity of not less than $4,250,000.

The United States Finishing Company
Balance Sheet
Current Liabilities:

Notes payable, bank, amount due within one year	$270,000.00
Accrued interest	3,571.87
	273,571.87

Noncurrent Liabilities:

Notes payable, bank, due up to October 15, 1956 and March 15, 1955, respectively, secured by chattel mortgage on certain machinery and equipment	$604,245.00
Less amount due within one year	120,000.00
	$484,245.00

Ludwig Baumann & Company
Comparative Balance Sheet
Current Assets:

Customers installment accounts receivable	$12,626,626
Less: Accounts sold to banks	4,075,755
Balance (of which $8,435,054 at December 31, 1951 and $7,653,022 at December 31, 1950 were assigned to banks as security for loans payable—contra under revolving accounts receivable loan agreement)	$ 8,550,871
Less: Reserves	963,692
	$ 7,587,179
Other accounts receivable	244,670

Current Liabilities:

Loans payable banks net—secured by assigned customers' installment accounts receivable—contra	$ 3,237,925
Notes payable—banks	300,000

Noncurrent Liabilities:

Due to Elbeco Realty Corporation	$ 148,890
4½% subordinated debentures, due May 15, 1971 (Annual sinking fund equal to the lesser of 10% of net earnings or $25,000) issued $568,250 at December 31, 1951 and $601,150 at December 31, 1950, less in treasury December 31, 1951, $56,700 par value, cost $43,275 and December 31, 1950, $55,400 par value, cost $42,166	$ 524,975

Appropriations and Reserves

The appropriations and reserves discussed herein are those which are generally shown below the current liability section of the balance sheet or within the stockholders' equity section. (Inventory reserves have been excluded since they are discussed hereinabove). In the 1951 annual reports, 609 such presentations were disclosed. Those most frequently shown were for insurance purposes and for contingencies. The various types of appropriations and reserves and the frequency of use are set forth in Table 21. This table also discloses the continued decline during the past six years in the number of appropriations and reserves in the reports. In 1951 there were only 609 of such presentations as compared with 802 in 1946. The decrease is largely attributable to the decrease in the number of presentations for "contingencies" which fell from 315 in 1946 to 132 in 1951.

TABLE 21: APPROPRIATIONS AND RESERVES

Purpose	1951	1950	1949	1948	1947	1946
Insurance	152	163	147	152	148	151
Contingencies	132	160	210	262	285	315
Employee Benefit	76	82	78	78	76	71
Property	55	57	65	88	98	59
Guarantee or Warranty	41	40	43	41	42	39
Foreign Activity	41	44	32	36	37	25
Taxes	33	39	33	36	35	31
Various Other	79	84	97	109	113	111
Total Presentations	609	669	705	802	834	802

The 1951 reports contained 264 presentations which showed no change in dollar amount as compared with 1950. There were 300 instances in 1951 where the appropriation or reserve shows increase over the amount for 1950 or presents new appropriations or reserves which did not appear in 1950. In 93 instances the charge was to current earnings, while in 21 cases retained earnings was charged. In the remaining 186 instances of the increased or new presentations, there was no comment in the report as to the nature of the charge. There were 237 appropriations or reserves which were reduced or eliminated in 1951. In 23 of these instances, the credit was to current earnings while in 52 cases retained earnings was credited. In the remaining 162 instances of the decrease in appropriations or reserves, there was no reference in the reports as to the nature of the credit.

In Accounting Research Bulletin No. 34 entitled, "Use of Term 'Reserve,' " which was issued in October 1948, by the Committee on Accounting Procedure of the American Institute of Accountants, it was recommended that the use of the term *reserve* be limited "to indicate that an undivided portion of the assets is being held or retained for general or specific purposes . . . " In Accounting Research Bulletin No. 39, "Discontinuance of the Use of the Term 'Surplus,' " it was stated that, "retained income appropriated as a reserve nevertheless remains part of retained income, and any reserves which are clearly appropriations or segregations of retained income, such as reserves for general contingencies, possible future inventory losses, sinking fund, etc., should be included as a part of the stockholders' equity."

In the 1951 reports the term *reserve* was used in the descriptive caption in 504 instances (83%) whereas some other term, such as "appropriation" or "provision", was used in 105 instances (17%).

Table 22 shows in detail the balance sheet presentation of 609 appropriations and reserves shown in the reports of the survey companies. The great majority of these presentations (479 in 1951) were shown above the stockholders' equity section of the balance sheet. The next largest group (92 in 1951) was presented within the stockholders' equity section. The remaining presentations (38 in 1951) were shown among current liabilities, with the related asset, or disclosed in notes to the financial statements or in the letter to the stockholders.

Tables 23 through 30, set forth below, show the various appropriations and reserves discussed above and indicate the balance sheet presentation thereof. Following each table are typical examples of the types of such appropriations or reserves, taken from the 1951 reports. Each of the examples includes all of the presentations of the types under consideration which appear in the balance sheets of the respective companies.

TABLE 22: APPROPRIATIONS AND RESERVES

Balance Sheet Presentation		1951	1950
With: RELATED ASSET for—			
Foreign Activity purposes		4	4
Property purposes		4	4
Total		8	8
Among: CURRENT LIABILITIES for—			
Guarantee or Warranty Purposes		12	11
Contingency purposes		1	1
Employee Benefit purposes		1	1
Various Other purposes		8	8
Total		22	21
Above: STOCKHOLDERS' EQUITY for—			
Insurance purposes		141	153
Contingency purposes		84	110
Employee Benefit purposes		74	79
Property purposes		36	36
Tax purposes		32	38
Foreign Activity purposes		28	30
Guarantee or Warranty purposes		25	24
Various Other purposes		59	62
Total		479	532
Within: STOCKHOLDERS' EQUITY for—			
Contingency purposes		45	48
Property purposes		15	17
Insurance purposes		9	9
Foreign Activity purposes		6	7
Guarantee or Warranty purposes		4	5
Employee Benefit purposes		1	2
Tax purposes		1	1
Various Other purposes		11	13
Total		92	102
Disclosed in: NOTES TO FINANCIAL STATEMENTS for—			
Foreign Activity purposes		2	2
Contingency purposes		2	1
Insurance purposes		2	1
Total		6	4
Total		607	667
Disclosed in: LETTER TO STOCKHOLDERS for—			
Foreign Activity purposes		1	1
Various Other Purposes		1	1
		609	669
Term "reserve"			
Used in descriptive caption	83%	504	—
Not used in descriptive caption	17%	105	—
	100%	609	—

INSURANCE PURPOSES

The various types of insurance reserves and the balance sheet presentations thereof are shown in Table 23. They are shown primarily above the stockholders' equity section of the balance sheet. The total number of insurance presentations (152 in 1951) has remained practically constant over the past six years.

In a footnote to its balance sheet, United States Steel Corporation explains the nature and purpose of its insurance reserve of $50,000,000.

United States Steel Corporation
Consolidated Statement of Financial Position
Above: "Ownership Evidenced By"
Reserves:

Estimated additional costs arising out of war	$11,576,348
Insurance	50,000,000
Contingencies	38,607,649
Accident and hospital expenses	9,454,226
Other expenses	2,379,666

Notes to Accounts: Reserve for Estimated Additional Costs Arising out of War. Of the reserve for estimated additional costs arising out of war, provided during World War II, $1,750,925 was used in 1951 to cover the higher costs of replacing inventories depleted during the war. This charge and offsetting credit are included in the consolidated statement of income.

Insurance Reserve. The subsidiary companies are, for the most part, self-insurers of their assets against fire, windstorm, marine and related losses. The balance of the insurance reserve is held available for absorbing possible losses of this character and is considered adequate for this purpose.

Standard Oil Company (New Jersey), in the financial review section of its report, sets forth details of the various items included in the "Annuity, insurance, and other reserves" totaling $186,430,673.

Standard Oil Company (New Jersey)
Consolidated Statement of Financial Position
Above: "Shareholders' Equity"
Annuity, insurance, and other reserves $186,430,673

Financial Review: These reserves at December 31, 1951, consisted of $98,373,000 for annuities, $47,999,000 for marine and fire insurance, $34,738,000 for employee indemnities required in foreign countries, and $5,320,000 for other purposes.

To meet the companies' liabilities under annuity plans adopted in prior years, funds have been accumulated under declarations of trust, book reserves have been provided, and annuities have been purchased under group contracts. The amount of trusteed funds, derived principally from employer contributions, of consolidated companies was $224,634,000 at December 31, 1951. During 1951, participating companies made payments to trustees, insurance companies, and others of $57,611,000, and increased book reserves by $1,537,000. This resulted in a total charge of $59,148,000 to current income. The actuarial reserves under these plans are reviewed from time to time and further adjustments may be made.

Other examples of the balance sheet presentation of insurance appropriations and reserves are as follows:

American Can Company
Statement of Financial Position
Within: "Capital"
Earnings reinvested in the business (Note 3) $164,321,008
Note 3: Earnings reinvested in the business at December 31, 1951 includes $14,500,000 reserved by the company for compensation insurance, possible future inventory price declines and other contingencies.

The Eagle-Picher Company
Consolidated Balance Sheets
Above: "Stockholders' Equity"
Reserves for Self-Insurance:

Workmen's compensation	$551,355
Fire and tornado	141,657

TABLE 23: INSURANCE RESERVES

Balance Sheet Presentation	1951	1950
Above: STOCKHOLDERS' EQUITY—		
Workmen's Compensation	44	49
Self-Insurance	35	36
General Insurance	32	34
Public Liability or Accident	12	15
Fire Loss	8	9
Casualty Risk	6	6
Various other	4	4
Within: STOCKHOLDERS' EQUITY—		
General Insurance	4	4
Fire Loss	2	1
Public Liability or Accident	2	1
Self-Insurance	1	3
Disclosed in: NOTES TO FINANCIAL STATEMENTS		
Workmen's Compensation	2	1
Total	152	163
Term "reserve":		
Used in descriptive caption	136	—
Not used in descriptive caption	16	—
	152	—
Number of Companies:		
Referring to Insurance Reserves	117	127
Not referring to Insurance Reserves	483	473
	600	600

Insurance Presentations: Extent of Use in Year	1951	1950	1949	1948	1947	1946
Total	152	163	147	152	148	151

American Locomotive Company
Consolidated Statement of Financial Position
Above: "Stockholders' Ownership Evidenced by"
Reserves:

Deferred credits and operating reserves	$ 543,977
Self insurance under Workmen's Compensation laws	1,221,878
Reserve for past service pension costs	481,974
Reserve for contingencies	323,000

The American Ship Building Company
Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

For postwar adjustments and other contingencies	$1,845,545
For workmen's compensation and public liability insurance	300,000
For fire insurance on floating equipment	36,550

Archer-Daniels-Midland Company
Consolidated Balance Sheet
Current Liabilities:

Reserve for commitments	$1,050,000
Reserve for anticipated replacement of inventories, less related income tax deduction—Note B	885,000
Above: "Capital Stock and Surplus"	
Reserve for tornado insurance	155,209

Diana Stores Corporation
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Provision for Self-Insurance (Fire) (Note 3) $30,000.00
Note 3: Since December 1, 1948 the company's subsidiaries have been self-insurers for a portion of stores' fire losses. Existing insurance coverage protects the companies against any loss in excess of a deductible of 20% with a minimum deductible of $5,000 and a maximum of $15,000. The provision for future losses has been increased to $30,000 by charging $5,000 to profit and loss during the year.

Elgin National Watch Company
Consolidated Balance Sheet
Above: "Stated Capital and Earnings Retained"
Reserve for Casualty Insurance $200,000

The Quaker Oats Company
Consolidated Balance Sheets
Within: "Capital Stock and Earnings Retained in the Business"
Earnings Retained in the Business:
Reserved for—

Future Inventory Losses and Necessary Price Adjustments	$ 7,800,000
Insurance and Other Contingencies	1,150,000
Unreserved	21,401,110

Skelly Oil Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserve for Workmen's Compensation and Public Liability Risks $507,438

Union Oil Company of California
Consolidated Financial Position
Above: "Share Owners' Equity"
Allowance for Self-Insured Risks $2,052,218

CONTINGENCY PURPOSES

Table 24 shows the balance sheet presentation of contingency reserves. This table also discloses the substantial decrease in the number of such presentations during the past six years. In 1951 there were 132 contingency reserves as compared with 315 in 1946, or a decline of over 58%.

TABLE 24: CONTINGENCY RESERVES

Balance Sheet Presentation	1951	1950
Among: CURRENT LIABILITIES	1	1
Above: STOCKHOLDERS' EQUITY	84	110
Within: STOCKHOLDERS' EQUITY	45	48
Disclosed in: NOTES TO FINANCIAL STATEMENTS	2	1
Total	132	160
Term "reserve":		
Used in descriptive caption	109	—
Not used in descriptive caption	23	—
	132	
Number of Companies:		
Referring to Contingency Reserves	132	160
Not referring to Contingency Reserves	468	440
	600	600

Contingency Presentations: Extent of Use in Year	1951	1950	1949	1948	1947	1946
Total	132	160	210	262	285	315

Ex-Cell-O Corporation, in a footnote to its balance sheet, explained that its reserve for contingencies was felt to be adequate to cover any possible damages in a certain suit in which the company is defendant.

Ex-Cell-O Corporation
Consolidated Balance Sheet
Above: "Stockholders' Equity"
Reserves:

Compensation insurance	$ 50,000
Contingencies—Note 5	100,000

Note 5: The Company is defendant against a claim with a stated ad damnum of $750,000, asserted by a former sales agent. In the opinion of counsel, the total liability involved, if any is eventually established, will not be such as will exceed, to any great extent, the reserve for contingencies.

In a footnote to its balance sheet, Phillips Petroleum Company set forth in considerable detail the changes during 1951 in its reserve for contingencies.

Phillips Petroleum Company
Consolidated Balance Sheet
Above: "Net Worth"
Reserves:

Retirement Annuities—Note 7	$ 165,510
Insurance	2,000,000
Contingencies—Note 8	7,396,604

Note 7: The reserve for retirement annuities, amounting to $165,510 at December 31, 1951, is in respect of annuities not covered under the Metropolitan plan contributory retirement income plan.

Note 8: Changes during 1951 in the reserve for contingencies, which has been provided for various other contingencies, follow:

Balance, December 31, 1950	$8,399,886
Charged to Income	466,400
	$8,866,286
Restored to Income	1,424,619
Payment for which the Reserve was established	45,063
	1,469,682
Balance, December 31, 1951	$7,396,604

Armour and Company explained in its 1951 report that an offsetting charge due to flood loss had been made against its reserve for contingencies set up out of earnings of prior years.

Armour and Company
Consolidated Statement of Financial Position
Within: Stockholders' Equity
Earnings Employed in the Business:

Appropriated for:	
Inventory price decline	$17,500,000
Contingencies	993,100
Payment of interest and sinking fund on subordinated debentures	7,875,000
Cost of retirement of $3,299,600 stated value of $6 Cumulative Convertible Prior Preferred Stock and $3,371,500 par value of 7% Cumulative Preferred Stock	7,653,883
Unappropriated	82,013,716

The President's Report: The Company suffered an estimated loss of $6,000,000 as a result of the flood that inundated our Kansas City plant to a depth of 18 feet during July. After tax credit, the net loss amounts to $3,006,900. Working capital has been reduced by this net amount and the offsetting charge has been made against the $4,000,000 reserve for contingencies set up out of earnings some years ago.

Additional examples of the balance sheet presentation of contingency appropriations and reserves are:

Botany Mills, Inc.
Comparative, Consolidated Balance Sheet
Above: "Capital"

Reserve for Losses on Accounts Receivable Aggregating $233,725.76 at December 31, 1951 and $498,942.25 at December 31, 1950 Sold to the Factor and Guaranteed by Botany Mills, Inc.	$ 65,546.69
Reserve for Contingencies, Note (5)	1,452,985.26

Note (5): The reserve for contingencies in the amount of $1,452,985.26 is to cover any losses which may be sustained in the future through unforseen circumstances. It is not the intention of the company to use this reserve to absorb any future charges which would ordinarily be charged in the income account.

The Carpenter Steel Company
Balance Sheets
Above: "Capital Stock and Surplus"
Reserves:

Workmen's Compensation	$126,083.83
Contingencies	300,000.00

Mathieson Chemical Corporation
Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

Reserves for depreciation, obsolescence and depletion	$50,151,052
Miscellaneous operating reserves	1,034,244
Other reserves	762,183
Within: "Capital Stock and Surplus"	
Appropriated for contingencies	541,468

Pacific Tin Consolidated Corporation
Consolidated Balance Sheet
Above: Stockholders' Equity

Reserves for general repairs	$ 87,299
Within: Stockholders' Equity	
Reserve for contingencies	300,000

The Pfaudler Co.
Consolidated Balance Sheets
Above: "Capital Stock and Surplus"
Reserves (appropriated surplus):

For estimated remaining cost of past service annuities under Employees' Retirement Plan	$140,000
For possible future contingencies	400,000

St. Regis Paper Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserves for Self-Insurance, etc.	$ 901,910
Reserve for Contingencies	3,500,000

Sharp & Dohme, Incorporated
Consolidated Balance Sheet
Within: "Capital"

Reserve for contingencies	$1,000,000.00

Warren Brothers Company
Consolidated Balance Sheet
Above: "Capital Stock"
Reserves:

For maintenance of guaranteed roads, etc.	$188,287
General reserves for contingencies (Note 3)	—0—

Note 3: General Reserves for Contingencies—A portion of the general reserves for contingencies, $104,272, was transferred at December 31, 1951 to current liabilities (United States taxes on income), and the balance has been reclassified under "Reserves for maintenance of guaranteed roads, etc."

The Sparks-Withington Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserve for Contingencies (provided from capital surplus in a prior year)	$100,000

Standard Oil Company (Kentucky)
Balance Sheet
Within: "Capital Stock and Surplus"
Earned surplus (earnings retained in business)

Unappropriated	$37,597,391
Appropriated as a reserve for contingencies including fire, flood, and storm	800,000

Willys-Overland Motors, Inc.
Consolidated Balance Sheet
Current Liabilities:

Reserves: For guarantee, policy and Government contract price adjustments	$795,497
Above: "Capital Stock"	
Appropriated earned surplus of subsidiary for contingencies	357,440

Matson Navigation Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserve for Contingencies, including possible losses in connection with use or disposition of vessels	$5,000,000

EMPLOYEE BENEFIT PURPOSES

The various types of employee benefit reserves are set forth in Table 25 together with the balance sheet presentation thereof. These reserves are generally shown above the stockholders' equity section of the balance sheet. The number of employee benefit presentations has remained practically constant during the past six years.

TABLE 25: EMPLOYEE BENEFIT RESERVES

Balance Sheet Presentation	1951	1950
Among: CURRENT LIABILITIES—		
Pension Plan	1	1
Above: STOCKHOLDERS' EQUITY		
Pension Plan	34	37
Past and Current Service Cost	20	21
Incentive Plan	11	10
Welfare or Benefit Plan	9	11
Within: STOCKHOLDERS' EQUITY—		
Welfare or Benefit Plan	1	2
Total	76	82
Term "reserve":		
Used in descriptive caption	62	—
Not used in descriptive caption	14	—
	76	—
Number of Companies:		
Referring to Employee Benefit Reserves	68	73
Not referring to Employee Benefit Reserves	532	527
	600	600

Employee Benefit Presentations:

Extent of Use in Year	1951	1950	1949	1948	1947	1946
Total	76	82	78	78	76	71

Deere & Company, in a footnote to its balance sheet, explained the various charges and credits during 1951 to its "reserve for pensions."

Deere & Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserves for Pensions and Insurance (see Note 3)	$18,600,000

Note 3: The amounts charged to income and credited to reserves for pensions, and the amounts paid and charged to the reserves for pensions in 1951 follow:

Amounts charged to income and credited to reserves	$4,303,197
Amounts paid and charged to reserves:	
Payment to pension trust:	
For past service	3,295,094
For current service	1,878,495
Pensions and other benefits paid to retired and disabled employees	633,350

In the reports of Granite City Steel Company, Libby, McNeill & Libby, and United States Rubber Company there was set forth supplemental information concerning reserves for pensions and retirement allowances.

Granite City Steel Company
Consolidated Statement of Financial Position
Above: "Stockholders' Equity"

Reserve for repairs and maintenance	$ 300,000
Reserve for pensions (Note 3)	770,864

Within: "Stockholders' Equity"

Earnings reinvested in the business (unappropriated earned surplus)	14,018,765
Earnings retained in the business for general contingencies (appropriated earned surplus)	900,000

Note 3: Pensions. The company's pension plan with respect to hourly employees, will, under its present labor agreement, continue in force to October 31, 1954. At December 31, 1951 the company has recorded its total estimated pension liability under the plan, and in accordance with its method of accounting for pensions has deferred the estimated payments with respect to employees not then on the pension roll. Such liability represents the estimated pension payments to be made over the lifetime of those who have or may become pensioners under the present provisions of the plan and does not, therefore, represent the estimated amounts to be paid during the remaining period of the contract. There is no commitment to fund pension obligations, and, accordingly, there is no liability for funding the plan with respect to past service.

Libby, McNeill & Libby
Consolidated Balance Sheet
Above: "Stockholders' Investmen"

Voluntary Pension Reserve	$2,113,375

Financial Notes: Pensions. The unfunded balance of past service credits under the Pension Plans of the Company and its Canadian subsidiary is estimated at approximately $4,900,000 at March 1, 1952. Taking into consideration the balance in the Voluntary Pension Reserve (provided out of earnings prior to 1943) on the Company's books, and offsetting tax deductions (at present rates) on future payments into the Trusts, it is estimated that the charge against future earnings to complete the funding of past service credits will be about $400,000. Substantially all of the current year's contributions of $938,233 to the Pension Trusts were allocated to current service costs. The Companies have the right under the Plans to discontinue, suspend, or reduce contributions at any time.

United States Rubber Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

Insurance	$2,529,661
Retirement allowances	3,842,523
Foreign activities	5,857,084
General reserves	545,083

Financial Notes: Reserve for Retirement Allowances. In accordance with past practice, a reserve for retirement allowances has been provided in an amount equivalent to retirement allowances payable over a period of 2-½ years, based on the retirement roll at the end of the year.

Other examples of presentations for employee benefits are the following:

The American Metal Company, Limited
Consolidated Balance Sheets
Above: "Stockholders' Equity"

Reserves (Page 32)	$2,571,640

Page 32
Reserves:

Workmen's compensation self-insurance	$ 270,939
Pension plans for U. S. hourly paid employees	1,880,067
Supplemental Pension and Profit Sharing Plan for U. S. salaried employees	250,000
Other	170,634

Consolidated Paper Company
Balance Sheet
Other Current Liabilities:

Reserve for Employees' Death Benefits	$ 76,200.00
Reserve for Vacation Pay	250,000.00

Food Machinery and Chemical Corporation
Consolidated Balance Sheet
Above: "Stockholders' equity"

Reserves for employee benefits	$ 187,026

Within: "Stockholders' equity"
Earnings retained and invested in the business:

Appropriated as a reserve for contingencies	3,353,186
Unappropriated	35,859,507

International Business Machines Corporation
Consolidated Balance Sheet
Above: "Capital Stock"
Reserves:

Watson Fund for supplementing IBM Retirement Plan	$4,518,922.54
Widows and Orphans of IBM Veterans who lost their lives in World War II	1,005,751.14

Hercules Powder Company
Consolidated Statement of Financial Condition
Above: "Stockholders' Investment"
Reserves:

Insurance (Including estimated liability on claims, $130,597)	$ 2,013,812
Pensions	11,752,900
Contingencies	1,582,840
Excessive construction costs	1,300,734
Miscellaneous	—(0)—

Note 2: Subsidiaries Consolidated. Consolidated net income for 1951 includes $71,323 representing accumulated undistributed net income at December 31, 1951, of a Canadian subsidiary consolidated, which amount was previously credited to miscellaneous reserves.

Note 4: Reserves for Insurance and Pensions. Effective January 1, 1951, a change has been made in accounting method with respect to insurance and pension reserves. Heretofore, the amounts set aside in these reserves have been based on estimated future payments, without allowance for tax credits which will accrue to the company when such future payments are made. Under this method, net income is adversely affected when the set-aside is made, and correspondingly benefited when future payments are charged to the reserve and tax credits accrue. To avoid this distortion, it was decided to make the reserve set-asides and charges on the basis of the net cost to the company after taxes estimated at an average rate of 50%. The effect of this change in 1951 was to increase net income by $864,400.

Note 5: Reserve for Contingencies. This reserve has been provided for possible extraordinary inventory losses and other contingencies, after giving effect to related tax reductions.

Note 6: Reserve for Excessive Construction Costs. This reserve, provided in 1947, was formerly included in the reserve for depreciation and amortization.

Joy Manufacturing Company
Balance Sheet
Above: "Capital"
Provision for future payments to Employees' Benefit Fund (Note 4) 142,303
Note 4: The Employees' Benefit Fund is a trust established by Sullivan Machinery Company prior to its merger with the company, and obligations under the trust were assumed by the company. Benefits of the plan are restricted to persons who were employees of Sullivan on July 1, 1933.

Mullins Manufacturing Corporation
Balance Sheet
Above: "Capital Stock and Earned Surplus"
Reserve for Contingent Compensation $276,250.00

Pratt & Lambert, Inc.
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves for estimated cost of past service benefits under pension plan, payable subsequent to December 31, 1952 .... $485,328.62

PROPERTY PURPOSES

Table 26 sets forth the various types of property reserves and the balance sheet presentation thereof. These presentations are shown primarily above the stockholders' equity section of the balance sheet, but a substantial number are shown within the stockholders' equity section.

Bristol-Myers Company, in the "President's Review" section of the company's annual report for 1951, discussed at considerable length the effect of inflation on the amount of operating funds required to carry on the company's business and its policy with regard to appropriations set aside for estimated increase in the replacement cost of fixed assets.

Bristol-Myers Company
Statement of Financial Position
Within: "Stockholders' Investment"
Earnings Retained in the Business:
Appropriated—set aside for estimated increase in replacement cost of fixed assets $ 3,213,063
Unappropriated 16,688,399
President's Review: In last year's Annual Report we discussed at some length the effect of inflation on the amount of operating funds required to carry on the Company's business. We also discussed the desirability of including in its basis for computing selling prices a sum sufficient to provide the funds required for the replacement of productive facilities at the expiration of their useful life. Unfortunately, however, neither the Bureau of Internal Revenue nor the Securities and Exchange Commission have yet seen fit to recognize, as a current operating expense, the additional amounts that must be set aside each year to provide for the increase in replacement costs of fixed assets. Until this problem is given greater recognition, and its proper solution is more generally accepted, the Company believes that the interests of its stockholders will be best served by continuing to set aside each year, out of surplus, the additional amounts necessary because of the increase in the replacement costs. In accordance with this policy, and as shown in the table below, the Company transferred at the end of the year the amount of $441,370 from Unappropriated Earnings to a Reserve for Estimated Increase in the Replacement Cost of Fixed Assets. The total so provided for this purpose amounted to $3,213,063 at the end of 1951.

TABLE 26: PROPERTY RESERVES

Balance Sheet Presentation	1951	1950
With: RELATED ASSET—		
Extraordinary Property Losses	3	3
Extraordinary Property Obsolescence	1	1
Above: STOCKHOLDERS' EQUITY—		
Furnace Rebuilding, Plant Rehabilitation or Maintenance	15	18
High Cost of Plant Replacement	10	10
Ordinary Depreciation	5	5
Leased Property	2	2
Extraordinary Property Losses	2	1
Plant Reconversion	2	—
Within: STOCKHOLDERS' EQUITY—		
High Cost of Plant Replacement	13	15
Extraordinary Depreciation	1	1
Extraordinary Property Losses	1	1
Total	55	57
Term "reserve":		
Used in descriptive caption	44	—
Not used in descriptive caption	11	—
	55	—
Number of Companies:		
Referring to Property Reserves	51	53
Not referring to Property Reserves	549	547
	600	600

Property Presentations: Extent of Use in Year:	1951	1950	1949	1948	1947	1946
Total	55	57	65	88	98	59

In its 1951 report, Pittsburgh Plate Glass Company commented upon its appropriations to provide for replacement of obsolete and worn-out facilities at current prices.

Pittsburgh Plate Glass Company
[See Exhibit No. 6, pages 62 and 63 herein.]
Financial Review: The Company appropriated $5,140,474 during the year 1951 to provide for replacement of obsolete and worn-out facilities at current prices. This appropriation was in addition to the normal but inadequate depreciation provision on original cost which is allowed under present accounting practice and Federal tax laws. Therefore, real net earnings were $25,935,507 and not the $31,075,981 which the Company was required to report. Because of continued increases in the cost of machinery and construction, the appropriation for this purpose was substantially larger in 1951 than in any previous year since the adoption of this practice of reporting realistic replacement costs. We believe that it is increasingly important that recognition be given to these very real costs in tax determination and accounting practice.

An extensive discussion of replacement costs of plant and equipment and the reserve provided by the company for that purpose is found in the Virginia-Carolina Chemical Corporation's annual report for 1951.

Virginia-Carolina Chemical Corporation
Comparative Balance Sheet
Above: "Capital Stock"
Reserves:

For increased cost of replacement of plant and equipment	$1,500,000
For fire and tornado insurance and employees' accident compensation, etc.	191,177

To the Stockholders: Once again it was felt necessary to allocate $750,000 from net income as an addition to our Reserve for Increased Cost of Replacement of Plant and Equipment. The usual yearly provisions for depreciation and obsolescence, while deemed adequate to write off the original cost of such assets as they become worn out or are not longer required, do not provide sufficient funds for those needing replacement at the much higher price levels now prevailing and which seem likely to continue. In other words, current production, which is wearing out the depreciable assets, is not paying for their replacement by the usual depreciation charges to production costs. It becomes necessary, therefore, to supplement these charges by additional amounts in anticipation of the future higher replacement costs. It is believed that such supplementary charges should be deducted before determining net income, but we have been advised that a department of the Securities and Exchange Commission stated that such a procedure would not be permitted. Accordingly it has become necessary to show this special provision as an allocation of net income after the latter has been determined. The amount and treatment are the same as in the previous fiscal year.

Other examples of property reserves and their balance sheet presentation are set forth below.

Allied Chemical & Dye Corporation
Consolidated General Balance Sheet
Above: "Capital Stock and Surplus"

Depreciation, Obsolescence, etc.	$282,064,761
Increased Cost of Replacements	40,000,000
Pensions and Contingencies	29,156,777
Insurance	1,737,187
Sundry	810,912

Bates Manufacturing Company
Consolidated Statement of Financial Position
Within: Stockholders' Equity
Income retained in the business—

Reserve for contingencies	$ 2,000,000
Reserve for property replacements	1,300,000
Unreserved	9,402,348
	$12,702,348

The Borden Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Insurance Reserves	$ 6,993,806
Other Reserves	3,771,319

Within: "Capital Stock and Surplus"
Earned Surplus (Earnings retained for use in the business):
Appropriated:

For Contingencies	2,000,000
For Possible Inventory Price Declines	5,000,000
For Losses on Unusual Property Disposals	5,000,000
Unappropriated	83,081,186

Century Electric Company
Balance Sheet
Within: "Stockholders' Equity"

Accumulated earnings used in the business	$5,812,104
Earnings appropriated for excessive present costs of new plants and equipment (no change during the year)	300,000

The Cleveland Builders Supply Company
Balance Sheet
Noncurrent Asset:

Plant Replacement Fund—Note A—Proceeds from insurance on Reeves Plant which was destroyed by fire	$199,999.99

Above: "Capital Stock and Surplus"

Reserve for Plant Replacement	199,999.99
Reserve for Workmen's Compensation Insurance	61,464.91

Note A: The Board of Directors of the Company has authorized the construction of a new plant to replace the destroyed Reeves Plant. The cost of the new construction is presently estimated at $700,000.00 in excess of the proceeds from insurance on the Reeves Plant.

The B. F. Goodrich Company
Consolidated Statement of Financial Position
Above: "Capital Stock"
Reserves:

For increased replacement cost of facilities	$29,000,000
For inventories, purchase contracts, foreign losses and other purposes	20,865,270

To the Stockholders: The inadequacy of depreciation allowed for tax purposes has been recognized in the income account [$4,000,000] for the period, and a corresponding increase made in the reserve for increased replacement cost of facilities.

Saco-Lowell Shops
Consolidated Balance Sheet
Above: "Capital Invested in Business"
Reserves:

Amount appropriated for excess of replacement cost over original cost of plant property	$1,750,000
For contingencies	1,000,000

Sunshine Biscuits, Inc.
Statement of Financial Position
Deducted from total "net assets":

Reserve for Employees' Pensions	$ 1,438,252.43

Within: "Shareholders' Equity"
Earnings Retained in the Business:

Appropriated for extraordinary depreciation	1,000,000.00
Appropriated for inventory decline	500,000.00
Unappropriated	27,652,312.53

United Fruit Company
Consolidated Balance Sheet
Within: "Stockholders Equity"
Earnings retained in business less amounts transferred to capital stock account:
Appropriated:

Self-insurance	$13,816,461
Abnormal construction and increased replacement costs	35,000,000
Adjustments in materials and supplies	1,000,000
Earnings of European subsidiaries at December 30, 1939 not realized in U. S. dollars	7,902,010
	57,718,471
Not specifically appropriated	61,811,612

The President's Report: An additional $7,000,000 was appropriated out of accumulated earnings, making a total of $35,000,000 to take care of abnormal construction and increased replacement costs.

The Studebaker Corporation
Consolidated Balance Sheet
Noncurrent Assets—deducted from "Property, Plant and Equipment"
Reserve for loss on demolition, disposal and change in use of property and facilities and carrying charges on property held for sale $1,836,019.17

GUARANTEE AND WARRANTY PURPOSES

Table 27 summarizes the various types of guarantee and warranty reserves and sets forth the balance sheet presentation thereof. Such presentations are shown in the majority of instances above the stockholders' equity section of the balance sheet but in an appreciable number of instances they are presented among current liabilities.

TABLE 27: GUARANTEE AND WARRANTY RESERVES

Balance Sheet Presentation	1951	1950
Among: CURRENT LIABILITIES—		
Product Guarantee	5	5
Product Warranty	4	4
Contract Completion	3	2
Above: STOCKHOLDERS' EQUITY		
Product Guarantee	15	16
Product Warranty	5	5
Coupon Redemption	2	2
Guarantee of Commercial Paper	2	—
Contract Completion	1	1
Within: STOCKHOLDERS' EQUITY		
Product Guarantee	2	2
Guarantee of Commercial Paper	2	3
Total	41	40
Term "reserve":		
Used in descriptive caption	29	—
Not used in descriptive caption	12	—
	41	—
Number of Companies:		
Referring to Guarantee or Warranty Reserves	39	39
Not referring to Guarantee or Warranty Reserves	561	561
	600	600

Guarantee and Warranty Presentations:

Extent of Use in Year:	1951	1950	1949	1948	1947	1946
Total	41	40	43	41	42	39

The following examples are illustrative of guarantee and warranty reserves and of their presentation in the balance sheet.

Avco Manufacturing Corporation
Consolidated Balance Sheets
Above: Stockholders' Equity
Reserve for products warranty $4,995,151

Allis-Chalmers Manufacturing Company
Comparative Consolidated Balance Sheets
Current Liabilities:
Reserve for guarantees and completion of contracts billed $5,421,248

American Asphalt Roof Corporation
Statement of Financial Condition
Within: "Stockholders Investment"
Income reserved for the following purposes:
For replacement of existing buildings and machinery in excess of original cost $250,000.00
To replace and repair products sold under a guarantee 184,491.27

Foremost Dairies, Inc.
Consolidated Balance Sheet
Within: "Capital"
Reserves appropriated from Earned Surplus:
For guaranties of producers' notes (Note 4) ... $ 6,779
For contingencies 74,555

Note 4: The contingent liability of the Company as guarantor or endorser of notes of milk producers and others amounted to $522,669 at December 31, 1951 and $416,300 at December 31, 1950.

Motor Products Corporation
Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:
Workmen's Compensation Risks $100,000.00
Product guarantee 418,128.19

Philco Corporation
Consolidated Balance Sheet
Current Liabilities:
Operating Reserves for Product Warranties .. $3,608,106

A. O. Smith Corporation
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

Product guarantee	$ 443,750
Claims under workmen's compensation act ..	350,000
Research and development	1,025,000
Less: Segregated cash in banks	1,025,000
	$ 793,750

The Sperry Corporation
Consolidated Balance Sheet
Above: "Capital"
Reserve for Service and Guarantee of Products $1,284,152
Provision for Estimated Additional Payments subsequent to 1952 for capital stock of companies previously acquired (Note 5) .. 2,325,000

Note 5: Additional sums are payable for the capital stock of the New Holland group of companies purchased in 1947, depending on realized consolidated net earnings (as defined in the purchase agreement as amended) of these acquired companies in excess of $5,000,000 during the five-year period ending June 30, 1952. These additional sums are due after realization of such earnings through collection of receivables with deferred datings. At December 31, 1950, the Company provided an estimated liability of $5,400,000 for the full term of the contract, based upon reported earnings to that date and estimated earnings thereafter to June 30, 1952.

The Company believes that, on the basis of reported consolidated net earnings to December 31, 1951 and estimated earnings thereafter to June 30, 1952, any liability for payments for such capital stock, in addition to the estimated liability of $5,400,000 provided at the end of 1950, will not materially affect the Company's financial position.

Wm. Wrigley Jr. Company
Statement of Consolidated Accumulated Earnings Retained for Use in the Business
Balance, December 31, 1951:

Unappropriated	$44,193,005
Appropriated for guarantees under employment assurance contracts	1,000,000
	$45,193,005

FOREIGN ACTIVITY PURPOSES

The various types of foreign activity reserves and their balance sheet presentations are set forth in Table 28. Such reserves are usually shown above the stockholders' equity section of the balance sheet. The number of such presentations has fluctuated from year to year but has increased from 25 in 1946 to 41 in 1951.

TABLE 28: FOREIGN ACTIVITY RESERVES

Balance Sheet Presentation	1951	1950
With: RELATED ASSET—		
Foreign Profits Not Remitted	2	2
Foreign Statutory Provision	2	2
Above: STOCKHOLDERS' EQUITY—		
Foreign Currency Conversion	11	12
Foreign Profits Not Remitted	6	7
Foreign Investment	5	5
Foreign Losses	4	4
Foreign Statutory Provision	2	2
Within: STOCKHOLDERS' EQUITY—		
Foreign Statutory Provision	4	4
Foreign Investment	1	2
Foreign Profits Not Remitted	1	1
Disclosed in: NOTES TO FINANCIAL STATEMENTS		
Foreign Profits Not Remitted	1	1
Foreign Statutory Provision	1	1
Total	40	43
Disclosed in: LETTER TO STOCKHOLDERS		
Foreign Statutory Provision	1	1
	41	44
Term "reserve":		
Used in descriptive caption	35	—
Not used in descriptive caption	6	—
	41	—
Number of Companies:		
Referring to Foreign Activity Reserves	30	33
Not referring to Foreign Activity Reserves	570	567
	600	600

Foreign Activity Presentations:

Extent of Use in Year:	1951	1950	1949	1948	1947	1946
Total	41	44	32	36	37	25

The following examples of foreign activity presentations covering such items as unremitted foreign profits, foreign exchange fluctuations, possible loss on foreign investments, and statutory reserves have been selected from the 1951 reports:

California Packing Corporation
Consolidated Statement of Financial Position
Within: "Sources from which Capital was Obtained"
Earnings Retained for Use in the Business:

Appropriated for contingencies in respect of assets and obligations in foreign countries (Note A)	$ 5,000,000
Unappropriated	31,035,593

Note A: In recognition of unsettled political and economic conditions in the world, appropriations were made in prior years for contingencies in respect of assets and obligations in foreign countries; the total of such appropriations at February 29, 1952, was $5,000,000.

The Coca-Cola Company
Consolidated Balance Sheet
Above: "Capital Stock"
Reserves:

For unremitted foreign profits	$21,617,682.31
For employees' retirement plan	4,362,265.18

Note 2: The accounts of subsidiaries and branches operating in foreign countries, consolidated in the balance sheet. . . . Unremitted profits of such subsidiaries and branches, consolidated herein, are included as follows: $21,617,682.31 in the reserve for unremitted foreign profits and $1,268,949.62 in earned surplus.

The Electric Storage Battery Company
Consolidated Balance Sheet
Above: "Capital"

For foreign exchange fluctuations	$ 304,971
For insurance	41,806
For Contingencies	3,577,278

Note 7: Foreign exchange fluctuations during the year resulted in an unrealized profit of $198,787 caused by converting assets and liabilities recorded in foreign currencies into United States dollars. In accordance with the consistent practice of the companies, this amount has been credited to the reserve for foreign exchange fluctuations, resulting in a balance of $304,971, at December 31, 1951.

Felt and Tarrant Manufacturing Company
Consolidated Balance Sheet
Above: "Capital"

Reserve for repairs and renewals	$ 5,563
Reserve for war damage claims (contra)	4,061
Reserve for possible loss on assets located in foreign countries	425,000

The Goodyear Tire & Rubber Company
Consolidated Balance Sheet
Above: "Capital Stock"
Reserves:

For replacement of rubber inventory liquidated less Federal taxes thereon	$ 5,149,399
For sundry liabilities	14,908,934
For foreign investments	24,564,669
For contingencies (surplus reserve)	28,900,000

To the Shareholders and Employees: Of the total earnings, $6,823,000 was subject to various foreign government restrictions on the remittance of earnings and this amount has been charged to the current year's operations and carried to the Reserve for Foreign Investments. The Company's equity in fixed and current assets in subsidiaries operated outside the United States, consolidated in the attached balance sheet, amounted to $86,114,876, in respect of which a reserve of $24,564,669 is carried. Further devaluation of foreign currencies occurred during the year, totaling $1,287,500, which has been charged to the Reserve for Foreign Investments previously provided.

Gillette Safety Razor Company
Consolidated Balance Sheet
Noncurrent Asset:

Investments in Foreign countries other than Canada represented by assets and related liabilities and reserves as follows: [Detail deleted herein]	$18,190,855
Less: Non-current liabilities and reserves:	
Accrued foreign income taxes payable in 1953	5,246,826
Reserve for unrealized earnings	4,725,239
Statutory reserves	213,803
	$10,185,868
	$ 8,004,987

Above: "Capital Stock and Surplus"

Reserve for Unrealized Foreign Earnings—Canada	$19,157,008

Kimberly-Clark Corporation
Consolidated Balance Sheet
Above: "Stockholders' Investment"
Reserves:

For extraordinary obsolescence	$381,541
For Canadian exchange fluctuations	979,702

Standard Oil Company (New Jersey)
Consolidated Statement of Financial Position
Above: "Shareholders' Equity"

Reserve for possible losses on foreign investments	$90,000,000

Financial Review: The reserve for possible losses on foreign investments, provided in the parent company's accounts in the amount of $105,000,000 in previous years, was adjusted to $90,000,000 at December 31, 1951. The adjustment represents $11,300,000 applied in reduction of investments in Eastern Europe, and $3,700,000 added to Jersey's income tax liability to cover estimated tax adjustment on war loss recoveries. In view of current disturbed international conditions, it has been deemed advisable to retain the balance of $90,000,000 as a general reserve for possible losses on foreign investments.

United Merchants and Manufacturers, Inc.
Consolidated Balance Sheet
Current Liabilities:

Reserve for possible loss on purchase commitments	$ 400,000

Within: "Capital Stock and Surplus"
Surplus:

Statutory Reserves, South American Subsidiaries	77,058
Capital Surplus	11,943,920
Appropriated Surplus	6,636,326
Earned Surplus, since August 1, 1932	65,410,446

TAX PURPOSES

Tax reserves, together with their balance sheet presentation, are set forth in Table 29. Such presentations, almost without exception, were shown above the stockholders' equity section of the balance sheet. The number of these reserves is approximately the same in 1951 as in 1946.

TABLE 29: TAX RESERVES

Balance Sheet Presentation	1951	1950
Above: STOCKHOLDERS' EQUITY		
Tax Contingencies	13	14
Prior Year Taxes	11	13
Taxes	4	7
Future Taxes	3	4
Deferred Tax Benefit	1	—
Within: STOCKHOLDERS' EQUITY		
Taxes	1	1
Total	33	39
Term "reserve":		
Used in descriptive caption	28	—
Not used in descriptive caption	5	—
	33	—
Number of Companies:		
Referring to Tax Reserves	31	37
Not referring to Tax Reserves	569	563
	600	600

Tax Presentations: Extent of Use in Year:	1951	1950	1949	1948	1947	1946
Total	33	39	33	36	35	31

The following examples show various of the types of reserves for taxes found in the 1951 reports.

The Fair
Statement of Financial Position
Above: "Capital Stock"
Reserves:

For federal taxes on gross profit from installment sales reported on a collection basis for income tax purposes	$210,000
For possible decline in inventory prices and other contingencies	954,653

General American Transportation Corporation
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserve for Income Tax Contingencies—Note A	$1,575,000.00

Note A: Federal Taxes on Income: Federal income tax returns filed by the Corporation have been examined by the Bureau of Internal Revenue through the year 1949. In 1951, additional taxes on income and interest aggregating $2,518,066.07 for the years 1942 through 1945 were paid; however, as to one of these years approximately $190,000.00 of interest is recoverable. Of the amount paid $475,000.00 of interest was charged to income and the remainder to reserves previously provided. For the years 1946 through 1949, the Corporation has agreed to pay additional taxes on income of approximately $50,000.00. Until federal income tax matters for the years 1942 to 1949 are finally closed, the reserve for income tax contingencies will be retained.

The total of accumulated provisions for depreciation claimed by the Corporation in federal income tax returns exceeds by a substantial amount the aggregate used for general accounting purposes. It is impracticable to estimate the effect of this depreciation difference on the earnings of future periods.

International Paper Company
Consolidated Balance Sheets
Above: "Capital and Surplus"
Reserves:

Insurance	$ 2,397,657
Prior years income taxes not finally determined	8,662,526
Contingencies	11,547,330

Within: "Capital and Surplus"
Earned Surplus—

Appropriated for inventory price adjustment	18,000,000
Unappropriated	167,368,780

The Pure Oil Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

For replacement of inventories	$1,140,000
For contingencies, including possible additional income taxes for prior years	1,500,000

Mergenthaler Linotype Company
Financial Position
Above: "Capital Stock"
Reserves:

For possible adjustment of Federal income tax claims (Note 2)	$2,150,000
For contingencies	1,100,000

Note 2: Final settlement has not been reached on pending claims for deficiency in federal income and excess profits taxes for the fiscal years ended September 30, 1942, 1943, 1944 and 1945, and claims for refund of taxes filed by the Company for the fiscal year ended September 30, 1946 under Sections 122 and 710 of the Internal Revenue Code, as explained fully in prior years' reports. A proposal submitted during the current fiscal year is under review by the Treasury Department in Washington.

Otis Elevator Company
Balance Sheet
Above: "Capital Stock"
Reserves:

For Pensions	$1,119,318
For Contract Guarantee	322,663
For War Loss Claim	3,097,041
Extra Compensation Contingent Fund	124,332
General Reserve	2,383,314

To the Stockholders and Employees: Reserve for Pensions. The previous reserve for pension has been reduced to $1,119,318 by the payment of $127,562 under the voluntary pension plan applicable to employees sixty years of age or older on November 1, 1937.

Reserve for Contract Guarantee: Charges against this reserve totaled $231,847, reducing the reserve to $322,663.

Reserve for War Loss Claim: Our investments in subsidiary companies in enemy held territory were charged off in 1941 against a reserve provided out of income and surplus. The saving in Federal Income Taxes ($3,097,041) resulting from a war loss claim covering these investments is represented by a claim for refund of $1,597,041 taxes paid on 1941 income and a reduction of $1,500,000 in taxes on 1942 income. However, to the extent to which this loss has not been sustained, or is not allowed, this claim will be reduced and the full amount of the tax saving has, therefore, been set aside as a reserve. No change in this Reserve for War Loss Claim was made in 1951.

General Reserve: The Federal Income Tax returns filed by your Company since 1942, and including that about to be filed for 1951, indicate a total income tax liability during that period of approximately $67,240,000, all of which has been paid or accrued. However, none of these tax returns has yet been audited by the Bureau of Internal Revenue, and any increased payments which may be required following such an audit will be a charge against our General Reserve.

Pacific Mills
Statements of Financial Position
Above: "Capital Stock"

Reserve for Self Insurance—Workmen's Compensation	$ 75,561
Reserve for Tax Contingencies (Note B)	2,000,000

Note B: The accompanying statements are subject to final determination of federal income and excess profits taxes for the years 1942 to 1951, inclusive. In its federal income and excess profits tax return for the year 1944, the company deducted as an expense the amounts of $2,065,842 paid in settlement of a claim of the Office of Price Administration. This deduction was resisted by the United States Treasury and the case has been heard by the Tax Court of the United States which found unanimously for the company in a decision dated October 26, 1951. However, the government may still appeal this finding to the United States Circuit Court. Should there be any additional tax liability with respect to this item the company intends to charge such additional tax liability to the reserve for tax contingencies.

Union Tank Car Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:

For Annuities (For retired employees whose annuity credits were not underwritten by insurance company under the Annuity Plan as now in effect)	$286,023
For Deferred Federal Taxes (see Note 1)	931,000
Other Reserves	444,069

Note 1: Cars costing $18,300,000 were acquired and under Certificates of Necessity amortization of a portion of the cost is permitted over a five year period in the determination of taxable income. No change has been made in the Company's depreciation policy; therefore, the amount of depreciation for these cars charged to Operations is $1,256,000 less than the amortization taken for the determination of taxable income.

Acceptance of Government authorization to amortize investment in these cars in an amount in excess of normal depreciation results in a temporary tax saving of $931,000 which amount has been deducted from Net Income and set aside as a Reserve for Deferred Federal Taxes payable over a period of years after the expiration of the five year period.

Vanadium-Alloys Steel Company
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"

Reserve for Contingencies—Provision for disputed prior years' income taxes (Note 2)	$474,967.38

Note 2: Federal Income Taxes. Additional income tax assessments proposed by the U. S. Bureau of Internal Revenue for the years ended June 30, 1941 to 1947, inclusive, aggregating $467,191.84, plus interest, are being contested in the tax courts.

VARIOUS OTHER PURPOSES

Table 30 summarizes the assorted types of "various other reserves" and shows the balance sheet presentation thereof. These reserves were generally shown above the stockholders' equity section of the balance sheet. The number of such presentations has decreased materially during the past six years, from 111 in 1946 to 79 in 1951.

TABLE 30: VARIOUS OTHER RESERVES

Balance Sheet Presentation	1951	1950
Among: CURRENT LIABILITIES—		
Renegotiation Provision	7	7
Litigation Contingency	1	1
Above: STOCKHOLDERS' EQUITY—		
General—No stated purpose	30	34
Operating Purposes	19	18
Capital Stock Retirement	3	2
Notes or Accounts Receivable—extra loss	2	2
Research and Development	2	2
Dividend Declaration	1	2
War Loss Claim	1	1
Deferred Credit	1	1
Within: STOCKHOLDERS' EQUITY—		
Capital Stock Retirement	4	4
General—No stated purpose	2	4
Dividend Declaration	2	2
Research and Development	1	1
Additional Capital—Charter Requirement	2	2
Total	78	83
Disclosed in: LETTER TO STOCKHOLDERS—		
Renegotiation Provision	1	1
	79	84
Term "reserve":		
Used in descriptive caption	61	—
Not used in descriptive caption	18	—
	79	—
Number of Companies:		
Referring to Various Other Reserves	68	73
Not referring to Various Other Reserves	532	527
	600	600

Various Other Presentations:

Extent of Use in Year:	1951	1950	1949	1948	1947	1946
Total	79	84	97	109	113	111

Western Massachusetts Company has a "hydro equalization" reserve on its balance sheet which it explains in the "Review of Operations" section of its 1951 report.

Western Massachusetts Company
Consolidated Balance Sheet
Above: "Shareholders' Equity"
Reserves:
Depreciation of Plant and Equipment .. $17,011,530.74
Hydro equalization 485,971.17
Other reserves 5,391.46

Review of Operations: Above-normal river flows with consequent above-normal hydro-electric generation result in a below-normal expense for steam generated electricity and purchased power. A year of below-normal water conditions has the reverse effect. Because the year to year variations are wide and have the effect of distorting earning power, the company established in 1946 a hydro equalization reserve. In years of below-normal river flow, the deficiency is evaluated, the reserve is debited and income is credited. In years of above-normal hydro generation, the accounting is reversed.

Hydro-electric generation during 1951 was 23.9% above the long-term average and as a result $291,377.50 was deducted from income and added to the hydro equalization reserve, making a total of $485,971.17 in this reserve at the close of the year. The changes in the hydro equalization reserve since its creation as of January 1, 1946 are illustrated in the chart at the top of page 9.

Swift & Company in its report explained that during 1951 certain flood losses not covered by insurance had been charged to its "general reserve."

Swift & Company
Consolidated Balance Sheet
Within: "Capital Stock and Accumulated Earnings"
Reserves:
General reserve—(see notes) $13,237,031
Reserve for high cost additions to fixed assets 27,000,000
Reserve for inventory price decline 5,767,000

Notes: Flood losses—During 1951 the company sustained flood losses aggregating $5,610,088, of which $2,847,119, representing the amount of the reduction in income taxes attributable thereto, has been charged to income and the balance of $2,762,969, charged to the general reserve which was provided in prior years against losses not covered by insurance.

In its 1951 report, National Cylinder Gas Company explains the reasons for the discontinuance of its reserve for research and development expenses as follows:

National Cylinder Gas Company
Note 7: Reserve for Research and Development Expenses. For several years this reserve has been carried on the balance sheet at the amount of $175,000, having been accumulated by appropriations from earnings during the years 1942 to 1945, inclusive. Since all expenditures of this nature have been charged against operations of the years in which the expenses were incurred, it now appears that the continuation of this reserve serves no useful purpose, and it has been restored to reinvested earnings.

Congoleum-Nairn Inc., in its balance sheet, shows "operating and miscellaneous reserves" without any further description thereof.

Congoleum-Nairn Inc.
Consolidated Balance Sheets
Above: "Capital Stock and Surplus"
Operating and Miscellaneous Reserves $1,195,560

The following examples of "various other appropriations and reserves" from the 1951 reports cover such varied items as moving expenses, renegotiation, retirement of preferred stock, introduction of a new product, etc.

Bell Aircraft Corporation
Consolidated Balance Sheet
Current Liabilities:
Reserve for renegotiation or additional costs on contracts completed in prior years (Note 2) $2,421,734
Reserve for completion of contracts 548,996

Note 2: The reserve for renegotiation or additional costs on contracts completed in prior years is adequate to cover the refund of $2,275,000 made in January 1952, and such further payments as may be required in connection with prior years.

Boeing Airplane Company
Balance Sheet
Current Liabilities:
Allowance for contract adjustments including renegotiation, net of taxes $1,200,000

Carrier Corporation
Consolidated Balance Sheets
Above: "Capital Stock and Surplus"
Reserve for Moving Expenses $449,323

City Stores Company
Comparative Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:
For redemption of trading stamps and for self-insurance $1,035,714
For restoration of leased properties 441,899

Allen B. DuMont Laboratories, Inc.
Balance Sheet
Within: "Stockholders' Equity"
Earnings reinvested in the business:
Appropriated for the retirement of preferred stock .... $ 150,000
Unappropriated 6,803,536

General Cigar Co., Inc.
Consolidated Balance Sheet
Within: "Stockholders' Equity"
Earnings appropriated for:
Additional capital as required by charter .. $ 1,000,000
Inventory adjustment 936,000
Insurance reserve 200,000
Unappropriated earnings employed in the business 11,000,191

Higgins Incorporated
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves:
For repairs to motor ship $1,509.49
For expenses on terminated voyages 5,000.00

Standard Steel Spring Company
Balance Sheet
Above: "Capital Stock and Surplus"
Reserve for tax and defense program contingencies $829,273

Sterling Drug Inc.
Consolidated Balance Sheet
Above: "Capital Stock and Surplus"
Reserves for:
Exchange fluctuations and other foreign losses $3,231,428
Retired employees' pensions—not funded ... 551,400
Introduction of new products 555,363

The Wayne Pump Company
Statement of Financial Condition
Above: "Stockholders' Equity"
Reserves for intercompany profit in inventories of foreign subsidiary companies not consolidated $63,000.00
Reserve for unearned finance fees, collection expenses, etc. 59,348.11

The New York Air Brake Company
To the Shareholders: Renegotiation—Profits of the Company's Stratopower pump division are subject to renegotiation. Renegotiation proceedings have been completed through 1949, and the Company has no obligations back of that year. Reserves have been established for renegotiable business done in 1950 and 1951, and these are reflected in the statement of the Company's earnings for those years.

Capital Stock

CLASSIFICATION OF CAPITAL STOCK

The different classes of capital stock and the various combinations thereof shown in the balance sheets of the 600 companies included in the survey are summarized in Table 31. The most frequently used combination (259 companies in 1951) is common stock and one-type of preferred stock. There were 168 companies in 1951 that showed only common stock in their balance sheets and 125 companies that had only "capital stock" outstanding.

TABLE 31: CLASSIFICATION OF CAPITAL STOCK

Combination of Stock Classes	1951	1950	1949
Common Stock and one type of Preferred Stock. (*Nos. *16, 46, 79, 169, 179, 184, 206, 216, 312, 313, 322, 334, 426, 457, 504, 524, 536, 568, 599*)	259	262	273
Common Stock. (*Nos. *5, 28, 53, 74, 88, 133, 164, 193, 228, 264, 285, 317, 379, 390, 442, 461, 503, 520, 565, 585*)	168	162	151
"Capital Stock". (*Nos. *6, 22, 54, 115, 130, 170, 207, 215, 257, 308, 384, 430, 476, 501, 530*)	125	128	128
Common Stock and two types of Preferred Stock. (*Nos. *15, 63, 101, 185, 205, 271, 340, 382, 450, 460, 563*)	35	35	34
Common Stock (two types) and one type of Preferred Stock. (*Nos. *192, 209, 223, 266, 486*)	5	5	6
Common Stock (two types). (*Nos. *123, 194, 236, 238*)	4	4	5
Common Stock and three types of Preferred Stock. (*Nos. *114, 326*)	2	2	1
Common Stock (two types) and three types of Preferred Stock. (*No. *117*)	1	1	1
"Capital Stock" (two types). (*No. *157*)	1	1	1
	600	600	600

*See Company Appendix Section.

STATUS OF CAPITAL STOCK

As shown by Table 32, in the great majority of instances there is a disclosure by the companies in their annual reports of the number of shares of capital stock authorized, issued, and outstanding. There has been no material change in the extent or frequency of such disclosures in the reports of the 600 survey companies during the past three years.

VALUE ATTRIBUTED TO SHARES OF STOCK

Table 33 contains a summary of the various values attributed to shares of stock, as shown by the reports of the 600 survey companies. In only three instances was a per-share-value not set forth.

EXAMPLES OF BALANCE SHEET PRESENTATION

In addition to the usual information set forth in the stockholders' equity section of the balance sheet, or in footnotes, as to the various classes of capital stock, the number of shares authorized, issued, unissued, and outstanding, and the value attributed to the shares of stock, the following additional types of information were shown in various of the 1951 annual reports of the 600 companies included in the survey:

As to preferred stock:
- (a) Conversion rights and stock reserved for that purpose
- (b) Retirement or redemption agreements—contributions to sinking funds
- (c) Call provisions
- (d) Liquidation values—voluntary or involuntary
- (e) Dividends—cumulative, participating, etc.

As to both common and preferred stock:
- (a) Restrictions on dividends
- (b) Options of employees to purchase stock
- (c) Restrictions on purchase of outstanding stock
- (d) Voting rights

In a footnote to its balance sheet, W. T. Grant Company set forth the redemption provisions as to its 3-3/4% cumulative preferred stock and the limitation on dividends on common stock and the amounts that may be spent in the acquisition of such stock.

TABLE 32: STATUS OF CAPITAL STOCK

Number of Shares Shown For	1951	1950	1949
Common Stock or "Capital Stock"			
Authorized, Outstanding, Issued	232	237	228
Authorized, Issued	220	222	228
Authorized, Outstanding	128	119	120
Authorized, Outstanding, Unissued, Issued	7	7	9
Authorized, Outstanding, Unissued	5	5	7
Issued	5	4	4
Authorized	4	3	3
Outstanding, Issued	2	3	3
Outstanding	1	3	4
Status not set forth	7	8	7
Total	611	611	613
Preferred Stock			
Authorized, Issued	111	113	114
Authorized, Outstanding	96	87	86
Authorized, Outstanding, Issued	89	99	109
Outstanding	5	5	5
Authorized, Outstanding, Unissued	2	2	3
Issued	2	2	1
Authorized	1	4	4
Outstanding, Issued	1	—	—
Authorized, Outstanding, Unissued, Issued	—	1	3
Authorized (None issued to date)	28	25	22
Status not set forth	8	8	6
Total	343	346	353

TABLE 33: VALUE ATTRIBUTED TO SHARES OF STOCK

Class of Stock	1951	1950	1949
Common or "Capital Stock"—with Per-Share-Value shown at:			
Par	416	402	388
No Par	155	165	176
No Par with Stated Value	33	37	41
No Par with Assigned Value	2	2	2
No Par with Book Value	—	—	1
Stated Value	3	3	2
Assigned Value	1	1	1
Per-Share-Value not set forth	1	1	2
Total	611	611	613
Preferred Stock—with Per-Share-Value shown at:			
Par	258	253	254
No Par	58	61	60
No Par with Stated Value	25	28	34
Per-Share-Value not set forth	2	4	5
Total	343	346	353

W. T. Grant Company
Statement of Financial Position
Capital:

Capital Stock:	
Cumulative Preferred—$100 par value (Note C):	
Authorized 250,000 shares	
Issued 150,000 shares of 3¾% series ..	15,000,000
Common—$5 par value:	
Authorized 3,000,000 shares	
Issued 2,398,363 shares, (including 2,400 shares in treasury)	11,979,815
Capital paid in excess of par value of shares issued	365,664
Amounts paid by officers and employees under contracts for 64,775 shares of unissued Common Stock	130,082
	$12,475,561

Note C: The 3¾% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at any time at $102 per share to August 1, 1953, $101 per share to August 1, 1955, and $100 (par value) per share thereafter, plus, in each case, accrued dividends to date of redemption.

So long as any of the Cumulative Preferred Stock shall remain outstanding, the sum of dividends (other than stock dividends) paid on, and amounts expended for acquisition of, Common Stock from January 31, 1945, are not to exceed the aggregate of (1) consolidated net earnings since January 31, 1945, (2) $5,000,000, and (3) net proceeds from sale after January 31, 1945 of any shares of stock ranking junior to the Cumulative Preferred Stock. At January 31, 1952 the portion of earnings retained for use in the business not subject to this restriction amounted to approximately $36,000,000.

The 1951 report of Gillette Safety Razor Company

THE STANDARD OIL COMPANY

(AN OHIO CORPORATION)

Statement of Stockholders' Interest

YEARS ENDED DECEMBER 31, 1951, AND DECEMBER 31, 1950

	1951	1950
Capital Stock—*Note B*		
Preferred—cumulative, $100 par value	$ 23,692,200	$ 24,229,400
Common—$10 par value	40,189,090	36,515,620
Total Capital Stock	$ 63,881,290	$ 60,745,020
Capital in Excess of Par Value of Capital Stock		
Balance at beginning of year	$ 25,951,407	$ 24,061,997
Add		
Cash received in excess of par value of common stock issued	10,417,150	—0—
Portion of common stock dividend in excess of par value of shares issued	75,730	1,885,722
Excess of par value over cost of preferred stock retired	—0—	3,688
	$ 36,444,287	$ 25,951,407
Deduct commissions and expenses for common stock issued	450,911	—0—
Balance at end of year	$ 35,993,376	$ 25,951,407
Net Income Employed in the Business—*Note B*		
Balance at beginning of year	$ 82,370,074	$ 72,901,689
Add net income for the year	23,164,581	20,221,345
	$105,534,655	$ 93,123,034
Deduct dividends declared		
Payable in cash		
Preferred stock—$3.75 per share	$ 881,392	$ 911,983
Common stock—$2.20 per share in 1951; $2.00 per share in 1950	8,018,995	7,149,190
Payable in common stock		
2% on common stock (71,495 shares)—amount transferred to capital	—0—	2,691,787
	$ 8,900,387	$ 10,752,960
Balance at end of year	$ 96,634,268	$ 82,370,074
	$196,508,934	$169,066,501
Less Capital Stock in Treasury—at cost—*Note B*		
Preferred	$ 522,406	$ —0—
Common	151,941	151,941
	$ 674,347	$ 151,941
Stockholders' Interest at end of year	$195,834,587	$168,914,560

See notes to consolidated financial statements.

contains an unusually complete balance sheet presentation of capital stock:

Gillette Safety Razor Company
Consolidated Balance Sheet
Noncurrent Assets:

Common Stock held in treasury at cost (4,810 shares, market value $148,509)	$ 134,240
Capital Stock and Surplus:	
$5.00 Dividend Convertible Preference Stock:	
Authorized and Issued 281,451 shares without par value, stated value $7.50 per share	$2,110,882
(Preferred as to cumulative dividends only; entitled in liquidation to accumulated dividends and thereafter to share ratably two shares with common stock; redeemable at Company's option at $105.00 per share and accumulated dividends)	
Common Stock:	
Authorized 5,562,538 shares, par value of $1.00 per share, of which 562,902 shares are reserved for the conversion of preference stock.	
Issued 3,997,538 shares, par value $1.00 per share	3,997,538

The Mengel Company, in its 1951 balance sheet, set forth the redemption and liquidating values and the conversion ratio for its first preferred stock and the amount of common stock reserved for such conversion:

The Mengel Company
Consolidated Balance Sheet
Capital:
Contributed capital:

Convertible first preferred stock, 5% cumulative, $50 par value, redeemable at $55 plus cumulative dividends, involuntary liquidating value of par plus cumulative dividends, each share convertible into three shares of common stock; authorized and issued 80,000 shares, surrendered for conversion or redemption, not to be reissued 54,730 shares, outstanding 25,270 shares at December 31, 1951	$1,263,500
Common stock, $1 par value, authorized 1,040,000 shares, reserved for conversion of convertible first preferred stock 75,810 shares, issued and outstanding 590,731 shares at December 31, 1951	590,731

The following examples from the 1951 reports of the survey companies further illustrate the disclosure in the balance sheet or footnotes of the various types of information set forth above concerning capital stock:

Columbia Broadcasting System, Inc.
Consolidated Balance Sheet:
Capital Stock and Surplus:

Capital stock, par value $2.50 per share, authorized 1,500,000 shares each of Class A and Class B; issued, December 29, 1951—1,268,700 shares of Class A and 1,069,196 shares of Class B (including shares reserved for conversion of outstanding scrip certificates), December 30, 1950—961,278 shares of Class A and 948,674 shares of Class B (Note 4)	$5,844,740

Note 4: At December 29, 1951, 10,000 shares of Class A stock were under option to an officer at $26.75 per share and 10,000 shares of Class B stock were under option to officers at $24.75 per share. These options expire in May, 1958 and December, 1957, respectively. An additional 140,000 shares of unissued Class A stock are reserved for future options which may be granted to officers and employees from time to time prior to January 1, 1961 (with certain limitations) at the discretion of the Board of Directors.

Godchaux Sugars, Inc.
Balance Sheet
Capital Stock (see note):

Prior preferred stock ($4.50 cumulative) without par value—stated value, $5 a share; callable at $105 a share and accrued dividends (dividends paid to December 31, 1951). Authorized and issued 30,500 shares, whereof 2,024 shares in treasury, leaving 28,476 shares outstanding—at liquidation value of $100 a share	$2,847,600
Class A stock without par value. Authorized 200,000 shares; issued and outstanding, 85,250 shares—at stated value of $5 a share	426,250
Class B stock without par value. Authorized 200,000 shares; issued 85,250 shares, whereof 2,000 shares in treasury, leaving 83,250 shares outstanding—at stated value of $5 a share	416,250

Note: In liquidation the prior preferred stock is entitled to $100 a share; thereafter the class A stock is entitled to $50 a share and then the class B stock to $50 a share, and any remaining assets available in liquidation are distributable pro rata to the holders of the class A and class B stock according to the number of shares held by each of them respectively. Stated on that basis the equities applicable to the class A and class B stock at January 31, 1952, respectively, amounted to $5,156,542 and $5,035,567, ($60.48 per share) compared with $5,198,420 and $5,076,463 ($60.98 per share) at January 31, 1951. The excess of the minimum liquidation value of the class A stock over the stated value thereof does not constitute a restriction on earned surplus.

The Dow Chemical Company
Balance Sheet
Stockholders' Interest:
Capital Stock (Note F):

Cumulative Preferred Stock, Series A (authorized, 600,000 shares without par value; outstanding, 303,869 shares)—cumulative annual dividend $4 per share	$ 30,386,900
Second Preferred Stock (convertible) (authorized, 45,090 shares without par value; outstanding, 1952, 8,892 shares) cumulative annual dividend $3.25 per share	889,200
Common Stock (authorized, 12,000,000 shares of $15 par value each; outstanding, 1952, 6,961,203 shares, including scrip for fractional shares aggregating 5,172 shares; reserved for sale to employees and for conversion, 1952, 43,909 shares)	104,418,044
Total capital stock	$135,694,144

Note F: As of July 1, 1952 all of the Second Preferred Stock of the Company outstanding at May 31, 1952 had been converted into Common Stock at a conversion price of $43 a share of Common Stock.

On June 3, 1952 the Company's Board of Directors proposed a change in the authorized Common Stock from the presently authorized 12,000,000 shares of a par value of $15 each to 50,000,000 shares of a par value of $5 each and, in connection therewith, recommended a three for one split in the Common Stock. The proposal is subject to the approval of the holders of the Common Stock at the Annual Meeting to be held on August 27, 1952.

Monsanto Chemical Company
Statement of Consolidated Financial Condition
Capital Stock and Surplus:

Preference stock—authorized, 500,000 shares without par value, issuable in series by Board of Directors; outstanding, 150,000 shares in 1951, cumulative and redeemable; at $100 a share:	
Convertible—Series B—$4.00 dividend	
Non-convertible—Series C—$3.85 dividend	$15,000,000
Common stock—authorized, 6,000,000 shares, par value $5 each; reserved in 1951 for stock options, 98,500 shares; outstanding, 4,868,189 shares in 1951	24,340,945

National Paper and Type Company
Consolidated Balance Sheet
Capital:
Capital Stock:

Preferred Stock—5% non-cumulative $50.00 par value	
Authorized—13,374 shares	
Issued—13,270 shares	$663,500.00
Less: Treasury Stock—734 shares	36,700.00
Outstanding—12,536 shares	$626,800.00
Common Stock—$1.00 par value—Authorized 260,000 shares—	
Issued and Outstanding 128,470 shares	128,470.00

Kimberly-Clark Corporation
Consolidated Balance Sheet
Stockholders' Investment:

Capital stock (Note 5):		
4½% cumulative preferred ($100 par):		
Authorized	None	
Issued and outstanding	None	
Preferred ($100 par):		
Authorized	300,000	
4% convertible preferred series—issued and outstanding	102,424	$10,242,000
Common (no par value):		
Authorized (187,824 shares reserved for sale to officers and employees)	6,000,000	
Issued and outstanding	2,044,951	40,230,720

Note 5: During the year ended April 30, 1952, 90,168 shares of the 4½% cumulative preferred stock were exchanged for a like number of shares of 4% convertible preferred stock, and the remaining 12,256 shares of the 4½% preferred were redeemed at $107 per share.

In addition to the 90,168 shares of 4% convertible preferred stock issued in exchange, 12,256 shares were sold at $107 per share. This stock is presently convertible into common stock at the rate of two shares of common stock for each share of preferred stock, and is entitled in voluntary liquidation to and is callable at $108 per share on or before January 1, 1959 and at decreasing rates thereafter to a minimum of $104 per share after January 1, 1962.

The expenses in connection with, and the excess of the purchase and sales price over the par value of, the preferred stocks redeemed, exchanged, and sold during the year, in the net amount of $97,527, were charged to additional paid-in capital.

In December 1951, 50,000 shares of common stock of the Corporation were sold; the excess, $1,180,335, of net proceeds from the sale over the stated value of the stock sold ($20 per share) was credited to additional paid-in capital.

Willys-Overland Motors, Inc.
Consolidated Balance Sheet
Capital stock:

Cumulative preferred stock, without par value:	
Authorized for issuance in series, 213,300 shares $4.50 Series A shares—issued 155,145 less retired to September 30, 1951, 36,700 shares	
Outstanding, less 10,800 shares held for retirement at September 30, 1951, 107-645 shares, convertible on or before December 31, 1953	$10,764,500
Common stock, par value $1.00 per share:	
Authorized 4,100,000 shares:	
At September 30, 1951—reserved for conversion 322,935 shares; for options, etc. 33,000 shares; outstanding, less 9 shares donated, 2,795,704 shares	2,795,704

Treasury Stock

BASIS OF VALUATION

The prevailing practice, as shown by the reports of the 600 companies included in the survey, is to value treasury stock at "cost." The only other basis of valuation having any extensive use is "par value." Table 34 summarizes all of the bases of valuation of treasury stock appearing in the annual reports of the 600 companies for the three year period, 1949 through 1951, inclusive.

TABLE 34: TREASURY STOCK—BASIS OF VALUATION

Per-Share-Value	COMMON			PREFERRED		
Shown At	1951	1950	1949	1951	1950	1949
Cost	114	108	110	35	35	37
Par Value	55	49	49	35	32	31
Stated Value	8	8	8	6	5	6
Below Cost	1	1	2	—	—	—
Book Value	1	1	1	—	—	—
Reduced Value	1	1	1	—	—	—
Various Other Bases	1	2	1	—	—	—
Total	181	170	172	76	72	74
Per-Share-Value Not Set Forth	50	57	58	18	22	25
	231	227	230	94	94	99
Number of Companies:						
Showing Treasury Stock	231	227	230	94	94	99
Not showing Treasury Stock	369	373	370	506	506	501
	600	600	600	600	600	600

STATEMENT PRESENTATION

Table 35 shows in detail the various methods of balance sheet presentation for treasury stock as set forth in the annual reports of the 600 companies for the three-year period, 1949 through 1951. The prevailing practice is to show the treasury stock either as a deduction from issued stock or from the total of capital stock and surplus.

TABLE 35: TREASURY STOCK

Balance Sheet Presentation	Common			Preferred		
	1951	1950	1949	1951	1950	1949
Within Stockholders' Equity, Deducted from—						
Issued stock:						
Par	48	42	43	29	27	27
Cost	6	8	13	1	1	—
Cost (Additional stock in Noncurrent Assets at par")	1	1	—	—	—	—
Stated Value	6	7	7	6	5	6
Value not shown	32	39	42	14	16	19
Subtotal	93	97	105	50	49	52
Total Stock and Surplus:						
Cost	92	87	81	33	31	35
Par	—	1	1	2	2	1
Other Values	5	5	5	—	—	—
Value not shown	10	10	9	2	3	2
Subtotal	107	103	96	37	36	38
Total Stock and Capital Surplus:						
Cost	2	1	1	—	—	—
Retained Earnings:						
Cost	9	7	7	1	3	2
Par	1	1	1	1	1	1
Stated Value	1	1	1	—	—	—
Subtotal	11	9	9	2	4	3
With Issued Stock, Values not shown	4	4	3	1	1	1
Total	217	214	214	90	90	94
Noncurrent Assets—						
Cost	4	4	6	—	—	—
Stated Value	1	—	—	—	—	—
Value not shown	3	3	1	—	—	—
Total	8	7	7	—	—	—
Shown in Footnotes—						
Par	5	4	4	3	2	2
Cost	—	—	1	—	—	—
Value not shown	1	2	4	1	2	3
Total	6	6	9	4	4	5
Number of Companies:						
With Treasury Stock	231	227	230	94	94	99
No Treasury Stock	369	373	370	506	506	501
	600	600	600	600	600	600

Examples of Treasury Stock

The following examples from the 1951 reports of the survey companies are illustrative of the various balance sheet presentations for treasury stock:

The Arundel Corporation
Comparative Balance Sheet
Stockholders Investment:
Capital Stock:

Authorized, 500,000 shares of no par value; originally issued, 495,426 shares stated at $10.00 per share	$4,954,260.00
Earnings retained (under terms of promissory note, restricted to the extent of $3,451,365.19 at December 31, 1951) .	$5,767,653.22
Less stated value of 57,050.4 shares of capital stock reacquired and held in treasury	570,504.00
	$5,197,149.22

Colgate-Palmolive-Peet Company
Balance Sheet
Capital Stock and Surplus:
Capital Stock:

$3.50 preferred stock, without par value, cumulative dividend, authorized 250,000 shares, issued 125,000 shares	$12,500,000
Common stock, without par value, authorized 3,000,000 shares; 1951—issued 2,204,693 shares including 104,831 shares to be issued January 8, 1952 in payment of 5% stock dividend declared December 6, 1951, less 2,764 shares in treasury; 1950—issued 2,009,862 shares, less 2,764 shares in treasury	27,524,113
	$40,024,113

Craddock-Terry Shoe Corporation
Balance Sheet
Capital Stock and Surplus:
Capital stock:

Preferred—5% cumulative, par value $100.00 per share;		
Authorized and issued		$1,780,800.00
Common—par value $1.00 per share (authorized 200,000 shares)		148,050.00
		$1,928,850.00
Capital surplus		338,804.34
Earned surplus:		
Appropriated for contingencies	$ 198,722.86	
Unappropriated	4,102,162.10	4,300,884.96
		$6,568,539.30
Deduct—Treasury stock—479 shares preferred at cost (Note B)		46,120.00
		$6,522,419.30

Note B: Treasury stock consisting of 479 shares of preferred stock constitutes the investment of a portion of the funds deposited with the trustee of the Pension Trust Fund—a revocable trust.

American Viscose Corporation
Consolidated Financial Position
Capital and Retained Earnings:

5% cumulative preferred stock:	
Authorized—216,369 (1951) and 242,175 (1950) shares of $100 par value, redeemable at $115.	
Issued, after deducting shares called and not reissuable: 216,369 (1951) and 220,670 (1950) shares	$ 21,637,000
Less in treasury—1,246 shares at cost	125,000
Outstanding—215,123 (1951) and 219,424 (1950) shares	$ 21,512,000
Common stock:	
Authorized—5,000,000 shares of $25 par value	
Issued—4,112,832 (1951) and 4,112,822 (1950) shares	102,821,000
Retained earnings, reduced by amounts transferred to capital	106,318,000
Less—common stock in treasury, 17,114 shares at cost	*483,000*
	$230,168,000

Otis Elevator Company
Balance Sheet
Noncurrent Assets:

Treasury Stock—17,000 Common Shares at Cost (Market Value, December 31, 1951—$646,000)	$ 544,000
Capital Stock:	
Common—Authorized 2,500,000 Shares—No Par Value—Issued 2,000,000 shares	25,000,000

General Aniline & Film Corporation
Consolidated Financial Position
Equity Capital and Earnings Retained in the Business (Note 1):

Capital stock—	
Common A stock of no par value, stated at $25 per share, authorized 3,000,000 shares, issued 529,701 shares (preference on liquidation $75 per share or $39,574,358)	$13,242,525
Common B stock of $1 par value, authorized and issued 3,000,000 shares	3,000,000
Capital surplus	12,902,432
Earnings retained in the business (as of December 31, 1951 $54,385,624 was not available for payment of dividends on capital stock under terms of loan agreement)	58,298,141
	$87,443,098
Deduct—Stock held in treasury—	
Common A stock 2,042.9 shares in 1951 and 2,042.6 in 1950, at cost	116,262
Common B stock 950,000 shares at par value of $1 per share (cost $1,900,000)	950,000
	$ 1,066,262
Total equity capital and earnings retained in the business	$86,376,836

Note 1: The Certificate of Incorporation provides that dividends per share are to be paid on the capital stock only in the ratio of $10 for the Common A stock to $1 for the Common B stock. At December 31, 1951, title to 475,818 of the 527,658.1 outstanding shares of Common A stock and all of the outstanding Common B stock was vested in the Attorney General of the United States.

American Home Products Corporation
Consolidated Balance Sheet
Capital:
Capital stock:

Authorized, 5,000,000 shares, par value $1	
Issued 3,896,035 shares; outstanding 3,871,735 shares (Note 2)	$ 3,871,735
Surplus:	
Capital	28,011,585
Earned	35,582,040
	63,593,625
Less, Excess of cost of 24,300 shares of treasury stock over par value thereof	685,787
	$62,907,838

Note 2: Capital stock issued and outstanding includes 37,450 shares held by the company for the account of certain executives under the terms of the "Executives Stock Purchase Plan."

National Lead Company
Consolidated Balance Sheets
Capital:
Capital stock:

Preferred Class A, 7 per cent cumulative, non-callable (par value $100); shares authorized 250,000, issued 243,676		$ 24,367,600
Preferred Class B, 6 per cent cumulative, non-callable (par value $100); shares authorized 250,000, issued 103,277		10,327,700
Common (par value $5); shares authorized 20,000,000, issued 10,158,375 (including 398,700 issued under Stock Purchase Plan)		50,791,875
Common (par value $10); shares authorized 5,000,000, issued 3,367,075 (including 113,850 issued under Stock Purchase Plan)		
		85,487,175
Earned surplus:		
Appropriated:		
Fire insurance reserve		4,797,284
Employer's liability reserve		426,664
Contingencies reserve		4,080,358
Unappropriated		60,276,950
		$155,068,431
Less:		
Reacquired capital stock, at cost (Note 5)	$	2,583,081
Employees' notes receivable under Stock Purchase Plan		4,911,632
		$147,573,718

Note 5: Reacquired capital stock, carried in the balance sheets at first-in, first-out costs, comprises:

	No. of Shares	Cost
Preferred Class A	9,383	$1,147,727
Preferred Class B	13,092	1,435,354
		$2,583,081

The Goodyear Tire & Rubber Company
Consolidated Balance Sheet
Capital Stock:

$5.00 preferred stock, cumulative, no par value:	
Authorized, 628,372 shares; issued, 576,299 shares; in treasury, 6,865 shares; outstanding, 569,434 shares	$56,943,400
Second preferred stock, $7.00 cumulative, no par value:	
Authorized, 189,025 shares; outstanding, none	—
Common stock, no par value:	
Authorized, 5,000,000 shares; issued, 4,135,356 shares; in treasury, 4,792 shares; outstanding, 4,130,564 shares	11,502,024
(158,000 shares subject to options to employees)	

The Texas Company
Consolidated Balance Sheet
Stockholders' Equity:

Par value of capital stock issued and outstanding—27,595,248 shares in 1951 and 13,797,624 shares in 1950, par value $25 each, including treasury stock deducted below (authorized—40,000,000 shares in 1951; 20,000,000 shares in 1950)	$ 689,881,200
Additional amounts paid in (balance at December 31, 1950 transferred to capital stock account in connection with two-for-one stock split in 1951)	—
Undistributed earnings employed in the business (including $25,000,000 appropriated as a reserve for contingencies)	534,835,584
	$1,224,716,784
Less—Capital stock held in treasury, at cost: 84,555 shares in 1951; 22,633 shares in 1950	3,443,415
Total stockholders' equity	$1,221,273,369

United Engineering and Foundry Company
Consolidated Statements of Financial Position
Derived from:

Capital Stock, Preferred, Seven Per Cent Cumulative Noncallable Shares, Par $100 Each, Authorized and Issued 8,453 Shares, Less 1,130 Shares Held in Treasury	$ 732,300
Capital Stock, Common, Par $5 Each, Authorized 1,000,000 Shares, Issued 832,236 Shares, Less 11,490 Shares Held in Treasury	4,103,730

F. W. Woolworth Co.
Consolidated Balance Sheet
Capital Stock and Surplus:

Capital Stock—par value $10 per share	
Authorized 20,000,000 shares	
Issued 9,750,000 shares (of which 46,393 shares are held in treasury)	$ 97,500,000
Earned Surplus	220,842,078
	318,342,078
Less: Book value of 46,393 shares of treasury stock, less $901,634 previously charged to Earned Surplus	1,647,032
Total Capital Stock and Surplus	316,695,046

Parke, Davis & Company
Consolidated Balance Sheet
Stockholders' Investment:

Capital Stock, no par value:	
Authorized 5,000,000 shares	
Issued 4,896,790 shares—at stated value	$14,024,351
Additional paid-in capital	260,650
	$14,285,001
Less Capital Stock in treasury (including 2,280 shares reserved for sale to three officers at $31.99 a share)—2,480 shares at cost	79,335
	$14,205,666

The Superior Oil Company
Balance Sheet
Capital Stock and Surplus

Capital stock of $25 par value	Shares	
Authorized	1,000,000	
Issued	425,014	
Deduct—In treasury (cost charged to earned surplus in accordance with California corporation law)	2,000	
Outstanding	423,014	$10,625,350.00

Stock Options and Stock Purchase Plans

There were 130 companies out of the 600 included in the survey which indicated in their 1951 annual reports the existence of various employee stock plans. The reports disclosed 81 instances wherein provision had been made for granting stock options to employees and indicated that 33 stock purchase plans were currently in operation. There were also references to 16 other stock plans without any description as to the nature or type thereof. Finally, there were 13 additional instances wherein it was stated that either stock options or stock purchase plans for employees were under consideration by the company at the close of the year.

In the case of stock options, there is a noticeable trend toward the granting of "restricted" options which are those that qualify for the favorable income tax treatment now available under the provisions of Section 130A of the Internal Revenue Code. Such options are generally referred to in the annual reports as "restricted" stock options and there is usually a disclosure as to whether the option price was at least 85% (and in some cases 95%) of the market value of the stock at the time the option was granted. This restriction as to the option price is one of the principal requirements to be met under the provisions of Section 130A of the Code.

Table 36 shows the various types of employee stock options and employee stock purchase plans disclosed by the 1951 reports of the 600 survey companies.

Stock Options

In discussing employee stock options, the following

TABLE 36: STOCK OPTIONS AND STOCK PURCHASE PLANS

Types of Options or Purchase Plans:	1951
"Restricted" options, with option price—	
Not less than 95% of market value (*Nos. *173, 234, 355, 408, 451, 520, 546*)	34
Not less than 85% of market value (*No. *176*)	2
Not disclosed (*Nos. *86, 433, 446*)	3
No disclosure as to whether options are "restricted or unrestricted" (*Nos. *15, 71, 109, 168, 270, 348, 362, 439, 478, 553*)	42
Total	81
Stock purchase plans (*Nos. *87, 246, 399, 438, 481, 552*)	33
Unidentified stock plans (*Nos. *16, 231, 332, 404, 426, 596*)	16
Number of Companies:	
Disclosing stock options or purchase plans	130
Considering stock options or purchase plans	14
Not referring to stock options or purchase plans	456
	600

*See Company Appendix Section.

types of information were those most frequently set forth by the survey companies in their 1951 reports:

1. Number of shares reserved to cover employee stock options.
2. Number of shares as to which options had theretofore been granted.
3. Option price.
4. Relationship of option price to market value at date of granting of option.
5. Number of employees or classes of employees to whom options have been granted.
6. Length of option period, and prior termination by retirement, death, etc. of employee.
7. Approval by Salary Stabilization Board.

Stock Purchase Plans

In the 1951 survey reports, the following types of information were those most often disclosed by the companies as to their employee stock purchase plans:

1. Amount receivable from employees under stock purchase plan.
2. Amount of capital stock held by the company to meet the requirements of its stock purchase plan.
3. Number of shares that have been subscribed for and subscription prices.
4. Period over which payment is to be made.
5. Group or classes of employees who are eligible to purchase stock.
6. Repurchase provisions in the event of death, retirement, etc. of employees.
7. Approval by Salary Stabilization Board.

The following examples, taken from the 1951 reports of the companies included in the survey, show the various degrees of disclosure and the types of information disclosed by the companies as to employee stock options and employee stock purchase plans.

American Cyanamid Company
Consolidated Balance Sheet
Noncurrent Assets:

Employees' Stock Purchase Contracts, due 1952 to 1954	$213,507
Above: "Stockholders' Equity":	
Subscriptions by Employees to 2,245 shares of Cumulative Preferred Stock, Series A (Note 5)	233,480

Note 5: Of the authorized Common Stock, 240,107 shares were reserved for issuance upon conversion of 156,979 shares of Cumulative Preferred Stock, Series A and Series B, outstanding or subscribed for at December 31, 1951.

American Home Products Corporation
Consolidated Balance Sheet
Noncurrent Assets:

Amount receivable under "Executives Stock Purchase Plan" (Note 2)	$ 756,143
Capital:	
Capital stock—Authorized, 5,000,000 shares, par value $1—Issued 3,896,035 shares; outstanding 3,871,735 shares (Note 2)	3,871,735

Note 2: Capital stock issued and outstanding includes 37,450 shares held by the company for the account of certain executives under the terms of the "Executives Stock Purchase Plan."

American Machine & Foundry Company
Consolidated Balance Sheets
Capital Stock and Surplus:

Common stock, no par value (Note F)—Authorized 2,000,000 shares—Unissued 660,559 shares—Issued 1,339,441 shares	$9,376,087

Note F: At the annual meeting of stockholders in 1951, a stock option plan for officers, executives and key managerial employees was approved. Under this plan, 60,981 shares of common stock (including 1300 shares on options under a prior employees stock purchase plan) have been made available, of which 41,000 were authorized but unissued and the balance of 19,981 were held in the Company's treasury. As of December 31, 1951 options for 43,213 shares had been granted, 41,913 shares under the plan exercisable until May 31, 1956 at a price of $14.83 per share, 300 shares until July 31, 1955 at $25.15 per share and 1,000 shares until July 31, 1957 at $22.44 per share, such prices being 95% or more of the market price of the shares on the dates the options were granted.

Consolidated Vultee Aircraft Corporation
Balance Sheet
Capital Stock and Surplus:

Common stock—par value $1 a share—Authorized 2,400,000 shares—Issued 2,371,594 shares	$2,371,594
Reserved for stock purchase plans for executive officers and key employees—28,406 shares (Note 3)	
Partly paid under stock purchase plan—7,704 shares (Note 3)	8,089

Note 3: Under a stock purchase plan, approved by the stockholders on April 17, 1950 at a regular meeting, 80,302 shares of common stock were reserved for sale to

executive officers and key employees. The plan provides for the stock to be sold at the prevailing market price, said price payable in installments over a period of five years. At November 30, 1951, 51,896 shares have been issued upon receipt of full payment aggregating $549,970. Of the remaining 28,406 shares reserved, 7,704 have been subscribed for at $80,892 and partial payments of $8,089 received. These subscribers hold partly-paid certificates entitling them to dividends on the percentage of shares represented by the partial payments.

Climax Molybdenum Company
Statement of Financial Position
Represented By:
Common stock, authorized 3,000,000 shares of which 2,520,000 shares are issued and outstanding (Note D) $39,311
Note D: Two officers have been granted options to purchase after January 1, 1952 an aggregate of 60,000 shares of stock at a price of $26.01 per share, being 95% of the quoted market price at the date the options were granted.

Cluett, Peabody & Co., Inc.
Consolidated Balance Sheet
Noncurrent Assets:
Employees' Stock Subscriptions $505,110
Noncurrent Liabilities:
Capital Stock Subscribed (Employees) 531,062
Note 5: 30,944 shares of common stock were reserved at December 31, 1951 for issuance to employees under a stock purchase plan, of which 23,044 shares are subscribed for.

Collins & Aikman Corporation
Consolidated Balance Sheet
Common Stock (Note 3):
Authorized—650,000 shares, without par value, Issued (including 6,300 shares in treasury)—562,800 shares stated at $5,725,400
Note 3: A stock option plan was approved at the annual meeting of stockholders in 1951 for officers, divisional heads and other key employees, limited to 40,000 shares. On July 18, 1951 options for 22,000 shares, exercisable until July 18, 1957, were granted to eleven officers and key employees at a price of $17.81¼ per share, such price being 95% of the quoted market price of the shares on the preceding day.

Continental Oil Company
Consolidated Balance Sheet
Capital Stock
Authorized—12,000,000 shares in 1951 and 6,000,000 shares in 1950, par value $5 each
Outstanding (Note 3):
1951—9,716,916 shares $48,584,580
Note 3: As of December 31, 1951, the President of the Company had an option, under the terms of an employment contract expiring December 1, 1957, to purchase 30,000 shares of the Company's capital stock at $24.05 per share. On January 23, 1952, this option was exercised to the extent of 20,000 shares.

Crown Zellerbach Corporation
Statements of Consolidated Other Capital
CR.—Proceeds in excess of par value of common stock sold under Selected Employees Stock Option Plan $20,138
To Our Stockholders: At April 30, 1952, pursuant to the terms of this plan, which was approved by the stockholders on August 9, 1951, options had been granted for a period of ten years in each case, subject to prior termination by reason of termination of employment, retirement or death, to 83 key employees to purchase 99,680 shares of common stock at 95% of the market value of the stock on October 23, 1951. An additional 50,320 shares are reserved for the granting of future options.

Crane Co.
Financial and Operating Review: A Stock Option Plan for officers and key employees of the Company and its subsidiaries was adopted by the Board of Directors in 1951, subject to ratification by shareholders. Under the plan the Stock Option Committee may grant ten-year options to purchase the Company's common shares at not less than 85% of the fair market price on the day the option is granted. No more than 200,000 shares may be optioned, subject to adjustments in case of stock split-ups or dividends. In November 1951, options were granted to 91 officers and key employees for 98,750 shares at $37 per share, or slightly more than 95% of the closing market price on the day the options were granted.

Douglas Aircraft Company, Inc.
Balance Sheet
Capital Stock and Surplus:
Authorized 2,000,000 shares; issued and outstanding 1,200,000 shares—Note C $30,000,000
Note C: Options, expiring April 18, 1956, to purchase at $49.50 per share an aggregate of 39,250 shares of the authorized but unissued capital stock of the Company were held by certain of the Company's key executives. Options for unnamed key executives to purchase 20,000 shares additional were authorized but unissued at November 30, 1951. The option price of each such share will be 95% of the highest price at which shares of the Company are sold on the New York Stock Exchange on the date the option is granted, but not less than $49.50. No stock purchase options were exercised during 1951.

W. T. Grant Company
Statement of Financial Position
Capital:
Common—$5 par value (Note D):
Authorized 3,000,000 shares, Issued 2,398,363 shares, including 2,400 shares in treasury $11,979,815
Amounts paid by officers and employees under contracts for 64,775 shares of unissued Common Stock 130,082
Note D: Under the Employees Stock Purchase Plan, approved by the Company's stockholders on April 18, 1950, there was authorized the issuance of not more than 118,935 shares of unissued Common Stock to be offered to employees under the Plan.

The total offerings made to January 31, 1952 covered 88,025 shares (net after cancellations of 4,440 shares due to terminations of employment), leaving 30,910 shares available for future offerings.

At January 31, 1952, of the 88,025 shares offered, the Company had entered into contracts for the sale, on a deferred payment basis, of 82,030 shares at approximate market prices at dates of contracts, aggregating $2,225,315, and the remaining 5,995 shares were subject to acceptance within two years after the offerings.

At January 31, 1952, 17,255 shares had been fully paid for and issued and the unpaid balance for the remaining 64,775 shares amounted to $1,629,963.

Inland Steel Company
Report to Stockholders: In September, 1951, the stockholders approved the Employees' Stock Option Plan under which restricted stock options would be granted to all employees with two or more years of service. This approval was, of course, subject also to securing the required rulings of the Bureau of Internal Revenue and various other government agencies, and to such amendments as

might be required. In order to comply with Salary Stabilization Board regulations, the option price has been increased from 85% to 95% of the fair market price on the effective date of the plan. Also, employees at the Company's coal mines who are represented by the United Mine Workers of America have been excluded from the plan because the Wage Stabilization Board, on the request of the United Mine Workers, approved the plan subject to the condition that these employees be excluded from participation. The last of the required approvals was received early in February, 1952, and it is expected that the plan will be made effective in the near future.

Johns-Manville Corporation
Investment
Represented By:
Common stock (Note 8) $57,992,744

Note 8: Common stock is without par value. 4,500,000 shares are authorized of which 3,164,497 have been issued and are outstanding. 107,224 shares are reserved in connection with the employees' stock purchase plan. This plan approved in 1949 permits eligible employees to purchase a limited number of shares of the Company's common stock at market price prevailing at time of purchase, to be paid for within ten years. Shares are issued and held by a trustee as security for unpaid amounts. Payments equivalent to and in lieu of dividends are made on these shares; such payments are applied first to interest on the unpaid amount, then not less than half the remainder to reduction of unpaid amount, and the balance, if any, is paid to the employee. At December 31, 1951 the trustee held 29,106 shares so issued.

Link-Belt Company
Statement of Financial Condition
Sources from Which Capital Was Obtained:
Additional Paid-in Capital (CR.—$250,989.08, "Excess of market over par value of 6,159 shares of $5 par value common stock sold to officers and employees") . $8,468,946.94

To the Stockholders: Sale of Stock to Employees—On March 27, 1951, the Board instructed the officers to offer 20,826 shares of the new stock under terms and conditions similar to previous offerings authorized by the stockholders. Securities and Exchange Commission approval was secured on June 18, 1951, but the offering could not be made without approval of the Salary Stabilization Board which was not appointed until later. In November that Board limited the sale to 5,329 shares to employees in the United States. As 10,619 shares were subscribed, the distribution was made on the basis of approximately one share for two requested. Sales to employees outside the United States brought the total stock sold to 6,159 shares.

Merck & Co., Inc.
Note to Financial Statements: At December 31, 1951, options had been granted to certain officers and key employees to purchase, not later than November 26, 1961, 129,650 shares of the Company's common stock at $29.50 a share and an option had been granted to the President of the Company to purchase 30,000 common shares at $37.65 a share prior to May 1, 1959. The option prices are not less than 95% of the market price of the stock on the dates granted. Under the presently approved stock option plan, additional options may be granted to employees not later than December 31, 1956 to purchase 170,350 shares at not less than 85% of the fair market value of the stock on the date options are granted.

National Dairy Products Corporation
Note: Employees' Share Purchase Plan—300,000 shares of the authorized and unissued common stock of the Company were reserved until May 15, 1954 for sale to officers and other key employees pursuant to the Employees' Share Purchase Plan approved by the stockholders in 1944. Privileges to purchase a total of 158,614 shares in instalments to and including May 15, 1954, at prices ranging from $21.75 per share to $45.55 per share, depending upon the dates of the grants of the privileges to purchase, were held by 700 key employees at December 31, 1951. 125,351 shares have been issued under the plan to December 31, 1951 and the proceeds therefrom amounting to $3,193,420 have been credited to the common stock issued account.

National Lead Company
Consolidated Balance Sheets
[Deducted from total of capital stock and surplus within the stockholders' equity section]:
"Employees' notes receivable under Stock Purchase Plan (Note 4) .... $4,911,632"

Note 4: Under the company's Stock Purchase Plan for Officers and Other Key Employees adopted in 1950 certain officers and employees contracted to purchase common stock of the company. The purchase prices (markets at the dates of execution of the purchase contracts) are evidenced by promissory notes bearing interest at 3 per cent payable within 10 years from dates thereof, the shares serving as collateral. Payments against interest and principal of the notes shall be not less than fifty per cent of the dividends paid on such collateral shares. The employees have the option to, and the company may require that they, withdraw the collateral in hundred-share lots as payments become equal to the purchase price thereof.

Upon death or retirement of an employee the company shall, if requested, repurchase at the original sales price shares not then fully paid for. Under other circumstances if the employee shall not complete payments the company shall have the option of so repurchasing shares not then fully paid for but may exercise any legal right to compel completion of the contract.

Shares issued in accordance with the plan aggregated 19,050 in 1951 and 113,850 in 1950. Shares held as collateral aggregated 333,100 at December 31, 1951, after giving effect to the split of common stock, and 111,150 at December 31, 1950.

No further purchases may be made under the plan.

National Steel Corporation
Note H: Stock Options—During 1951 the Corporation granted stock purchase options to certain officers and employees under the terms of which such personnel may purchase during the option period of seven years, up to 80,450 shares of the Corporation's capital stock at prices equivalent to 95% of market value as of the date such options were granted. To December 31, 1951, 7,790 shares of stock formerly held in the treasury had been sold pursuant to these agreements.

Parke, Davis & Company
Consolidated Balance Sheet
Stockholders' Investment:

Capital Stock, no par value:	
Authorized 5,000,000 shares	
Issued 4,896,790 shares—at stated value ..	$14,024,351
Additional paid-in capital	260,650
	$14,285,001
Less Capital Stock in treasury (including 2,280 shares reserved for sale to three officers at $31.99 a share)—2,480 shares at cost	79,335

Rayonier Incorporated

Note 2: In April, 1951 the stockholders authorized a restricted stock option plan pursuant to which there may be granted to officers and other key employees options to purchase at any time prior to January 1, 1958 up to 60,000 shares of the common stock of the company at a price not less than 95 per cent of the fair market value on the date the option is granted. At December 31, 1951 options had been granted for the purchase of 48,550 shares at prices ranging between $53 and $57. None of the options had been exercised at December 31, 1951.

E. R. Squibb & Sons

Consolidated Balance Sheet

Sundry Assets:

Due from officers and employees for company's common stock purchased (secured by shares having quoted market value of $4,316,011 at June 30, 1951) $2,753,307

Statement of Capital Paid In In Excess of Stated Value of Capital Stock (Capital Surplus)

DR.—$26,473: "Excess of cost over par value of common stock reacquired on cancellation of employees' stock subscriptions."

CR.—$517,320: "Excess of selling price over par value of 14,370 shares of common stock sold to officers and employees."

Standard Brands Incorporated

Consolidated Balance Sheets

Capital Stock and Surplus:

Capital Stock—

Preferred Stock without par value—

Authorized—350,000 shares; issuable in series—

Issued—220,000 shares of $3.50 Cumulative Preferred Stock (entitled to $100 a share in involuntary liquidation and redeemable at $100 a share plus accrued dividends) at stated value of $100 a share $22,000,000

Common Stock without par value—

Authorized—5,000,000 shares; issued—3,174,527 shares at stated value of $8 a share; 150,000 unissued shares reserved under officers and key employees stock option plan. During 1951 options covering 55,250 shares were granted at market prices at time of grant 25,396,216

Standard Oil Company (New Jersey)

Consolidated Statement of Financial Position

Noncurrent Assets:

Prepaid Charges and Other Assets $51,139,683

To the Shareholders: Incentive Stock Option Plans for Executives—At the 1951 annual meeting Jersey shareholders adopted an Incentive Stock Option Plan for Executives. The plan provides, with certain limitations and conditions, that options may be granted from time to time to executives of Jersey and of wholly-owned companies for the purchase of Jersey's stock.

Not more than 600,000 shares may be sold pursuant to such options, and the price may not be less than 95 per cent of fair market value on the dates the options are granted. No new shares will be issued to satisfy options granted under this plan. All options shall expire not later than December 31, 1961, and shall expire earlier in case of death or other termination of service.

On December 31, 1951, the only options outstanding were those granted on June 29, 1951, to eighty individuals for a total of 163,800 shares of Jersey's capital stock at a price of $57.06 per share, this price having been fixed when the options were granted. These options may not be exercised prior to June 29, 1952. To be prepared for the exercise of options, Jersey had purchased 126,700 shares of its outstanding stock at a cost of $8,516,568 at the year end. These shares are carried under the caption "Prepaid Charges and Other Assets" in the statement of financial position.

Time Incorporated

Note E: Under contracts of sale with officers and employees made in 1946 and 1948, the Company held at December 31, 1951 an aggregate of 37,843 shares of its Common Stock as collateral for the balance of the purchase price payable by the purchasers, and such shares are included in the number of shares shown as outstanding. As deferred installments of the purchase price are received, the Company is obligated to release from pledge proportionate numbers of shares of such stock, and there will be credited to earned surplus the cost (previously charged thereto) of the shares so released (presently estimated to be $827,000), and there will be credited to capital surplus the excess of sales price over cost (presently estimated to be $219,000).

In the case of each purchaser, at his request at any time, or in the event of his death, at the request of his legal representatives, the Company is required to repurchase any or all pledged shares at the applicable sales price ($27.50 and $27.75 per share respectively under the 1946 and 1948 contracts) and to apply the proceeds to the satisfaction of an equivalent amount of his obligation to the Company.

United Aircraft Corporation

To the Stockholders: The stockholders of the Corporation, at their 1951 annual meeting, also approved the setting aside of 100,000 shares of common stock for sale to key personnel. Under this authority, option agreements, covering 54,000 shares of the common stock, were entered into on December 27, 1951, with twenty-five key personnel. The options are exercisable at the price of $29.75 per share and expire on December 26, 1961. The price was 95 per cent of the closing market price of the common stock on the day the options were entered into, rounded off upward to the nearest 25 cents.

United States Steel Corporation

Notes to Accounts: The Stock Option Incentive Plan, approved by stockholders May 7, 1951, authorized the option and sale of up to 1,300,000 shares of common stock to key management employes, such shares to be made available from authorized unissued or reacquired common stock. No options to purchase stock were exercised during 1951. At December 31, 1951, 311 employes held options to purchase a total of 382,150 shares at $41 per share.

A Review of the Year: Subsequent to the approval of the plan and the granting of options, two stockholders owning together 320 shares of common stock instituted suits in a New Jersey State Court and in the U. S. District Court for the District of New Jersey seeking to enjoin and restrain the carrying out of the plan. These suits are awaiting trial.

Federal Salary Stabilization Board regulations, now in the process of amendment, will deal with stabilization phases of stock option plans and will apply to all such plans including that of U.S. Steel.

Contingent Liabilities

As shown by Table 37, there were 237 of the survey companies that disclosed the existence of 381 contingent liabilities in their 1951 annual reports. Disclosure, in most cases, was made in footnotes to the financial statements, although some companies described the contingency in the letter to the stockholders and others presented the contingent liabilities, with no dollar amount, within the balance sheet.

TABLE 37: CONTINGENT LIABILITIES

Nature of Contingency	1951
Renegotiation (*Nos. *11, 35, 95, 120, 187, 220, 369, 421, 487, 508, 545, 593*)	95
Taxes (*Nos. *8, 32, 104, 132, 149, 180, 215, 262, 288, 345, 439, 462, 545, 592*)	65
Pending litigation (*Nos. *59, 91, 149, 247, 367, 377, 439, 470, 545, 559, 581, 600*)	60
Litigation (U. S. Government) (*Nos. *17, 180, 261, 439, 479, 542, 562, 558*)	27
Guaranties re subsidiary or affiliate company (*Nos. *56, 65, 103, 180, 184, 219, 315, 378, 451, 485, 506, 515, 527, 555*)	49
Guaranties (*Nos. *303, 354, 411, 439, 526, 539*)	21
Construction contracts or purchase commitments (*Nos. *149, 157, 173, 345, 391, 413, 453, 485, 532, 560, 599*)	35
Commercial paper or receivables discounted (*Nos. *70, 107, 243, 411, 413, 514, 545, 579*)	23
Various other (*Nos. *253, 261*)	5
Total	380
Number of Companies:	
Disclosing Contingent Liabilities	237
Not disclosing Contingent Liabilities	363
	600

*See Company Appendix Section.

EXAMPLES OF CONTINGENT LIABILITIES

The following examples have been selected from the 1951 reports to illustrate the various categories of contingent liabilities set forth in the above tabulation (Table 37) and to show the method and scope of their disclosure:

Renegotiation

Harshaw Chemical Company
Comparative Statements of Income and Surplus
Net sales—Note A $47,537,854.13

Note A: Statements of non-applicability of the Renegotiation Act of 1948 have been filed by the Company with respect to the fiscal years ended September 30, 1949, and September 30, 1950. Certain operations of the Company for the year ended September 30, 1951, are subject to renegotiation; however, the management does not believe that any material amount of refundable profits has been realized and it has made no provision therefor.

International Harvester Company

Note 6: Contingencies—(a) Renegotiation and price redetermination—Profits resulting from defense contracts with the Government are subject to the provisions of the renegotiation act. Some defense contracts are subject to price redetermination. Defense sales in the fiscal year 1951 amounted to $86,357,000 of which about $35,479,000 is subject to price redetermination. The effects of renegotiation and price redetermination, if any, on the financial statements for the year ended October 31, 1951, cannot be determined presently.

Remington Rand Inc.
Consolidated Balance Sheets
Below: "Capital Stock and Surplus"
Contingent Liabilities, Renegotiation (Note E) $..(—)..

Note E: Contingent liabilities at March 31, 1952 for guarantees of advances made by banks to non-consolidated foreign subsidiaries and for foreign drafts discounted aggregated $1,532,095. Appropriations for contingencies are considered sufficient for any liabilities which may be finally determined in connection with pending legal actions incident to the business of the Company and its subsidiaries.

Sales for the year included those of a character subject to the Renegotiation Act of 1951, but renegotiation proceedings for the year and for the preceding year have not commenced. The Company believes that no excessive profits have been realized on renegotiable transactions and no provisions have been made for any refunds in connection therewith.

Taxes

A. S. Campbell Co. Inc.
Consolidated Balance Sheet
Current Liabilities:
Provision for federal income and state excise taxes (see note) $989,077

Note: Provision has been made for the estimated liability for Federal taxes on income of both the parent and subsidiary company for the current year. The Bureau of Internal Revenue proposed an additional tax against the parent company of approximately $307,000, exclusive of interest, for the years 1940 through 1946. The company protested this proposed assessment and negotiations for a settlement have been in progress. In the opinion of management and of the company's counsel and accountants the amount of $250,000, which has been provided in the above balance sheet, should be sufficient to cover the additional tax and interest for these years.

In the case of the subsidiary company, the Federal tax returns have been examined through the year 1949, and all Federal taxes for 1949 and prior years have been paid.

Columbia River Packers Association, Inc.
Balance Sheet
Current Liabilities:
Federal income taxes, Oregon excise and territorial corporate income taxes—estimated —Note B $197,696.33

Note B: The Treasury Department has proposed additional income taxes and penalties aggregating $1,128,016 (exclusive of interest) for prior years, which the Company is protesting. Tax counsel anticipates that practically all of this proposed assessment will be eliminated.

R. J. Reynolds Tobacco Company
Financial Position
Current Liabilities:
Accrued Federal and state taxes—Note A— $60,593,966.89

Note A: In 1949 the Bureau of Internal Revenue issued a ruling to the effect that payments made under Article XII, as amended June 29, 1949, of the By-Laws of the Company constitute compensation for personal services rendered and, as such, would be deductible to the extent that such compensation, when added to all other considerations paid to individual officers and employees, constitutes reasonable compensation for services rendered. This ruling was revoked under date of November 13, 1951. Income and excess profits tax returns were made for the years 1949 and 1950 in reliance on the ruling issued in 1949. No deficiency assessments for the years 1949 and

1950 have been made by the Bureau and if such assessments should be made it is the intention of the Company to contest them. It is estimated that such deficiency assessments, for which no reserve has been provided, would if made amount to approximately $1,000,000 for 1949 and $1,200,000 for 1950. In the last quarter of 1951 the tax provision for that year was adjusted in an amount estimated to be sufficient should the Bureau's action be sustained.

Hygrade Food Products Corporation
Consolidated Balance Sheet
Current Liabilities:
Reserve for Federal Taxes on Income (Note 1) $452,991.67
Note 1: Federal income and excess profits tax liability for all years through 1943 has been settled and paid. The Bureau of Internal Revenue has completed its examination for the years 1944 through 1949, inclusive, and has proposed the assessment of additional income and excess profits taxes aggregating $2,883,000, substantially all of which is in dispute. Approximately $2,000,000 has been reserved for taxes, which the management believes should be adequate provision for this contingency.

Willys-Overland Motors, Inc.
Note 4: Federal taxes on income—No provision has been made in the accounts for unsettled Federal tax issues affecting prior years subsequent to September 30, 1946, since, in the opinion of Counsel to the Company, ultimately these may be substantially resolved in the Com pany's favor. Based on an unacceptable proposed compromise for the fiscal years 1947 and 1948, the tax deficiency plus interest arising from such issues principally deductions for depreciation in excess of those used in the determination of net income, might approximate $540,000 for these and subsequent prior years.

The provision for the current fiscal year takes into account the increase in taxes which would result from similar issues being raised for that year even though a more favorable settlement for all years presently is anticipated.

Litigation

Arden Farms Co.
Consolidated Balance Sheet
Below: "Capital and Surplus"
Contingent Liabilities:
Guarantees and lawsuits, $3,230,000.00 ...... $..(—)..
To the Stockholders: Your Company, its officers, directors and others, and certain of its subsidiaries, their officers, directors and others, have been sued in the District Court of the United States in Southern California, by fifteen separate companies or individuals engaged in the manufacture and distribution of ice cream and related products in the Los Angeles area, claiming that your Company and the other defendants violated certain provisions of the Sherman, Clayton, Robinson-Patman federal statutes and certain provisions of the California Cartwright Act to the damage of the plaintiffs in the aggregate amount of approximately $480,000.00, with the claim that such actual damages should be trebled with respect to the alleged violations of the federal statutes and doubled with respect to the alleged violations of the Cartwright Act, making total damages apparently claimed by the plaintiffs in the neighborhood of approximately $2,386,000.00.

Your Company and the other defendants have filed answers in these cases denying any violation of said federal statutes or of the Cartwright Act and denying that the plaintiffs or any of them suffered any damages by virtue of any alleged wrongful act of the defendants.

These actions are now set for trial beginning March 18, 1952.

Your Company believes that it has meritorious defenses to these actions and does not believe there should be any substantial liability in connection therewith beyond the fees, costs and expenses in defending said actions.

Continental Motors Corporation
Note F: Pending litigation—The Corporation is defendant in a suit brought by hourly rated employees to recover damages for the alleged violation of certain claimed seniority rights, and suits brought by certain former supervisory employees for overtime allegedly due under the Fair Labor Standards Act. The Corporation believes it will prevail in these actions and no provision therefor has been made in the financial statements.

The Electric Storage Battery Company
To Our Stockholders: Anti-Trust Suit—In last year's report we mentioned the Anti-Trust action instituted by the Department of Justice against 24 individuals and 22 companies, including our subsidiary, Willard Storage Battery Company, charging illegal combination in the handling of lead salvaged from used storage batteries. This litigation is still pending.

Freeport Sulphur Company
Notes to Financial Statements: The Company, together with various oil companies, is defendant in 59 suits seeking damages in the amount of approximately $22,000,000 for alleged damage to oysters and oyster beds in south Louisiana waters claimed to have been caused by water pollution from oil and sulphur producing operations. Six oil companies, including the larger companies producing in the area, are co-defendants in 53 of the cases, seven oil companies in four cases and two oil companies in two cases. None of the suits has yet come to trial. It is the opinion of the management and of counsel that the Company's operations have not been the cause of the losses claimed and that the suits can be successfully defended.

Paramount Pictures Corporation
Consolidated Balance Sheet
Below: "Capital Stock and Surplus"
Contingent Liabilities (See Note G) .... $.(—).
Note G: Contingent Liabilities—

Note discounted	$673,905
Obligation of subsidiary to purchase, under certain conditions but not later than June 30, 1952, certain shares of stock of a consolidated Canadian subsidiary company, maximum purchase price	873,180
Guarantee by consolidated subsidiary of overdraft of foreign subsidiary	179,939
For additional income and excess profits taxes and for pending litigation, including approximately 150 anti-trust suits, to many of which the predecessor company, Paramount Pictures Inc., and other major motion picture companies are defendants (amount not determinable).	

Paramount Pictures Corporation has assumed 50% of the expense and liability incurred in connection with anti-trust litigation where distribution and exhibition are involved and which is based upon occurrences prior to the dissolution of Paramount Pictures Inc., whether or not the litigation is commenced after such dissolution and whether or not the litigation is commenced against Paramount Pictures Inc., Paramount Pictures Corporation, United Paramount Theatres, Inc. or any subsidiary of them.

International Harvester Company

Note 6: Contingencies—(d) Litigation. On September 9, 1948, the United States Government filed suit against International Harvester Company charging that the Company is interfering with competition by selling its goods to dealers on condition that they sell only Harvester products. In this suit the Government seeks an injunction to restrain the Company from continuing the alleged practice. It is not believed that the charge will be sustained by the facts to be developed at the trial. Similar suits were filed by the Government against two other companies in the farm equipment industry.

At this time there are no other legal proceedings affecting the Company other than the ordinary routine litigation incident to the type of business conducted by it.

RKO Pictures Corporation

Consolidated Balance Sheet

Below: "Capital Stock and Surplus"

Contingent Liabilities (Note E) .... $..(—)..

Note E: RKO Radio Pictures, Inc. and certain foreign subsidiary companies were contingently liable at December 29, 1951 in respect of the following:

Certain lawsuits, including antitrust suits, pending

Amounts payable under labor laws to employees upon dismissal

Tax matters pending or held in abeyance

The Plan of Reorganization of Radio-Keith-Orpheum Corporation provides that all of its obligations and liabilities unknown at December 31, 1950 and which may accrue subsequent thereto, will be assumed by RKO Theatres Corporation and RKO Pictures Corporation as their respective joint and several obligations and liabilities.

The contingent liabilities in connection with the foregoing are not presently determinable.

Shoe Corporation of America

Note 6: Subsequent to December 31, 1951, the company became liable for an indeterminate amount of legal and accounting fees and expenses, incurred by the plaintiff (a minority shareholder) in a derivative action pending in the United States District Court, Southern District of Ohio, Eastern Division, against the company and certain of its Directors and Officers. The amount of such fees and expenses is to be determined by the Court.

Guarantees

Carrier Corporation

Consolidated Balance Sheet

Below: "Total Capital Stock and Surplus"

Contingent Liabilities (Guarantees of obligations of dealers and distributors and foreign subsidiaries not consolidated—$1,245,000) $..(—)..

Gulf Oil Corporation

Supplementary Financial Information:

Known contingent liabilities at December 31, 1951, were:	
Guarantees of principal and interest of loans payable by subsidiary companies not consolidated and other companies which are or will be directly secured by preferred ship mortgages or deeds of trust on pipe line properties of such companies	$42,654,460
Guarantees of bank loans to owners of service stations secured by long-term leases or mortgages	15,990,447
Commercial letters of credit, etc.	1,028,216
Drafts endorsed by the corporation and discounted by an associated company	1,545,750
	$61,218,873

The Standard Oil Company (Ohio)

Note D: The Company has guaranteed approximately $26,500,000 indebtedness of certain affiliates. This includes $24,750,000 for Mid-Valley Pipeline Company (increased to $28,710,000 at January 4, 1952), which guaranty may be terminated prior to December 31, 1952, provided, (a) all construction is completed; (b) the indebtedness is not in excess of 90% of the net investment in pipeline property and is secured by a mortgage; and (c) the capital and surplus shall at least equal 10% of net investment in pipeline property.

The Texas Company

Note 3: Contingent Liabilities. As of December 31, 1951, the Company was contingently liable as guarantor on loans outstanding of Trans-Arabian Pipe Line Company in the amount of $34,500,000, and on loans of Overseas Tankship Corporation in the amount of $5,500,000.

In the opinion of the Company's General Counsel, while it is impossible to ascertain the ultimate legal and financial liability with respect to other contingent liabilities, including lawsuits, Federal taxes, claims, guarantees, renegotiation of U. S. Government contracts, etc., the aggregate amount of such liabilities is not materially important in relation to the total consolidated assets of the Company and its subsidiaries.

Construction Contracts and Purchase Commitments

The Drackett Company

Notes to Financial Statements: As of September 30, 1951 commitments made for Soybeans of the 1951 crop amounted to $1,585,242.07.

Granite City Steel Company

Consolidated Statement of Financial Position

Below: "Stockholders' Equity"

Contingent Liabilities (Note 6) .... $..(—)..

Note 6: Contingent Liabilities—At December 31, 1951 the company had firm commitments amounting to approximately $17,700,000 in connection with construction or the acquisition of equipment for its expansion program.

In addition to expansion of steel production facilities, at an estimated cost of $40,000,000, the company will, subject to obtaining the necessary funds and other factors, construct facilities for additional production of coke, which it is presently estimated will cost approximately $3,800,000.

The bond issue mentioned in Note 2 is a part of the financing of the company's plant expansion program which is now in progress. In connection with the sale of the bonds, the company will pay First Boston Corporation and Merrill Lynch, Pierce, Fenner & Beane a fee which will aggregate approximately $125,000.

Approximately $1,200,000 of the company's sales for the year ended December 31, 1951 are subject to renegotiation by the United States Government or its agencies. The amount of refund, if any, which might be payable is not determinable at the present time.

Menasco Manufacturing Company

Note 2: Under the terms of construction agreements, the Company was committed at June 30, 1951 to expenditures of approximately $350,000.00 for an additional factory building and a new cafeteria. In connection therewith, the Company has signed a loan agreement with the Reconstruction Finance Corporation which agency will disburse funds as required for construction not to exceed $350,000.00. The amount borrowed under this agreement will be evidenced by a note bearing interest at 5% and will be secured by first liens against certain real property and the buildings to be erected thereon. Monthly payments of $6,450.00 will begin seven months after the date of the note.

Union Bag & Paper Corporation
Notes to Financial Statements: At December 31, 1951 the Company had commitments outstanding amounting to approximately $8,450,000 for plant improvements and acquisition of timberlands; contingent liabilities for past service and other benefits under the employees' retirement, death benefit and savings plan (which, by its terms, is subject to termination by the Board of Directors) are estimated to $1,400,000.

Verney Corporation
Note F: Purchase Commitments—As at December 31, 1951, the Company had contracts for the purchase of materials in the amount of $797,000 and of machinery and equipment to cost approximately $266,000. The cost of the materials was not in excess of their then market value.

Commercial Paper and Discounted Notes

Cities Service Company
Note 4: Other contingent liabilities:
(a) Customers' notes and trade acceptances discounted $4,479,000; and guarantee of bank loans of distributors, lessors of leased properties and of miscellaneous obligations $369,014.
(b) Cities Service Company has guaranteed performance of contracts between one of its subsidiaries and an agency of the United States Government.
(c) Rental obligations under long-term leases expiring after 1954 aggregating $4,200,000 per annum, substantially all of which expire within ten years thereafter.
(d) Miscellaneous claims and litigation pending—amount indeterminate.

Columbia River Packers Association, Inc.
Balance Sheet
Current Assets:

Accounts receivable—trade	$1,707,472.48
Less drafts discounted with affiliated bank —Note A	165,663.34
	$1,541,809.14

Note A: At December 31, 1951, the Company was contingently liable in the amount of $165,663.34 for drafts discounted.

W. T. Grant Company
Statement of Financial Position
Below: "Total Capital"
Contingent Liabilities—The subsidiary, W. T. Grant Realty Corporation, is contingently liable on mortgages, aggregating $130,437 at January 31, 1952 created by it covering two store properties subsequently sold subject thereto and now under lease to W. T. Grant Company. There are no other contingent liabilities except those incident to the normal course of the companies' business.. $..(—)..

Keystone Steel & Wire Company
Note 4: Letters of credit outstanding at June 30, 1951 amounted to $1,527,500.

Mack Trucks, Inc.
Consolidated Balance Sheets
Below: "Accumulated Earnings Retained in the Business"
Contingent Liabilities (Note 4) .... $..(—)..
Note 4: Contingent liabilities at December 31, 1951 in respect of discounts or guarantees, arising from financing of customers' obligations, aggregated $10,897,795. Such customers' obligations, of which $4,975,753 is due subsequent to 1952, are secured by chattel mortgages, conditional sales agreements or leases. It is anticipated that no material losses will result from these contingent liabilities.

Westinghouse Electric Corporation
Note 4: Contingent Liabilities—At December 31, 1951, the companies had contingent liabilities on account of letters of credit, guaranteed loans, etc., of $2,882,634. In addition, the companies had contingent liabilities under agreements covering installment sales, any losses to be reasonably expected thereunder being covered by allowance for contingencies.

Post Balance Sheet Disclosures

Events occurring subsequent to the balance sheet date of their 1951 annual reports were disclosed by 158 of the 600 survey companies. The nature of events disclosed were extremely varied, ranging from changes in executive personnel to the discovery of oil. Table 38 shows that the two most common types of disclosures were those concerned with the personnel of the company and with the declaration of payment of a dividend subsequent to the balance sheet date. The events disclosed were so varied, however, that these two types combined accounted for less than 40% of the total disclosures.

TABLE 38: POST BALANCE SHEET EVENTS

Nature of Disclosure	1951
Personnel benefits, changes, etc. (*Nos. *75, 145, 151, 245, 322, 465, 500, 558, 566*)	38
Dividend declaration or payment (*Nos. *60, 165, 197, 289, 315, 382, 435, 570*)	37
Long-term indebtedness incurred or reduced (*Nos. *88, 147, 179, 209, 322, 355, 419, 482, 597*)	34
Liabilities incurred or reduced (*Nos. *302, 326, 447, 504, 598*)	13
Capital structure changes (*Nos. *151, 257, 304, 347, 417*)	21
Event involving subsidiary company (*Nos. *241, 327, 329, 480*)	19
Fixed asset acquisition or purchase commitment (*Nos. *116, 229, 352, 588*)	11
Product, line or price change (*Nos. *173, 427, 448, 548*)	6
Sales volume (*Nos. *158, 266, 387, 471*)	6
Certificate of necessity or defense contract (*Nos. *205, 322, 516*)	5
Litigation (*Nos. *310, 505*)	3
Taxes (*No. *216*)	2
Various other events (*Nos. *159, 262, 531*)	5
Total	200
Number of Companies:	
Disclosing post balance sheet date events	158
Not disclosing post balance sheet date events	442
	600

*See Company Appendix Section

A few examples, set forth below, have been selected from the 1951 reports as illustrative of typical post-balance sheet disclosures.

ALEXANDER SMITH, INCORPORATED (NEW YORK)

AND ITS CONSOLIDATED SUBSIDIARIES

Comparative Consolidated Balance Sheets for Five Years

ASSETS	1951	1950	1949	1948	1947
Current Assets:					
Cash	$ 3,949,974	$ 4,125,526	$ 4,468,014	$ 3,905,535	$ 5,852,995
U. S. Government Securities	—	—	—	6,230,021	10,914,774
Accounts Receivable—Net	7,014,197	8,763,807	7,590,618	5,722,462	5,004,967
Inventories	30,376,417	30,927,539	22,180,492	22,774,134	16,773,750
	41,340,588	43,816,872	34,239,124	38,632,152	38,546,486
Plant and Equipment:					
Land, Buildings, Machinery and Equipment	50,774,853	48,272,497	45,935,464	39,671,740	30,636,333
Less Reserves	19,206,504	18,286,066	17,582,580	16,674,794	15,936,008
	31,568,349	29,986,431	28,352,884	22,996,946	14,700,325
Other Assets:					
Estimated Federal Tax Refunds Due	108,600	—	838,200	515,000	515,000
Investment in Subsidiaries not Consolidated	373,526	311,359	311,359	281,359	213,786
Other Assets	3,765,655	4,597,760	4,284,620	3,064,289	2,384,162
Total Assets	$77,156,718	$78,712,422	$68,026,187	$65,489,746	$56,359,759
LIABILITIES					
Current Liabilities:					
Notes Payable	$ 5,650,000	$ 250,000	$ 7,669,641	$ —	$ —
Trade Acceptances Payable	2,505,725	77,258	490,919	729,104	842,481
Accounts Payable and Accrued Expenses	4,878,450	6,596,721	4,528,360	6,008,818	6,262,387
Reserves for Federal Taxes	248,791	3,557,784	1,527,527	4,617,057	3,689,586
Dividend Payable	—	14,760	14,730	14,751	14,856
Subsidiary Preferred Stock Called for Redemption	—	491,000	—	—	—
	13,282,966	10,987,523	14,231,177	11,369,730	10,809,310
Long Term Notes Payable	14,400,000	14,750,000	—	—	—
Reserves for Claims, Awards and Contingencies	423,725	413,642	703,941	456,633	1,662,408
Equity of Minority Interest in Subsidiary	35,953	19,779	516,858	519,917	519,974
Excess of Equity in Assets Over Cost of Investment in Capital Stock of Consolidated Subsidiary	2,264,051	2,289,094	2,389,094	2,389,094	2,389,094
CAPITAL					
Cumulative Preferred Stock—Net	9,063,174	9,183,514	9,447,254	9,628,461	4,771,282
Common Stock	18,758,500	18,758,500	18,758,500	18,758,500	18,758,500
Paid in Surplus	1,455,588	1,455,588	1,455,588	1,455,588	1,455,588
Accumulated Earnings Retained	17,472,761	20,854,782	20,523,775	20,911,823	15,993,603
Total Liabilities and Capital	$77,156,718	$78,712,422	$68,026,187	$65,489,746	$56,359,759

See Notes to Financial Statements on page 11. Beginning with the year 1950, certain materials in inventories are stated on a last-in, first-out basis.

In Letters to the Stockholders

Bullocks, Inc. (January 31, 1952)
To the Stockholders: The three-year bank revolving credit agreement was cancelled on February 4, 1952, and all short term bank loans were paid on February 15, 1952.

Clearing Machine Corporation (December 31, 1951)
To the Shareholders: A new labor agreement was signed on January 25, 1952 and will run until December 31, 1952.

Elastic Stop Nut Corporation of America (November 30, 1951)
To the Stockholders: At a special meeting of stockholders of ESNA held February 8, 1952, a proposed merger of the American Gas Accumulator Company, of Elizabeth, New Jersey, into ESNA was approved and will become effective upon the filing of the agreement March 1, 1952. Under the terms of the Merger Agreement, ESNA will be the surviving corporation under its present name and the business of AGA will become an operating division of ESNA.

Food Machinery & Chemical Corporation (December 31, 1951)
The President's Report: Consolidation of Divisional Operations—Effective January 1, 1952, our Sprague-Sells Division at Hoopeston, Illinois, and our Anderson-Barngrover Division at San Jose, California, have been consolidated under the name Canning Machinery Division. Mr. Clifford K. Wilson, Vice President, formerly manager of Sprague-Sells, will be in charge of this Division. We have also consolidated the operations of our John Bean Division at Lansing, Michigan, and our John Bean Western Division at San Jose, California. Mr. Hubert L. Byrd, Vice President, will be in charge of the consolidated operations to be known as John Bean Division.

These Divisional consolidations on a national basis should prove to be of material benefit to our Corporation by making possible more efficient sales, production and research planning.

Marshall Field & Company (December 31, 1951)
To the Shareholders: In early 1952 the Company arranged to borrow from an institutional investor on its 30-year 3¾% notes a total of $30,000,000. It is anticipated that approximately $20,000,000 of this amount will be borrowed in March, 1952, and the balance before August, 1953. Under the terms of this arrangement the notes are payable in installments between March 1, 1972 and March 1, 1982. Prepayments may be made without premium at the option of the Company in amounts of $1,000,000 annually between 1954 and 1971, and $1,500,000 or less annually between 1972 and 1981. The proceeds of this loan will be used to retire our outstanding term bank loans of $22,000,000, and for other corporate purposes. The new loan arrangement provides the Company with longer-term capital and a flexible repayment schedule.

International Business Machines Corporation
(December 31, 1951)
To the Stockholders: United States Government, Department of Justice Complaint—On January 21, 1952, the Department of Justice filed a complaint against IBM alleging that it is a monopoly. We deny the charge.

The fact is that IBM is one of many business machines companies in a highly competitive field. Our machines are used to perform a small percentage of the accounting and record keeping work of American business and government. There are numerous other machines on the market which are advertised, sold, and used to do the same work that IBM machines are used to do. To allege that IBM is a monopoly in view of its position in this competitive field is to disregard the facts.

IBM has adhered to the highest standards of conformance to all laws and business ethics. We have never employed any measures to eliminate or restrain competition. We reject as unfounded any construction of our business conduct as in violation of the anti-trust laws, and intend to vindicate our position in the courts.

Philco Corporation (December 31, 1951)
A Report to the Philco Family of Stockholders, Employees, Distributors and Dealers: We completed arrangements early in 1952 for a 3-year V-Loan revolving credit in the amount of $40,000,000 to provide working capital for our Government business. Under this credit, which is guaranteed to the extent of 70% by the Navy Department, the Company can borrow on 90-day notes up to 90% of its investment in inventories and receivables covered by Government orders. The interest rate on the money used is 3¼% per annum and a standby fee of ⅜ of 1% is paid on the balance.

While only a small part of this credit is being used at the present time, expansion of the defense programs in which Philco is engaged might greatly increase the amount of working capital required for Government inventories and receivables, and the Company believed it prudent to arrange financing in advance on favorable terms to cover this possible development.

The Parker Pen Company (February 29, 1952)
To the Stockholders: As a further step in expansion of our world operations, since 29 February 1952 a new company has been organized in Rhodesia, Africa.

Pratt & Lambert, Inc. (December 31, 1951)
To the Stockholders: In January 1952 the Corporation acquired all of the outstanding capital stock of the Salt Lake Glass & Paint Company, distributors since 1908 of the Corporation's products in Salt Lake City and Provo, Utah. The acquisition of this company was accomplished by the issuance of 6,099 shares of the Corporation's capital stock previously held in the treasury, in exchange for the outstanding stock of the Salt Lake Glass & Paint Company.

On February 20, 1952, the directors declared a dividend of seventy-five cents a share, payable April 1, 1952 to stockholders of record at the close of business March 13, 1952.

Jacob Ruppert (December 31, 1951)
To the Stockholders: Dividend requirements of the cumulative preferred stock were fully met during the year 1951 and the first 1952 quarterly dividend on said stock was declared on January 30, 1952.

Sonotone Corporation (December 31, 1951)
To the Stockholders: During the year, our new vacuum tube facilities were placed in operation and firm orders were received from the Armed Services for miniature and subminiature tubes totaling approximately $2,500,000. During January, 1952, an additional tube order covered by a letter award was received, which amounted to approximately two million dollars.

In Notes to the Financial Statements

Bell Aircraft Corporation (December 31, 1951)
Note 2: The reserve for renegotiation or additional costs on contracts completed in prior years is adequate to cover the refund of $2,275,000 made in January 1952, and such

further payments as may be required in connection with prior years.

McGraw Electric Company (December 31, 1951)
Note: Subsequent to December 31, 1951, the company entered into a contract to acquire all of the capital stock of Pennsylvania Transformer Company in exchange for 155,000 shares of its own common stock.

Read Standard Corporation (December 31, 1951)
Note 1: The Internal Revenue Code contained provisions for relief from excess profits tax to companies which established that such tax computed without benefit of the relief resulted in an excessive and discriminatory tax. Applications for relief under these provisions of the Code, which were filed for prior years, have not been allowed and appeal has been taken to the Tax Court. Portions of the 1943, 1944 and 1945 taxes which had previously been withheld pending adjudication of the claims, were paid in 1952 in order to stop the running of interest.

H. H. Robertson Company (December 31, 1951)
Note 3: At December 31, 1951, the Company was committed to purchase plant property in England at a cost of approximately $1,000,000.
To the Stockholders: It has recently been necessary to invest approximately $1,000,000 in plant and equipment in England. This transaction was completed on January 2, 1952, and is, therefore, not reflected in the accompanying balance sheet.

Frank G. Shattuck Company (December 31, 1951)
Financial Notes: Damage Claim—As previously reported, serious damage was done to our premises at 625 Madison Avenue, New York, by the bursting of a street water main on May 2, 1948. A claim was entered against the City, and since then negotiations have been carried on. By agreement made February 7, 1952, this claim will be settled by the payment to us of $75,000.

Union Bag & Paper Corporation (December 31, 1951)
Notes to Financial Statements: The Board of Directors on March 1, 1952 approved a plan to change the no par value capital stock of the Company into capital stock with a par value of $20 per share, such plan to become effective upon adoption by the stockholders at their annual meeting on April 8, 1952. On the basis of the number of shares outstanding at December 31, 1951, the change to $20 par value stock would require a transfer to capital stock of the entire capital surplus of $6,770,622 and $12,206,860 of the earnings since January 1, 1937 retained and in use in the business.

In Financial Statements and Related Footnotes

City Stores Company (February 2, 1952)
Comparative Consolidated Balance Sheet
Current Liabilities:
Federal taxes on income—estimated—Note C $5,367,032
Note C: Federal Income Tax—As to subsidiaries. During the fiscal year ended January 31, 1946, Lit Brothers sold its main store property and concurrently with the sale, leased the property back from the buyer. In its returns for that year, the company claimed a deductible loss in respect of such sale. The company had received a ruling from the Bureau of Internal Revenue, supplemented by a closing agreement restricted to certain points in such ruling, stating in effect that any loss sustained on the sale of property was deductible for tax purposes but not undertaking to establish the amount of loss.

On February 8, 1952, Lit Brothers received Revenue Agent's report for the fiscal years ended January 31, 1944 through 1948, in which adjustments were proposed which would result in net deficiencies of approximately $5,525,000, exclusive of interest. This is $5,075,000 in excess of reserves provided for this purpose. The report also proposes to disallow claims for refund of taxes on income which are being carried in the balance sheet at $782,000. Protest has been filed by the Company with respect to all the adjustments and disallowances of claims, except certain adjustments amounting to approximately $450,000 of tax liability. The principal item contested is the proposed disallowance of the loss on the sale of Lit Brothers' main store property, involving approximately $4,750,000 of the taxes in controversy. The proposed disallowance of the loss by the revenue agent was not based upon determination by him of any factual points left unsettled by the Bureau's ruling to be established upon examination of the return and is, in the opinion of the Company's counsel, diametrically opposed to the points established by the ruling and the closing agreement. In the opinion of Company's counsel the closing agreement is binding on the Treasury Department.

E. J. Brach and Sons (September 30, 1951)
Balance Sheet
Current Liabilities:
Notes Payable to banks (See Chairman's letter) $4,250,000.00
To Our Stockholders: Bank Loans—Due largely to heavier inventories of finished candy required for fall sales and to the higher prices of many of our raw materials, our peak bank loans increased to $5,250,000.00. They were reduced to $4,250,000.00 by September 30th and were paid off completely before the end of November.

The Eagle-Picher Company (November 30, 1951)
Statements of Consolidated Profit and Loss and Earned Surplus
Earned Surplus—End of Year—Note 3 ... $15,347,963
Note 3: On October 26, 1951 a dividend was declared payable December 10, 1951 in capital stock of the company at the rate of one share for each 10 shares held. Such dividend was paid by the issuance of 89,177 shares and the payment of $20,657 as a cash dividend in lieu of the issuance of fractional shares totaling 823 shares.

On December 10, 1951 a charge of $1,605,186 was made against earned surplus representing $18 per share for the 89,177 shares so issued. Common stock was credited at the par value of $10 per share, or $891,770, and the balance of $713,416 was credited to capital surplus.

The General Tire & Rubber Company (November 30, 1951)
Consolidated Balance Sheet
Investments, at cost:
Capital stock (entire issue—6,592 shares) of Thomas S. Lee Enterprises, Inc. (Note A) (underlying net assets at November 30, 1951—$2,050,265) $1,726,157
Note A: Thomas S. Lee Enterprises, Inc. and The Yankee Network, Incorporated reported a net income of $773,827 for the period ended November 30, 1951. This included the net income of The Yankee Network, Incorporated to May 6, 1951, date of merger with Thomas S. Lee Enterprises, Inc. and the net income of the latter company from December 31, 1950, date of acquisition.

As of January 25, 1952 General Teleradio, Inc. was merged into Thomas S. Lee Enterprises, Inc. for which Thomas S. Lee Enterprises paid $1,683,622 in cash and issued 732 shares of its capital stock (aggregate stated value $87,840); this changed The General Tire & Rubber Company's ownership of Thomas S. Lee Enterprises, Inc. to a 90% interest. Coincident with this merger Thomas S. Lee Enterprises, Inc. purchased certain assets from W.O.R. Program Service, Inc. for $1,236,000 in cash.

In connection with the above transactions The General Tire & Rubber Company, subsequent to November 30, 1951, advanced $3,000,000 to Thomas S. Lee Enterprises, Inc., which was made subordinate to a five year $2,500,000 bank loan of Thomas S. Lee Enterprises, Inc. Under the terms of that bank loan Thomas S. Lee Enterprises, Inc. has agreed that it will not pay any dividends (except stock dividends) so long as the aggregate principal amount of the loan exceeds $1,500,000 and thereafter only to the extent that tangible assets exceed total liabilities by at least $2,500,000.

Thomas S. Lee Enterprises, Inc. has made certain long term leases (one of which was entered into in January, 1952), the performance of which The General Tire & Rubber Company has guaranteed for various periods to the extent of $663,500 annually.

The Harshaw Chemical Company (September 30, 1951)
Balance Sheets
Capital Stock and Surplus:

Capital stock—Note G:	
Common stock, par value $10.00 a share—	
Authorized 400,000 shares; issued and outstanding 293,060	$ 2,930,600.00
Surplus—	
Capital surplus	3,580,227.79
Earned surplus—Note G	6,317,797.09
	$12,828,624.88

Note G: Amended Articles of Incorporation adopted on October 8, 1951, provide that the Company is authorized to have outstanding 640,000 shares consisting of a new class of 40,000 shares of 4½% Convertible Preferred Stock of the par value of $100 each, and 600,000 shares of Common Stock, of the par value of $10 each. During October, 1951, the Company sold 40,000 shares of 4½% Convertible Preferred Stock for $4,000,000.00, plus accrued dividends. Under the provisions of the Preferred Stock, among other things, earned surplus amounting to $5,433,978.66 is restricted and not available for dividends on Common Stock; furthermore, dividend payments on Common Stock may not be made if after giving effect to such payments the excess of current assets over current liabilities would be less than $3,000,000.00. The Board of Directors has reserved 80,000 shares of Common Stock, subsequently to September 30, 1951, for conversion of 40,000 shares of 4½% Convertible Preferred Stock. Redemption of the 4½% Convertible Preferred Stock under sinking fund provisions becomes effective April 1, 1954.

Bridgeport Brass Company (December 31, 1951)
Balance Sheets
Capital:

Capital stock (Note D):	
5½% cumulative preferred, par value $100 per share—(Called for redemption in 1952)	
Authorized and issued, 1951, 8,263 shares, less 256 shares acquired for retirement through sinking fund	$800,700

Note D: Additional information concerning capital stock—On February 15, 1952 the Company called for redemption, on March 18, 1952, all of the outstanding shares of the 5½% cumulative preferred stock at $107.50 per share, plus accrued dividends to March 18, 1952, including those shares which normally would have been retired through the operations of the sinking fund.

Northrop Aircraft, Inc. (July 31, 1951)
Balance Sheet
Capital Stock and Surplus:

Capital stock—Note D—	
Common stock—par value $1.00 per share;	
Authorized 1,000,000 shares; issued and outstanding 450,039 shares	$450,039.00

Note D: In August 1951 the Company sold to the public 125,000 shares of its previously unissued common stock; net proceeds to the Company approximated $1,590,000.00

Republic Aviation Corporation (December 31, 1951)
Statement of Financial Condition
Current Assets:

Receivables, principally United States Government (Note 1)	$7,735,819

Note 1: The Company has a credit agreement with The Chase National Bank of the City of New York dated December 8, 1950 under which the Company may borrow up to $5,000,000 to be evidenced by notes that mature in 90 days from date of borrowing but not later than December 1, 1952. At December 31, 1951 no loans were outstanding under this agreement. In this connection the Company has assigned, and during the life of the agreement will continue to assign to the Bank as collateral, all contracts with the United States Government the dollar volume of which exceeds $100,000.

On February 29, 1952, this credit agreement was increased to $10,000,000 and maturity extended to March 31, 1954.

Section 3: INCOME STATEMENT

The reports included in the survey indicate that the typical 1951 income statement showed net sales and presented cost of goods sold as a single amount, but did not disclose either employment costs or material costs, and did not set forth the gross profit.

Sales—How Stated

Table 1 shows the income statement presentation of sales in the reports of the 600 companies included in the survey. Only a relatively few of such companies (44 in 1951) did not make some disclosure of the amount of sales in their income statements.

TABLE 1: SALES

Income Statement Shows:	1951	1950	1949
Net sales.	390	386	366
Gross sales.	36	36	39
Both gross and net sales.	12	11	11
Sales without indication as to gross or net.	115	119	130
Total	553	552	546
No sales—			
Initial item is gross profit.	34	34	39
Initial item is net profit.	10	10	11
No income statement—			
Sales shown elsewhere in report.	3	2	2
Sales not shown in report.	0	2	2
	600	600	600

The following examples are representative of the various presentations of sales in 1951 statements of income:

Net Sales

Bendix Aviation Corporation
Summary of Consolidated Income and Earned Surplus

Net Sales, Royalties, and Other Operating Income (less estimated refunds of excess profits on Government contracts and subcontracts—see Note 4)	$340,540,415
Less:	
Cost of sales, selling, service, patent, administrative, and general expenses	306,025,771

Note 4: The Corporation's profits on Government contracts and subcontracts are subject to renegotiation under the Renegotiation Acts of 1948 and 1951. Renegotiation proceedings for the years 1949, 1950, and 1951 have not been concluded and while the amounts of excess profits, if any, to be refunded to the Government are not determinable at this time, provision has been made in these financial statements for estimated amounts which the management considers to be adequate.

Barber Oil Corporation
Consolidated Statement of Income

Total volume of business done by Barber Oil Corporation and its subsidiaries as represented by their combined net sales and earnings, exclusive of intercompany sales and transactions	$11,548,389.36

International Shoe Company
Statement of Income

Net sales of shoes and other manufactured merchandise; and inter-plant transfers (at approximate market) from the Company's own supply plants (tanneries, cotton mill, rubber plant, cut sole plants, etc.) to shoe factories	$323,644,057
Less—Inter-plant transfers	(100,326,907)
Other income	111,455
	$223,428,605
Cost of shoes and merchandise sold, after charging operating expenses, maintenance of physical properties, selling, administrative, and warehouse expenses, and credit losses, less discount on purchases	$200,857,116

Link-Belt Company
Comparative Consolidated Income Statement

Net sales to customers, less discounts and allowances	$118,437,216.79
Less:	
Cost of sales, including selling and administrative expenses and discounts received before provision for depreciation	98,952,134.03

The New York Air Brake Company
Statement of Consolidated Income

Gross sales, less discounts, returns, adjustments and estimated refundable profits on renegotiable sales	$32,129,525
Cost of manufacturing, selling, and administrative expenses	24,650,082

Crown Zellerbach Corporation
Statements of Consolidated Income

Sales, net of returns, discounts, allowances, outward freight, etc.	$245,998,220
Other operating income, net, exclusive of deduction for depreciation	697,497
	$246,695,717
Cost of goods sold, exclusive of depreciation, amortization and depletion	$163,208,573

General Shoe Corporation
Statement of Consolidated Earnings

Net Sales	$103,238,890
Other income	1,426,778
	$104,665,668
Cost of sales, selling, administrative, and general expenses (depreciation, amortization, lasts, dies, and patterns $1,470,105 in 1951)	$ 96,791,174

Granite City Steel Company
Consolidated Statement of Operations

Operating Income:	
Gross sales, less discounts, returns and allowances	$86,603,279
Operating Expenses:	
Cost of products sold, including materials, wages and salaries, property taxes, and other manufacturing expenses	69,061,036

Mohawk Carpet Mills, Inc.
Condensed Consolidated Statement of Income

Sales (net)	$69,593,945
Miscellaneous Income (net)	298,046
	$69,891,991
Wages, Materials and Expenses (including depreciation $1,188,239) representing the cost of manufacturing merchandise sold	59,554,835

Western Auto Supply Company
Comparative Statement of Income

Net Sales—Gross Sales, less Returns, Allowances, Freight-Out and certain Sales Taxes (Note 6):	
Retail	$ 80,555,512
Wholesale	79,510,582
Total Net Sales	160,066,094
Cost of Sales, including certain occupancy and buying costs	119,561,376

Note 6: The entire profit from installment sales is taken into income immediately upon consummation of sales; the majority of installment sales is made on deferred payments extending over not more than six months—the maximum period is twelve months, with the exception of certain major electrical appliances, which may be extended to eighteen months.

Gross Sales

Food Machinery and Chemical Corporation
Statement of Consolidated Income

Sales of non-military products, net	$142,863,299
Sales of military products, net	3,196,707
Gross revenue from leased machinery and processes	5,789,837
	$151,849,843
Cost of sales and direct expenses of leased machinery and processes	$107,171,516

Mid-Continent Petroleum Corporation
Summary of Consolidated Income

Gross Operating Income	$157,597,466
Operating charges:	
Cost of products sold and other operating costs, including marketing, general, and administrative expenses (exclusive of items shown separately below)	113,313,536

Pullman Incorporated
Consolidated Income and Surplus

Gross Revenues:	
From sales of products and services, royalties, etc.	$252,716,469
Expenses:	
Cost of products and services sold, excluding items separately listed below	$209,308,731

Both Gross and Net Sales

Dixie Cup Company
Summaries of Consolidated Income and Earned Surplus

Gross Billings to Customers	$37,432,869
Less—Sales returns and allowances, freight, discounts, etc.	2,652,965
Net Sales	$34,779,904
Costs and Expenses:	
Cost of goods sold	22,412,019

The Master Electric Company
Statement of Earnings

Gross Sales	$19,748,041
Less: Freight, returns and allowances	457,576
Net Sales	$19,290,465
Cost of Sales (includes depreciation and amortization $170,180)	11,539,683
Gross Profit from Sales	$ 7,750,782

Universal Match Corporation
Statement of Consolidated Income

Gross Sales	$15,323,101.92
Less—Excise and Sales Taxes, Freight, Discounts, Returns	2,014,064.79
Net Sales	$13,309,037.13
Cost of Sales:	
Materials, Labor and Overhead Expenses	8,779,684.41

Sales—Without Indication as to Gross or Net

American Smelting and Refining Company
Comparative Income Statement

Sales of products and service revenues	$530,817,779
Costs of products and services—exclusive of items deducted separately below	443,539,753
	$ 87,278,026

Colt's Manufacturing Company
Statements of Results from Operations

Sales	$11,478,262
Other Income:	
Interest from investments	3,982
Interest from federal tax refunds	47,762
Sundry	44,988
Total Income	$11,574,994
Costs:	
Wages and salaries (including related social security taxes and insurance)	4,921,494
Materials, supplies and services purchased	4,417,413

Burroughs Adding Machine Company
Statement of Operations

Charges to customers for products sold and services rendered	$127,368,125
Miscellaneous income	417,093
Total income from operations	$127,785,218
Cost of manufacturing products sold and rendering services	$ 59,924,433

Radio Corporation of America
Consolidated Earnings

Products and Services Sold	$598,955,077
Cost of Operations:	
Wages and salaries	$204,157,334
Pensions, social security taxes, insurance and other benefits	13,859,457
Total employment costs	$218,016,791
Materials and Services Bought From Others	300,863,768

Rheem Manufacturing Company
Consolidated Statement of Earnings

Income:	
Sales, less freight, returns, allowances, discounts, etc.	$94,106,957
Dividends from foreign affiliated and associated companies	330,834
Miscellaneous income (including dividends of $2,440 on marketable securities)	76,037
Total Income	$94,513,828
Costs:	
Cost of goods sold	74,624,450

Swift & Company
Statement of Consolidated Income and Accumulated Earnings

Sales, including service revenues	$2,524,218,323
Dividends from subsidiaries—not consolidated—	
Domestic	901,474
Foreign	855,304
Interest and other dividends	605,309
Special distribution from mutual casualty company	1,179,508
War loss recoveries on foreign investments, less Federal income taxes	211,302
Miscellaneous—net	360,566
Total	$2,528,331,786
Less:	
Cost of sales and services, including cost of raw materials, provision for inventory replacements and processing expenses	$2,343,901,078

Tide Water Associated Oil Company
Consolidated Statement of Income and Retained Profits Reinvested

Sales of crude oil and petroleum products, together with revenue from other operations (exclusive of intercompany transactions)	$397,290,514
Cost and operating expenses:	
Costs of products sold and selling expenses (exclusive of amounts shown separately below)	295,518,479

For further examples of the income statement presentation of sales, see those sections below dealing with Cost of Goods Sold, Gross Profit, Employment Costs, and Material Costs.

Cost of Goods Sold and Gross Profit—How Presented

Table 2 shows the various methods of setting forth the cost of goods sold in the income statement. Only a few of the 600 companies (45 in 1951) failed to show the cost of goods sold in their statements of income. On the other hand, only slightly over 25% of the companies (153 in 1951) set forth gross profit in their income statements.

TABLE 2: COST OF GOODS SOLD

Shown in Income Statement	1951	1950	1949
Single total amount	314	304	303
Single total amount which also includes certain other costs	228	238	232
Separate elements of cost	13	12	13
Not disclosed	45	46	52
	600	600	600

GROSS PROFIT

Income Statement Presentation			
Gross Profit disclosed	153	154	159
Gross Profit not disclosed	447	446	441
	600	600	600

The following examples are illustrative of the presentation of Cost of Goods Sold and Gross Profit in the 1951 income statements:

Cost of Goods Sold

The American Agricultural Chemical Company
Consolidated Statement of Profit and Loss

Sales (Less Returns)	$59,354,303.46
Less: Freight Outward, Cash Discount, Agents' Compensation, etc.	7,396,962.21
Net Sales	$51,957,341.25
Cost of Sales (Exclusive of Provisions for depreciation, depletion and self-insurance)	37,575,458.32

Anchor Hocking Glass Corporation
Consolidated Statement of Income

Sales and machinery rentals, less discounts, returns, allowances, and freight	$91,746,115
Cost of products sold, exclusive of depreciation	72,829,238

Avon Products, Inc.
Comparative Consolidated Statement of Earnings

Sales	$35,826,501
Cost of Goods Sold	13,669,660
Gross Profit on Sales	$22,156,841

Barber Bros. Corporation
Consolidated Statements of Profit and Loss

Net sales (including sales of leased departments and credit service charges on instalment sales contracts)	$30,654,839
Cost of merchandise sold	19,442,266
Gross profit	$11,212,573

Blaw-Knox Company
Statement of Operations
Revenues:

Sales of products and services	$119,476,261
Dividends, interest, purchase discounts, etc.	659,433
	$120,135,694
Costs and expenses:	
Cost of products and services sold	$ 97,644,777

Capitol Records, Inc.
Statement of Consolidated Income and Earned Surplus

Gross Sales, Less discounts, returns, and allowances (including charges to customers for excise tax)	$13,385,548.24
Cost of Goods Sold (Note 1)	8,657,149.32
Gross Profit on Sales	4,728,398.92

Note 1: Inventories are valued generally at the lower of approximate cost or market (consideration being given to obsolescence), on the "first-in, first-out" method, exclusive of the cost of master records which costs are charged off as incurred.

Elliott Company
Statement of Results of Operations and of Income Retained for Use in the Business
Sales and Revenues:

Net sales, recorded on completed units of products shipped	$40,322,939
Purchase discounts, interest, and other income	126,467
	$40,449,406
Costs and Expenses:	
Cost of products sold	$26,182,226

The Haloid Company
Comparative Consolidated Income Profit and Loss Statement

Net Sales	$12,897,357.59
Cost of Sales (Note 1)	9,248,438.28
Gross Profit from Sales	$3,648,919.31

Note 1: Included in cost of sales for the year ended December 31, 1951 are amortization charges on emergency facilities covered by Certificates of Necessity acquired in 1951. The amortization charges have been provided upon a sixty-month write off basis as provided by Section 124A of the Internal Revenue Code and exceed by an amount of $15,112.82 the depreciation charges which would have been computed on the basis of the life expectancy of the facilities.

Sharon Steel Corporation
Consolidated Statement of Income and Accumulated Earnings
Sales and revenues:

Gross sales, less discounts, outward freight, returns, and allowances	$168,958,183
Dividends, interest, and other income	1,003,763
	$169,961,946
Costs and expenses:	
Cost of goods sold, including repairs and maintenance of $11,622,602 and $8,798,142 in the respective years	$131,020,305

A. G. Spalding & Bros., Inc.
Consolidated Statement of Earnings

Sales, less discounts, returns and allowances	$23,899,635
Cost of goods sold (before depreciation):	
Materials, labor, etc.	14,427,058
Taxes	1,605,578
Total	$16,032,636

Gross Profit

Briggs & Stratton Corporation
Summary of Profit

Gross Sales, less returns, allowances and discounts	$38,494,381
Costs of Sales, Selling, and General and Administrative Expenses	29,629,841
Profit from operations	$ 8,864,540

Buffalo-Eclipse Corporation
Consolidated Statement of Income

Gross Sales, less outward freight, discounts and returns and allowances	$24,913,049.41
Cost of Goods Sold	17,738,290.65
Gross Profit	$ 7,174,758.76

Gleaner Harvester Corporation
Statement of Profit and Loss

Net Sales	$5,873,421
Cost of Sales	3,649,389
Gross profit on sales	$2,224,032

Hamilton Watch Company
Consolidated Statements of Income and Earnings Retained and Invested in the Business

Sales, net of returns, allowances and discounts	$17,343,190
Cost of goods sold:	
Inventories, beginning of years	$ 6,936,356
Materials, labor and overhead	16,520,973
Depreciation	223,301
	$23,680,630
Inventories, end of years	10,859,352
	$12,821,278
Gross profit	$ 4,521,912

Joy Manufacturing Company
Statement of Income

Sales, less returns, allowances, freight and discounts	$70,006,707
Cost of goods sold	51,283,914
Gross Profit	$18,722,793

Pittsburgh Brewing Company
Statement of Income and Expenses

Sales	$22,409,266.36
Less: Federal and State excise taxes	9,029,095.57
Net Sales	$13,380,170.79
Cost of Sales	9,273,201.68
Gross Profit	$ 4,106,969.11

For further examples of the presentation of Cost of Goods Sold or Gross Profit, see the section preceding this one and the sections following covering Sales, Employment Costs, and Material Costs.

Employment Costs—How Shown

Table 3 shows the method of presentation of Employment Costs in the reports of the 600 companies included in the survey.

The following examples are representative of the presentation of Employment Costs in the income statements of the 600 companies included in the survey:

Employment Costs

The Cleveland Graphite Bronze Company
Consolidated Results of Operations and Summary of Reinvestment of Profit

Revenues:	
Sales of products	$ 49,463,559
Royalties, interest and other revenues	588,567
Total revenues	$ 50,052,126
Costs:	
Wages, salaries, company contributions for group, hospital and unemployment insurance and old age benefits	$ 20,498,187
Raw materials, supplies and services purchased, and other expenses	20,353,145

Marathon Corporation
Statement of Consolidated Current and Accumulated Net Earnings Employed in the Business

Sales and Other Income:	
Sales	$ 91,552,950
Discount on purchases and other income	549,734
Total sales and other income	$ 92,102,684
Costs:	
Employee costs—	
Wages and salaries	$ 26,891,105
Social security taxes	485,412
Pensions, profit sharing and insurance	1,354,606
Total employee costs	$ 28,731,123
Materials, services and other costs	33,280,609

United States Gypsum Company
Statement of Earnings

Income:	
Net sales	$ 188,125,170
Income from securities	1,022,990
Royalties and miscellaneous income (net)	720,670
Total income	$ 189,868,830
Deductions:	
Cost of products sold—	
Plant wages and salaries	$ 34,329,012
Materials, services and other costs	80,294,487

TABLE 3: EMPLOYMENT COSTS

Presentation in Income Statement:	1951	1950	1949
Separately set forth	37	36	30
Combined with other costs	35	34	34
Total	72	70	64
Disclosed Elsewhere in Report:			
In uncertified financial statements (*Nos. *103, 180, 228, 280, 381, 416, 459, 502, 542, 597*)	142	141	139
In letter to stockholders (*Nos. *48, 140, 151, 407, 413*)	41	39	31
In graphs or charts (*Nos. *16, 106, 255, 257, 278, 323, 405, 429, 478, 551, 566*)	55	47	48
Number of Companies:			
Showing Employment Costs	310	297	282
Not showing Employment Costs	290	303	318
	600	600	600

*See Company Appendix Section.

Armco Steel Corporation
Statement of Consolidated Income

Revenues:	
Sales less discounts, allowances, etc.	$ 534,834,687
Other revenues	6,418,130
Total	$ 541,252,817
Costs and Expenses:	
Employment costs—	
Wages and salaries	$ 125,667,451
Social security taxes	2,319,746
Pensions and group insurance	10,114,860
Total	$ 138,102,057
Materials and services purchased	278,481,125

Atlas Powder Company
Statement of Consolidated Earnings

Sales	$ 51,672,527
Other Income	111,596
Total	$ 51,784,123
Costs and Expenses:	
Wages, Salaries and Other Employment Costs	15,193,614
Materials, Services, etc.	29,637,037

Bethlehem Steel Corporation
Consolidated Income Statement

Revenues:	
Net billing value of products shipped and other services	$1,793,090,602
Interest, dividends and other income	6,415,744
Total Revenues	$1,799,506,346
Costs Applied to Billings and Other Services Shown Above:	
Employment costs:	
Wages and salaries	$ 617,555,163
Pensions	23,409,047
Social security and other employee benefits	23,611,088
	$ 664,575,298
Materials, supplies, freight and other services	788,347,767

Westinghouse Electric Corporation
Statement of Operations

Income:	
Products and services sold	$1,240,801,296
From other sources	6,178,028
Total Income	$1,246,979,324
Costs Applicable to Income:	
Wages and salaries	436,172,606
Materials and services from others	577,623,177

For additional examples of Employment Costs, see the sections above and in the section following covering Sales, Cost of Goods Sold, Gross Profit, and Material Costs.

Material Costs—How Set Forth

Table 4 shows the presentation and disclosure of Material Costs in the reports of the 600 companies.

The examples set forth below showing the presentation of Material Costs have been selected from the income statements of the 1951 survey reports.

Material Costs

Bates Manufacturing Company
Consolidated Statement of Income

Sales and Other Income:	
Net sales	$ 60,006,538
Miscellaneous other income	153,010
Total	$ 60,159,548
Costs:	
Cotton, rayon, other materials and services purchased	$ 32,225,971
Payments to and for the benefit of employees:	
Wages and salaries	$ 19,616,869
Unemployment and old age benefit taxes	621,777
Employee health and life insurance premiums	305,240
	$20,543,886

The Budd Company
Results of Operations

Products sold	$ 317,664,486
Royalties, interest and miscellaneous income	651,701
	$318,316,187
Costs allocated to the year:	
Inventories brought forward from previous year	$ 30,393,771
Materials, supplies, services purchased, etc.	192,022,583
Wages, salaries, social security taxes and company contributions for pensions and group insurance	98,845,585
[Certain items deleted herein]	—
	$329,296,695
Deduct—Inventories carried forward to next year	40,563,121
Total costs allocated to year	$ 288,733,574

TABLE 4: MATERIAL COSTS

Presentation in Income Statement:	1951	1950	1949
Combined with other costs	67	63	59
Separately set forth	15	13	10
Total	82	76	69
Disclosed Elsewhere in Report:			
In uncertified financial statements (*Nos. *48, 129, 267, 344, 391, 448, 479, 502, 538, 546*)	81	77	74
In letter to the stockholders (*Nos. *63, 104, 255, 407, 592*)	18	13	10
In graphs or charts (*Nos. *16, 71, 106, 114, 192, 257, 278, 405, 520, 592*)	73	71	71
Number of Companies:			
Showing Materials Costs	254	237	224
Not showing Material Costs	346	363	376
	600	600	600

*See Company Appendix Section.

American Maize-Products Company
Consolidated Statement of Income

Income:	
Sales, less discounts, returns, allowances, freight, etc.	$ 30,861,187
Miscellaneous	78,589
Total income	$ 30,939,776
Costs and Expenses:	
Cost of products, supplies and services (exclusive of items below)	$ 26,602,465

Doehler-Jarvis Corporation
Statement of Operations and Earned Surplus

Income:	
Sales	$ 85,861,763
Miscellaneous	112,872
Total income	$ 85,974,635
Costs, Expenses and Other Charges:	
Cost of Materials, Labor and Expenses in Products Sold (Exclusive of Items below)	64,038,121

Gaylord Container Corporation
Consolidated Statement of Operations and Earnings Invested in the Business

Sales of products and services, less discounts and allowances	$ 84,370,640
Gain from sales of timber and depreciable assets	359,410
Dividends, royalties, and miscellaneous income	340,813
	$85,070,863
Costs and expenses:	
Materials, wages, supplies, services purchased, etc.	59,644,294

McGraw Electric Company
Consolidated Statements of Income

Income:	
Net sales	$ 86,703,000
Miscellaneous income (net)	524,000
Total income	$ 87,227,000
Deductions:	
Materials and services purchased from others	$ 45,335,000
Wages, salaries and employee benefit costs	25,362,000

Pan American Petroleum & Transport Company
Consolidated Statement of Income and Expenses and Summary of Earnings Retained and Invested in the Business

Sales and operating income	$ 412,634,269
Interest, dividends, and other income	465,753
Total income	$ 413,100,022
Deduct:	
Materials used, salaries and wages, operating and general expenses other than those shown below	$ 343,313,002

United States Steel Corporation
Consolidated Statement of Income

Products and services sold	$3,524,121,226
Costs:	
Employment costs—	
Wages and salaries	1,217,611,480
Pensions, social security taxes, insurance and other employe benefits (details on page 17)	156,857,438
	$1,374,468,918
Products and services bought	1,329,670,316

the MAY department stores company and subsidiary companies

CONSOLIDATED STATEMENT OF NET EARNINGS

	Year ended January 31, 1952	1951
INCOME:		
Net sales (including leased departments)	$424,991,445	$416,689,345
Interest and dividends	434,563	360,767
Miscellaneous	568,004	128,001
	$425,994,012	$417,178,113
COSTS AND EXPENSES:		
Cost of merchandise sold (Note A), selling, operating, general and administrative expenses (less carrying charges to customers on instalment accounts), exclusive of items listed below	$375,703,667	$361,267,067
Maintenance and repairs	3,241,897	2,821,003
Depreciation and amortization	4,906,137	4,533,008
Taxes, other than those included in cost of merchandise sold, taxes paid by customers and federal taxes on income	6,278,612	6,018,035
Rentals (Note H)	2,014,008	2,169,451
Interest and debt expense	969,183	493,932
Federal taxes on income, including excess profits tax of $250,000 (1952) and $1,300,000 (1951)	17,199,983	18,457,427
	$410,313,487	$395,759,923
NET EARNINGS	$ 15,680,525	$ 21,418,190
DEDUCT portion of net earnings applicable to minority interest in the preferred stock of a subsidiary	46,296	46,839
NET EARNINGS APPLICABLE TO SHARES OF PARENT COMPANY	$ 15,634,229	$ 21,371,351

See notes to financial statements.

Foremost Dairies, Inc.
Statements of Income and Surplus

Total Sales, Including Inter-Plant	$ 58,538,075
Less, Inter-Plant sales, discounts and allowances	5,288,732
Net Sales	$ 53,249,343
Other Income	377,685
	$53,627,028
Costs and Expenses:	
Cost of materials	52,600,254
Manufacturing labor and expenses	3,852,676

Goldblatt Bros., Inc.
Statement of Consolidated Income

Net Sales	$ 99,004,662
Deduct:	
Merchandise, supplies and services purchased	73,983,159
Salaries, wages and employee benefits	19,726,864

John Morrell & Co.
Consolidated Statement of Income and Income Retained and Invested in the Business

Net sales and operating revenues	$ 307,650,399
Costs:	
Livestock, produce, etc.	$ 233,557,803
Wages and salaries of employees	31,406,624

Wm. Wrigley, Jr. Company
Statement of Consolidated Earnings

Income:	
Net sales, less cash discounts allowed	$ 73,589,791
Interest and dividends from investments	549,478
Net gains realized from sales of securities and other properties	535,931
Net gains on conversion of assets of foreign subsidiaries	71,274
Miscellaneous other income (net)	229,193
	$ 74,975,667
Costs and Expenses:	
Materials, labor and services consumed in making chewing gum and other products sold to customers	$ 35,984,724

Other examples of Material Costs will be found in the sections above covering Sales, Cost of Sales, Gross Profit, and Employment Costs.

Depreciation and Depletion—Annual Charge

DEPRECIATION

Table 5 summarizes the methods employed by the survey companies, as shown by their 1951 reports, in setting forth the annual charge for depreciation. The great majority of the companies (496 in 1951) disclosed the annual charge for depreciation either within or in conjunction with their income statements. There were 75 companies in 1951 that disclosed this item elsewhere in their report, either in notes to financial statements (67 companies) or in the letter to the stockholders (8 companies). There were only 29 of the 600 companies in 1951 that did not disclose in their reports the annual charge for depreciation.

Although relatively few companies (less than 5% of the 600 companies in 1951) disclose in their annual reports the methods used by them in computing depreciation, the following examples found in the 1951 reports refer to such methods as the "straight line" method, the "unit of production cost" method, the "composite rate" method, the "diminishing balance" method, and a method based upon "rate of operations." As in prior years the method of computing depreciation most frequently mentioned in the annual reports is the straight line method.

TABLE 5: DEPRECIATION—ANNUAL CHARGE

Presentation in Income Statement:	1951	1950	1949
LISTED AMONG OTHER COSTS—			
With single total amount for *"depreciation"* (*Nos. *21, 82, 117, 137, 203, 292, 326, 338, 406, 458, 501, 523, 536, 592, 600*)	188	217	222
With single total amount for *"depreciation and amortization"* (*Nos. *42, 88, 143, 181, 216, 257, 321, 442, 462, 539*)	83	59	57
With single total amount for *"depreciation, depletion and amortization"* (*Nos. *18, 135, 240, 336, 413, 503*)	24	15	13
With single total amount for *"depreciation and depletion"* (*Nos. *188, 312, 378, 424*)	23	29	28
With single total amount for *"depreciation and various other costs"* (*Nos. *22, 376*)	2	13	19
SEGREGATED WITHIN COST SECTION in schedule or note. (*Nos. *5, 73, 159, 163, 215, 258, 327, 371, 437, 532*)	70	55	46
PRESENTED AT FOOT OF INCOME STATEMENT in schedule or footnote. (*Nos. *12, 107, 146, 202, 267, 323, 415, 447, 509*)	106	105	111
Total	496	493	496
Disclosed Elsewhere in Report:			
In notes to financial statements. (*Nos. *27, 78, 150, 179, 226, 288, 324, 347, 412, 469, 566*)	67	62	56
In letter to stockholders. (*Nos. *51, 280, 339, 438, 474*)	8	11	11
Number of Companies:			
Disclosing annual depreciation charge	571	566	563
Not disclosing annual charge but showing accumulated depreciation	29	34	37
	600	600	600

*See Company Appendix Section.

Straight Line Method

Bliss & Laughlin, Incorporated
Note 2: Fixed assets are stated at cost. Provision for depreciation has been computed on a straight line method in conformity with Treasury Department requirements. Included in fixed assets are items added during the current year in the amount of $214,675, which are subject to amortization in accordance with Necessity Certificates.

Also included in fixed assets are items covered by Necessity Certificates having a cost of $387,002, which are fully amortized, having been completed in 1945 and prior years.

Universal-Cyclops Steel Corporation
Balance Sheet
Noncurrent Assets:

Property, Plant, and Equipment, Less Accumulated Depreciation and Amortization (Page 7)	$6,455,481

Statement of Income and Accumulated Earnings
Costs and Expenses:

Provision for depreciation and amortization	$ 465,544

Supplementary Financial Information: Property, plant, and equipment are stated substantially at cost, consisting of amounts shown on the books of constituent companies at date of merger, September 30, 1936, plus amounts of subsequent additions.

Effective January 1, 1951, the company discontinued the method adopted in 1948 of providing accelerated depreciation on regular buildings, machinery, and equipment. Accordingly, the amount of depreciation for 1951 was provided at fixed rates on the straight-line basis used for income tax purposes.

Cost of defense facilities acquired under necessity certificates during 1951 is being amortized over a 60-month period to the extent (60%-75%) allowed in the approved certificates. The portion of cost not subject to amortization is being depreciated at fixed rates on the straight-line basis.

Elastic Stop Nut Corporation of America
Balance Sheet
Fixed Assets:

Property, plant and equipment	$5,609,022.28
Less—Amounts charged to operations as depreciation and amortization	4,009,336.74

Note 4: Depreciation and amortization charges to operations conform to the following rates which have been allowed for tax purposes—Machinery, 5½% to 16-2/3%; Furniture and Fixtures, 6-2/3%; Automobiles, 40%; Land Improvements, 25%; Building, 2%; Building Equipment, 5%; Patents, 5-15/17%.

In addition, provisional allowances have been made for additional amortization of equipment which is covered by application for certificates of necessity. Provision for depreciation and amortization for the years ended November 30, 1951 and 1950 was as follows: [1950 deleted herein].

Normal provisions:	
Charged to manufacturing costs	$ 93,467.70
Charged to selling, engineering, and administrative expenses	15,982.87
	$109,450.57
Additional amortization of emergency facilities:	
Charged to cost of goods sold	$ 9,761.06
Charged to selling, engineering, and administrative expenses	781.18
	$ 10,542.24
	$119,992.81

Lockheed Aircraft Corporation
Consolidated Balance Sheet
Noncurrent Assets:

Fixed Assets—at cost (less accumulated depreciation and amortization—1951—$22,709,350) (Note 3)	$22,321,565

Note 3: The fixed assets of the Company have an original cost of $45,030,915. Of this amount $20,987,127 has been written off in prior years as a cost of operations and $1,722,223 was written off in 1951. The carrying value at December 31, 1951 of $22,321,565 represents land, carried at $1,844,461, and $20,477,104 of plant and equipment to be written off against income of future periods.

The original cost of $45,030,915 consists of $17,147,067 of items fully written off, $21,122,056 of items which are currently being written off pro rata over their estimated useful lives, $4,917,331 which has been certified by the Government as eligible for write-off over a five year period under the current law governing emergency facilities and $1,844,461 of land not subject to depreciation.

General Cable Corporation
Balance Sheet
Noncurrent Assets:

Fixed Assets, based on appraised sound values in 1927 or prior (discounted approximately 20%) plus subsequent additions at cost less special write-offs and reserves Note 1, page 8):

Land and buildings	$15,460,928
Less reserve for depreciation	5,172,492
Machinery and equipment	$24,294,496
Less reserve for depreciation	11,307,561

Statement of Profit and Loss
Operating charges (net):

Provision for depreciation (Note 1, page 8)	$ 1,447,628

Note 1: The Corporation's policy has been to amortize the book amount of its property, plant and equipment over the period of the remaining useful life on a straight-line method. The principal rates used in 1951, as in previous years, were as follows: buildings, 2 to 5%; machinery and equipment, 5%; defense facilities, estimated useful life. The depreciation provision includes approximately $200,000 amortization of defense facilities acquired in 1951.

Various Other Methods

Jones & Laughlin Steel Corporation
Consolidated Statement of Financial Position

Land, buildings and equipment, less wear, exhaustion and amortization (details on page 39) (Note A)	$364,325,000

Consolidated Statement of Income
Costs and expenses:

Wear of buildings and equipment and exhaustion of property—depreciation and depletion (page 39) (Note A)	21,020,000
Amortization of emergency facilities	4,675,000

Note A: In providing for depreciation at a composite rate for steel manufacturing properties, consideration is given to the rate of operations at the steel plants. The composite rate of depreciation ranges from 3% in years of low operations to 5% in years of high operations. Accordingly, depreciation of steel manufacturing properties was provided at the rate of 5% for the years 1951 and 1950.

Depreciation rates used for corporate accounting and federal income tax purposes are substantially the same.

The recorded value of the land, buildings and equipment before depreciation reserves represents the sum of (1) the book values of said assets appearing on the books of predecessor companies as of January 1, 1923, (2) the value of fixed assets less related reserves appearing on the books of predecessor companies of Jones & Laughlin Supply Company acquired in June, 1928, (3) the historical cost (including book values appearing on the books of its predecessors) of property acquired June 30, 1942, from The Otis Steel Company, and (4) subsequent capital expenditures at cost, less the sum of (1) the recorded value of fixed assets since dismantled, retired, or sold, and (2) the amounts since provided for depletion and for amortization of capitalized stripping and development costs at mines, and (3) depreciation of blast furnace linings credited to the asset accounts.

It is now planned that approximately $90,000,000 will be spent for the plant improvement program during the year 1952, a portion of which has been or is expected to be certified by the government as emergency facilities subject to amortization over a five-year period.

Anderson-Prichard Oil Company
Consolidated Balance Sheet
Fixed Assets: (Note 3)

Property, plant and equipment, at cost	$45,318,816.36
Less reserves for depreciation, depletion, and amortization	18,769,695.07

Comparative Consolidated Statement of Income and Earned Surplus

Less — Depreciation, depletion, and amortization	3,721,654.80

Note 3: The policy of the companies in general is to provide for depreciation, depletion, and amortization of the assets over their productive or useful life, recognizing some allowance for salvage values, by application of either the unit of production cost or the straight-line method. When units of property are retired or are otherwise disposed of, the reserves are reduced in the amounts applicable.

Expenditures for maintenance and repairs are charged to income, except that the cost of repairs and renewals of refining equipment is charged to the reserve for depreciation if the life of the equipment repaired or renewed is thereby extended for an estimated two or more years. Major renewals and replacements of equipment are charged to the property accounts.

National Lead Company
Consolidated Balance Sheet

Plant, property and equipment, at 1915 appraised values, subsequent additions at cost (including intangibles of $20,692,311 not being amortized), less reserves for depreciation, depletion and amortization of $71,215,202	$82,797,466

Consolidated Statements of Income and Earned Surplus Unappropriated

Cost of Sales	$284,245,815
Depreciation, depletion and amortization	4,902,085

To the Stockholders: Depreciation, depletion and amortization charged against earnings in 1951 was $4,902,085, as compared with $5,896,695 in 1950. The decline reflects the application of the diminishing balance method of depreciating assets of the Titanium Division which has been discussed in prior reports.

Fairchild Engine and Airplane Corporation
Balance Sheet
Property, Plant and Equipment, at cost:

Land and buildings	$3,911,507
Machinery and equipment	4,079,346
Improvements to government owned property	433,030
Less accumulated depreciation and amortization	2,257,911

Statement of Earnings
Deduct:

Depreciation and amortization	540,963

Principles of Accounting Followed in Preparation of Financial Statements: Property, Plant and Equipment—The cost of new items of property, plant and equipment, the cost of improvements which lengthen the life of these items and the cost of improvements to leaseholds are capitalized. In the case of items constructed or work done by the Corporation, no overhead or interest is capitalized. The cost of these assets is depreciated or amortized in equal annual amounts over the estimated lives of the various classes of assets. The life of emergency plant facilities is taken on the basis established by the Internal Revenue Code. The difference between the depreciated value of assets and the amount realizable at disposal is charged against, or credited to, revenue at the time of removal from service.

DEPLETION

In the 1951 annual reports covered by the survey, there were 117 companies that referred to depletion. The amount of the 1951 annual charge for depletion was set forth by 99 of these companies, whereas the remaining 18 companies in the group did not make such disclosure. Of the 99 companies disclosing the annual depletion charge, 93 thereof made such disclosure either within or in conjunction with their income statements. Table 6 contains a summary of the methods employed in the 1951 reports of the survey companies in setting forth the annual charge for depletion.

Approximately 15% of the companies referring to depletion in their 1951 annual reports state the methods used by them in computing the annual charge for depletion. The two methods set forth in the reports, as shown by the following examples, are the "unit of production" method and the "percentage depletion" method. The examples disclose that the unit of production method is the one commonly used for accounting purposes, although percentage depletion is quite generally used for Federal income tax purposes. Included in the examples below are a number taken from the reports of the petroleum companies, which in addition to disclosing methods of depletion also discuss the treatment of intangible drilling and development costs.

Argo Oil Corporation
Condensed Comparative Balance Sheets
Capital Assets (Notes A and B)

Developed Leases and Royalties	$11,251,130.39
Undeveloped Leases and Royalties	4,553,569.31
Buildings and Equipment	9,900,900.78
	$25,705,600.48
Less: Reserves for Depletion and Depreciation	14,985,916.76
Total Capital Assets	$10,719,683.72

Condensed Comparative Statements of Income and Expenses
Other Charges:

Depletion (See Notes)	$ 265,284.63
Depreciation	263,282.31
Intangible Development Costs	721,672.88
Loss from Abandonments	374,141.93
Total Other Charges	$ 1,624,381.75

Note A: *Capital Assets*—The basis of depletable assets represents values based on appraisal at 1-1-44 with subsequent acquisitions valued at cost. The basis of other capital assets represents values based on cost.

Depletion is computed for each property separately under the unit of production method. The unit is determined by dividing the basis as of the end of the year by the estimated remaining recoverable units of reserves as of the beginning of the year and is then multiplied by the units produced in such year. Depreciation of well and lease equipment is computed in a similar manner. The straight-line method of depreciation is used to recover the cost of other depreciable property. The rates applicable to major classifications of such other depreciable property are as follows—Automotive Equipment 24%, Office Furniture and Equipment 6%, Buildings 5%, Machinery and Equipment 5%.

Note B: Intangible Drilling and Development Costs—Prior to 1951 the Company followed the practice of charging to expense, in the year incurred, all intangible drilling and development costs on productive and non-productive wells.

Effective January 1, 1951, the policy of charging all intangible drilling and development costs to expense was changed to the capitalization of intangible drilling and development costs on producing wells and then amortizing or depleting the cost on a unit basis of production on each lease affected.

The effect of this change in policy for the year 1951 was to capitalize $896,110.72 (net) on producing wells and $236,000.95 was charged to incomplete wells, resulting in a decrease in the charges to net income for 1951 of $1,132,111.67 when compared with the policy of charging off all intangible drilling and development costs incurred during the year. Effective January 1, 1951, intangible drilling and development costs on non-productive wells are charged off in full when the wells prove non-productive.

Provision for income taxes for the year 1951 has been made on the basis of taxable income after deduction of all intangible drilling and development costs incurred during the year in accordance with the consistent policy of the Company heretofore consistently followed.

The net income for the year 1950 would have been $444,258.80 more on the basis of capitalizing intangible drilling and development costs for 1950 on producing wells, compared with the net income as shown for 1950 which was on the basis of charging off all intangible drilling and development costs incurred during the year 1950.

TABLE 6: DEPLETION—ANNUAL CHARGE

Presentation in Income Statement	1951	1950	1949
LISTED AMONG OTHER COSTS—			
With single total amount for *"depletion"* (*Nos. *20, 60, 80, 148, 170, 178, 195, 257, 425, 433, 449, 453*)	25	25	29
With single total amount for *"depletion, depreciation, and amortization"* (*Nos. *18, 29, 57, 240, 308, 336, 413, 443, 460, 461, 482, 503*)	24	15	13
With single total amount for *"depletion and depreciation"* (*Nos. *205, 274, 322, 378, 466, 489, 498, 540, 552, 564, 589*)	23	29	28
With single total amount for *"depletion and amortization* (*Nos. *453, 528*)	4	4	3
With single total amount for *"depletion and various other costs"*	0	0	3
SEGREGATED WITHIN COST SECTION in schedule or note (*Nos. *159, 166, 260*)	5	2	3
PRESENTED AT FOOT OF INCOME STATEMENT in schedule or footnote. (*Nos. *135, 146, 168, 188, 207, 242*)	12	13	11
Total	93	88	90
Disclosed Elsewhere in Report:			
In notes to financial statements. (*Nos. *405, 451, 491*)	6	5	5
In letter to stockholders	0	1	2
Number of Companies:			
Disclosing annual depletion charge	99	94	97
Not disclosing annual charge but showing accumulated depletion	18	23	20
Not showing depletion	483	483	483
	600	600	600

*See Company Appendix Section.

Climax Molybdenum Company

Statement of Financial Position

Mine, Mill and Plant Properties, at cost less accumulated depreciation, amortization and depletion (Note B) $6,248,144

Earnings Statement

Costs and Expenses:

Depreciation $407,985
Depletion 20,918

Note B: The Company's mining properties are carried at cost less depletion accumulated at the rate of one mill per pound of molybdenum sold. The Company's properties comprise the following:

	Cost	Accumulated depreciation, amortization, and depletion	Net
Mines	$ 971,880	$ 512,409	$ 459,471
Mills, plants and equipment:			
General	9,537,486	7,548,118	1,989,368
Emergency facilities	862,620	22,433	840,187
Construction in progress	2,887,118	—	2,887,118
Land	72,000	—	72,000
	$14,331,104	$8,082,960	$6,248,144

The facilities expansion program is estimated to require total capital expenditures of approximately $12,500,000, of which $3,479,701 had been made at December 31, 1951. In addition the Company expects to expend and charge against operations during 1952 approximately $5,000,000 in expanding its broken ore reserves.

Continental Oil Company

Consolidated Balance Sheet

Property, Plant and Equipment as revalued by the management in 1932 with subsequent additions at cost $513,353,911
Less: Reserves for depreciation, depletion and intangible devolpment costs 323,504,580

Statement of Consolidated Income and Earned Surplus

Costs, Expenses and Taxes:

Intangible development costs (Note 5) $33,073,072
Depletion 1,754,555
Depreciation and retirements 14,749,857

Note 5: While many oil companies follow the policy of capitalizing and amortizing intangible development costs applicable to producing wells, the consistent policy of

Continental Oil Company and its consolidated subsidiaries has been to reserve in full for intangible development costs applicable both to wells completed as producing wells and to dry holes as the expenditures are incurred.

The Derby Oil Company
Balance Sheets

Fixed Assets, substantially at cost:	
Property, plant and equipment	$16,143,638
Less accumulated depletion and depreciation	6,244,726

Statement of Income and Earned Surplus

Cost of sales and operating expenses:	
Depletion (Note 2)	$526,977
Depreciation	376,732

Note 2: The Company, on its books, follows the policy of capitalizing productive intangible development costs and amortizes such costs on a barrel unit basis, commonly used in the oil industry. For Federal income tax purposes, the charge for depletion is based on the statutory provisions of The Tax Law, and intangible development costs are taken as a tax deduction in the year in which such costs are incurred.

Lone Star Cement Corporation
Comparative Consolidated Balance Sheet

Fixed Assets:	
Plant sites, mineral lands, rights, buildings, machinery and equipment	$121,279,649
Less: Reserves for depreciation and depletion and other property reserves	56,904,015

Comparative Consolidated Income and Earned Surplus Accounts

Provision for depreciation and depletion and in 1951 for amortization of emergency facilities	3,063,886

Note 4: In providing for Federal income taxes for the year 1951, consideration has been given to deductions for percentage depletion allowable under the Revenue Act of 1951, although in the accounts of the Corporation and in the statements herewith, depletion reserves are on the basis of cost. Since regulations have not yet been issued by the Treasury Department, the amount of such percentage depletion allowable is necessarily estimated and subject to later revision.

Panhandle Producing & Refining Company
Consolidated Balance Sheet

Property, Plant and Equipment (Note 2)	
Oil and gas leases, wells, and equipment	$15,768,996.35
Refinery	2,175,585.50
Bulk and service stations, warehouse and other equipment	1,828,520.11
Steel fabricating plants and equipment	848,649.79
Land and office building	288,219.65
Undeveloped leaseholds	222,297.91
	$21,132,269.31
Less—Reserves for depreciation and depletion	9,113,856.92
	$12,018,412.39

Consolidated Statement of Income

Operating charges:	
Depreciation (Note 2)	470,904.01
Depletion (Note 2)	712,595.77

Note 2: It is the policy of the Company to capitalize all development costs in respect of producing wells and to write off intangible development costs in respect of non-productive wells. Depreciation and depletion of producing leases, intangible development costs and well equipment are computed by using the unit of production method based upon recoverable oil reserves as estimated by the Company's engineers. Depreciation of other units of depreciable property is provided on a straight-line method at rates based upon the estimated useful life of the property. For Federal income tax purposes the Company charges to expense intangible development costs as incurred.

Phelps Dodge Corporation
Consolidated Balance Sheet

Property, Plant and Equipment:	
Mining properties and claims, water rights, and lands for metal producing, treating and manufacturing plants—	$216,108,439.73
Less allowance for depletion	164,203,547.57
	51,904,892.16
Morenci open-pit mine development, less amortization	3,003,558.87
Building, machinery and equipment at mines, reduction works, refineries and manufacturing plants	153,749,201.53
Less allowance for depreciation	82,261,822.00
	71,487,379.53

Consolidated Income Account

Depreciation of plant and equipment—Note G	$ 6,269,589.73
Consolidated Net Income, without deduction for depletion of mines	$ 45,434,036.13
Deduction for depletion of mines—Note H	2,456,602.31
Consolidated Net Income (after depletion)	$ 42,977,433.82

Note G: Depreciation Policy—The Company's existing policy, which is to compute depreciation generally on a "Unit of production" basis, has been continued throughout the year *1951*.

Note H: Depletion Policy—The deduction for depletion of metal mines owned by the Company has been computed on the basis of an over-all unit rate applied to the pounds of copper sold from the Company's own production. Depletion of a consolidated subsidiary has been computed separately. It is believed that the over-all rate is sufficient in amount to provide for the amortization of the net book value of mines on or before the exhaustion of the mines.

The Company makes no representation that the deduction represents the depletion actually sustained or the decline, if any, in mine values attributable to the year's operations (which amounts are not susceptible of determination), or that it represents anything other than a general provision for the amortization of the remaining book value of mines. Depletion used in estimating United States taxes on income has been computed on a statutory basis and differs from the amount in these accounts.

The Standard Oil Company (Ohio)
Consolidated Statement of Financial Position

Fixed Assets—Note A	
Property, plant, and equipment—at cost	$267,594,018
Less—Accumulated depreciation, depletion and amortization	112,190,163
	$155,403,855

Consolidated Statement of Income

Costs and Expenses:	
Depreciation of facilities	$9,143,412
Depletion of oil producing properties	4,931,748
Amortization of defense facilities	543,263

Note A: The companies capitalize intangible costs of drilling producing wells; depletion of these costs is computed on a unit of production basis. For federal income tax purposes such costs are charged off as incurred.

THE YALE & TOWNE MANUFACTURING COMPANY

THE COMPANY'S OPERATING RECORD

SIMPLIFIED REPORT FOR 1951

With comparable amounts for 1950

The formal STATEMENT OF INCOME AND EARNED SURPLUS *will be found on Page 9.*

	1951	1950
We Received Our Income from:		
Sales of Hoists, Industrial Trucks, Locks, Builders' Hardware, etc.	$93,126,882.96	$65,153,204.44
Commissions, royalties, profit on sales of equipment, etc.	594,578.36	252,940.91
Our Total Income Was	$93,721,461.32	$65,406,145.35
How We Used Our Income:		
WE SPENT OR PROVIDED		
For materials, supplies and services bought from others	$47,848,871.19	$31,014,111.48
For wear and tear resulting from the use of machinery, tools and buildings	1,184,787.12	1,064,100.59
For taxes by local, state, federal and foreign governments:		
On income	$ 5,414,000.00	$ 2,475,000.00
On real estate, other property, etc.	515,520.96	502,970.07
For interest on money borrowed to finance the business	324,810.68	404,310.05
Total Spent or Provided for Above	$55,287,989.95	$35,460,492.19
THERE REMAINED FOR PAYMENT TO EMPLOYEES AND OWNERS	$38,433,471.37	$29,945,653.16
This Remainder Was Used As Follows:		
To 9,326 employees (8,878 employees in 1950), or for their direct benefit:		
For time worked, wages and salaries	$32,445,227.74	$24,815,724.11
For time not worked, including vacations, holidays, payments to retired employees, military leave pay, etc.	1,921,482.32	1,595,887.90
For other employee benefits, such as premiums for group insurance, sickness, medical and surgical benefits, Old Age and Survivors Insurance, Unemployment and Workmen's Compensation Insurance, etc.	1,242,927.97	826,904.19
For the Employees	$35,609,638.03	$27,238,516.20
LEAVING A NET INCOME FOR THE YEAR OF	$ 2,823,833.34	$ 2,707,136.96
For the Owners:		
Dividends to 3,382 Stockholders (3,482 in 1950), for the use of facilities and working capital which are provided by their investment in our business, through 613,186 shares (510,707 in 1950)	$ 1,430,768.00	$ 893,641.25
For Reinvestment, to Expand Our Business:		
Retained in the business to protect future payrolls and employee benefits, and to provide working funds, product development, needed new equipment and facilities, etc.	$ 1,393,065.34	$ 1,813,495.71

Skelly Oil Company
Consolidated Balance Sheet
Property, Plant, and Equipment, at cost:

Producing and undeveloped oil and gas properties	$221,217,937
Crude oil pipe line systems	5,026,257
Refineries and natural gasoline plants	54,115,208
Marketing facilities	32,642,174
Other fixed assets	7,589,266
	$320,590,842
Less—Reserves for depletion and depreciation	144,508,005
	$176,082,837

Consolidated Income Statement
Costs and Expenses:

Depletion and depreciation	$ 20,092,715
Exploratory costs, delay rentals, and lease cancellations	10,002,450

To the Stockholders: Provision for depletion and depreciation was $20,092,715, compared with $16,279,198 in 1950. As in previous years, tangible and intangible drilling costs of oil and gas producing wells were capitalized. This investment is amortized by individual properties through depletion and depreciation on a unit-rate-of-production basis. Purchase costs of undeveloped oil and gas leases in force and of mineral rights are capitalized, but rentals on the leases are charged to expense. Depreciation of other property is computed at rates designed to recover cost, less salvage, over the useful life.

The Texas Company
Consolidated Balance Sheet
Properties, Plant and Equipment—at Cost:

Producing	$ 754,218,825
Pipe line	127,293,650
Manufacturing	413,118,837
Marine	92,062,520
Marketing	214,144,792
Other	7,536,596
	$1,608,375,220
Less—Depreciation, depletion and amortization	764,179,432
Net properties, plant and equipment	$ 844,195,788

Consolidated Statement of Income and Undistributed Earnings Employed in the Business
Operating Charges:

Intangible development costs (amortization and dry holes) (Note 1)	64,388,177
Depreciation	57,084,926
Depletion and leases surrendered	13,601,290

Note 1: Intangible development costs—Since 1934, the Company has capitalized the costs of drilling productive wells and has amortized such costs by charges to the income account on a straight line basis, except in Illinois, Indiana and Kentucky, where the costs are fully amortized as incurred. For Federal income tax purposes, however, the Company continued to deduct all intangible drilling costs in the year incurred. As a result, there is an immediate tax deduction for drilling costs capitalized in the current year which costs will be amortized by charges to income in future years. This affects the income account in a way which becomes more significant in periods like the present one in which there are heavy drilling activities and very high taxes.

In recognition of this situation, the Company, beginning in 1951, has adopted the policy of providing an additional reserve for amortization of intangible development costs equivalent to the reduction in taxes applicable to the excess of current drilling costs incurred over regular amortization charges. In 1951, such additional amortization amounted to $13,680,796.

The Pure Oil Company
Consolidated Balance Sheet
Noncurrent Assets:
Property, Plant and Equipment, substantially at cost:

Classification	Gross	Reserve	
Producing	$200,042,727	$ 93,334,216	
Refining	94,144,804	48,378,043	
Transportation	27,462,425	14,289,386	
Marketing	75,815,840	30,856,277	
Other	5,799,994	1,731,358	
Total	$403,265,790	$188,589,280	$214,676,510

Statement of Income
Costs and Expenses:

Provision for depreciation and depletion (including lease bonuses paid) (Note 3)	$ 20,587,245

Note 3: The company provides for depreciation and depletion of producing properties by applying to the total barrels produced an over-all rate (per barrel) determined by dividing the total amount of producing properties subject to depreciation and depletion by the net oil reserves (in barrels) estimated by the company's production engineers.

Accelerated Depreciation and Amortization

In the 1951 annual reports included in the survey, there were 25 companies which disclosed that they had taken accelerated depreciation, either on the basis of extraordinary depreciation or higher plant replacement cost. As shown by the previous surveys, charges for such accelerated depreciation have been shown by a comparable group of companies during the past few years. Late in 1950 the Internal Revenue Code was amended by adding Section 124A, providing for the issuance of Certificates of Necessity on "emergency facilities" and allowing the accelerated amortization thereof over a period of sixty months. It was not until 1951, however, that such Certificates of Necessity were issued in substantial numbers, and it was therefore in that year, for the first time since World War II, that numerous companies disclosed in their annual reports accelerated amortization under Certificates of Necessity. The accounting treatment and presentation of accelerated amortization under Certificates of Necessity (70 companies) and of accelerated depreciation (25 companies) as shown by the 1951 annual reports of the survey companies, is summarized in Table 7.

Accelerated Depreciation Under Certificates of Necessity

The letter "To the Share Owners" in the 1951 report of General Electric Company contained the following extensive discussion of Certificates of Necessity and accelerated amortization thereunder:

General Electric Company
Consolidated Statement of Earnings
Deduct: Depreciation of Plant and Equipment $56,519,432
To the Share Owners: Plant and equipment—Expenditures for plant and equipment totaled $102,164,000 during 1951 compared with $58,237,000 during 1950 and provision for depreciation amounted to $56,519,000 and $51,214,000, respectively. Machinery and equipment accounted for approximately 80 per cent of the total cost of facilities added last year, the remaining 20 per cent having been expended for land and buildings.

Certificates of necessity, permitting the Company to amortize its investment over a period of five years, have been applied for thus far in connection with defense facilities involving an estimated cost of about $160,000,000. As of December 31, 1951, certificates had been obtained covering $77,910,000 of such facilities, and of this amount $57,700,000 may at the option of the Company be amortized over a five year period, the balance being subject to depreciation at normal rates. Approximately 23 per cent of the 1951 capital expenditures of your Company involved projects covered by these certificates, and it is possible that in 1952 the corresponding proportion may be as high as 40 per cent. The related amortization charges, which totaled only $1,841,000 in 1951, appear likely to be equivalent to about 11 per cent of the total amount which will be provided for depreciation in 1952.

TABLE 7: ACCELERATED DEPRECIATION AND AMORTIZATION

	Based On:		
	Certificates of Necessity	Extra-Ordinary Depreciation	Higher Plant Replacement Cost
	(A)	(B)	(C)
INCOME CHARGE—			
In Income Statement:			
Among other costs (A: *Nos. *44, 172, 246, 320, 413, 552;* B: *236, 320, 413*)	23	4	—
In separate last section (*No. *270*)	—	—	2
Disclosed elsewhere:			
In notes to financial statements (A: *Nos. *42, 113, 278, 393, 485, 568;* B: *48, 113, 568*)	35	8	2
In letter to stockholders (A: *Nos. *128, 255, 595;* B: *255*)	12	1	2
RETAINED EARNINGS CHARGE (*Nos. *63, 77, 106, 458, 494, 559*)	—	—	6
Total	70	13	12

Number of Companies	1951
Showing charges for accelerated depreciation or amortization based on:	
Certificates of Necessity	64
Certificates of Necessity and Extraordinary Depreciation	6
Extraordinary Depreciation	7
Higher Plant Replacement Costs	12
Total	89
Not showing charges for accelerated depreciation or amortization	511
	600

*See Company Appendix Section.

In its 1951 report, Commercial Solvents Corporation has set forth in "Notes to Financial Statements" various supplemental information with regard to amortization under Certificates of Necessity.

Commercial Solvents Corporation
Consolidated Earnings and Summary of Earnings Employed in the Business
Earnings from operations (after depreciation and amortization provision of $1,613,830) $10,588,620
Notes to Financial Statements: The Corporation has plant expansion projects in process at December 31, 1951 which it is estimated will cost $22,700,000 to complete. In respect of projects for which Necessity Certificates have been received, it is estimated that the total cost thereof will be $26,300,000 ($4,300,000 has been expended to December 31, 1951) of which $14,000,000 will be amortized over a five-year period and the balance of $12,300,000 will be depreciated over normal depreciation periods. Amortization and depreciation on each project will commence upon its completion.

Alan Wood Steel Company in a note to the statement of consolidated income, discloses the amount of its property plant and equipment covered by Certificates of Necessity and the amount of the 1951 amortization thereof.

Alan Wood Steel Company
Statement of Consolidated Income
Costs:
Provision for wear and exhaustion of property, plant and equipment (Note 3) $2,501,941
Note 3: Property, Plant and Equipment—Property, plant and equipment at December 31, 1951 includes $1,432,275 of facilities certified by the U. S. Government as necessary in the interest of national defense during the present emergency. These facilities are being amortized at 20% per annum as permitted for Federal income tax purposes. Provision for wear and exhaustion of property, plant and equipment for 1951 includes $217,030 representing amortization of these facilities.

Granite City Steel Company, Phillips Petroleum Company, and Union Tank Car Company revealed in their 1951 annual reports that they accelerated depreciation under "certificates of necessity" for tax purposes only.

Granite City Steel Company
Note 1: The company has received two certificates of necessity. One covers 60% of the 1950-51 plant facility expansion program of $3,640,000; the other covers 80% of the current plant facility expansion program estimated to cost about $40,000,000. The company proposes to amortize for income tax purposes over the permitted periods the amounts (estimated at $34,184,000) covered by these certificates of necessity. In the opinion of the management, these facilities will continue to be used in the company's operations after the amortization periods for tax purposes have ended, and, therefore, the management has decided to record in the company's accounts depreciation on these facilities, computed in accordance

with its customary practices, instead of the amortization determined for income tax purposes.

The amount of amortization taken into consideration in determining the provision for federal income taxes and to be claimed in the company's federal tax return, for the year 1951, with respect to the amortizable portion ($2,700,000) of such facilities as have been completed by December 31, 1951 is approximately $296,000; the amount of depreciation recorded in the company's accounts in respect of such facilities in lieu of amortization and computed as stated above is approximately $55,000.

Phillips Petroleum Company
Note 5: The Company has secured certificates of necessity on certain facilities which permit portions of the cost of such facilities to be amortized for Federal income tax purposes over a period of sixty months. However, in the preparation of financial statements normal depreciation rates are used for such facilities.

Union Tank Car Company
Consolidated Balance Sheet
Noncurrent Liability:
Reserve for Deferred Federal Taxes (see Note 1) $931,000
Note 1: Cars costing $18,300,000 were acquired and under Certificates of Necessity amortization of a portion of the cost is permitted over a five year period in the determination of taxable income. No change has been made in the Company's depreciation policy; therefore, the amount of depreciation charged to Operations is $1,256,000 less than the amortization taken for the determination of taxable income.

Acceptance of Government authorization to amortize investment in these cars in an amount in excess of normal depreciation results in a temporary tax saving of $931,000 which amount has been deducted from Net Income and set aside as a Reserve for Deferred Federal Taxes payable over a period of years after the expiration of the five year period.

In a note to the statement of consolidated income for 1951, Republic Steel Corporation discusses amortization under Certificates of Necessity and discloses that as a result of such accelerated amortization the former practice of taking extraordinary depreciation has been discontinued.

Republic Steel Corporation
Consolidated Balance Sheet

Fixed Assets (including unamortized emergency facilities amounting to $58,056,981)—at cost less allowances:	
Properties, plants, and equipment	$666,379,032
Less allowances:	
For depreciation, amortization, and depletion	328,333,886
For revaluation	2,154,753
	$330,488,639
	$335,890,393

Note H: The provision for depreciation includes $2,975,000 for accelerated depreciation on certain facilities which were acquired during the period from January 1, 1946, to December 31, 1950, completing with respect to these facilities the policy of accelerated depreciation. The Corporation is presently engaged in an expansion program that involves large amounts, mainly for increased production required for defense purposes. A large part of these additions is covered by certificates of necessity and a substantial part of the cost is amortizable over a period of five years. Accordingly, provisions for accelerated depreciation have been discontinued.

Extraordinary Depreciation

General Motors Corporation, in the "Financial Review" section of its 1951 report, has set forth the following explanation of its policy of providing for extraordinary obsolescence of buildings.

General Motors Corporation
Summary of Consolidated Income
Less:
Provision for depreciation and obsolescence of real estate, plants, and equipment . . . $124,783,573
Financial Review: There was no change during 1951 in the Corporation's policy with respect to providing for depreciation or in depreciation rates except for the increase in the rates applied to facilities constructed for the manufacture of defense products and certified by the Government, wholly or in part, for accelerated amortization for Federal income tax purposes.

The amount charged against income for depreciation and obsolescence was $124,783,573 in 1951 (including $2,736,515 for amortization on a five-year basis of the portion of defense facilities certified by the Government for accelerated amortization) compared with $121,925,443 in 1950. These provisions included $7,343,516 in 1951 and $17,387,074 in 1950 for extraordinary obsolescence of buildings. The provision for extraordinary obsolescence of buildings is equivalent to 7% of the gross book value of postwar building additions in the United States applied to each year's expenditures for a maximum period of four years. It was initially established in 1947, as described in detail in the annual report for that year. Extraordinary obsolescence is not provided for on building additions certified for accelerated amortization for income tax purposes.

In a note to its financial statements, American Viscose Corporation, in discussing accelerated amortization, points out that such amortization is in addition to the normal depreciation for plant facilities, "but the total provision made over their expected lives will not exceed cost."

American Viscose Corporation
Note 2: Depreciation—In 1948 the Corporation adopted, retroactive to January 1, 1947, the practice of accelerating the amortization of expenditures for plant facilities during the early years of their lives. The annual acceleration is 10 per cent of the expenditures in the year in which made and 10 per cent of the expenditures in the preceding year, except that the sum so determined for any year is adjusted ratably as the average operating rate may vary between 90 and 80 per cent of capacity, no acceleration being made when operations are at 80 per cent or less of capacity. The accelerated amortization is in addition to the normal depreciation on such facilities, but the total provision made over their expected lives will not exceed cost.

Accelerated amortization of $3,825,000 for 1951 and $3,580,000 for 1950 is included in the depreciation charged to costs and expenses of those years and in the depreciation deducted from the cost of plant assets. The total amount of accelerated amortization for the years 1947 through 1951 is $16,275,000. This accelerated amortization has not been deducted in computing the provision for taxes on income.

Kimberly-Clark Corporation in the letter to the stockholders in its 1952 report points out that its Canadian subsidiaries have taken depreciation in excess of normal rates, as allowed by Canadian taxing authorities.

Kimberly-Clark Corporation

To the Stockholders: Canadian Subsidiaries—Our wholly-owned Canadian subsidiaries, LongLac Pulp and Paper Company Limited, and Kimberly-Clark Corporation of Canada Limited, whose accounts are included in the consolidated figures in this report had a very successful year from an operating and earnings standpoint.

Their earnings for the year were $3,616,066 after providing $2,879,541 for depreciation. This depreciation includes $1,791,819 computed at normal rates designed to amortize the cost of the assets over their useful lives plus $1,087,722 in excess of the depreciation computed at normal rates. This excess provision is allowed by Canadian taxing authorities. At April 30, 1952 these two subsidiaries had accumulated depreciation reserves of $3,640,977 in excess of normal.

The 1951 report of Allied Chemical & Dye Corporation contains the following information concerning accelerated depreciation:

Allied Chemical & Dye Corporation

Consolidated Income Account

Cost of sales and operating, selling and administrative expenses, including normal depreciation and depletion of $12,382,713	$394,876,207
Accelerated depreciation	2,498,861

Note at foot of income statement: Accelerated depreciation includes $488,862 applicable to facilities covered by Certificates of Necessity; balance of accelerated depreciation and special provisions for inventory reserve and other charges applicable to the year aggregate $4,835,840, which has not been included in deductions for purposes of arriving at the amount of Federal income and excess profits taxes for the year. The special provision of $1,500,000 covering other charges applicable to the year was credited to the Reserve for Pensions and Contingencies.

Higher Plant Replacement Cost

In the "Financial and Operating Review" section of the 1951 report of Crane Co. there is the following discussion of provision for excess of future replacement cost of machine and equipment:

Crane Co.

Consolidated Earnings and Earned Surplus Statement

Net earnings for the year	$15,324,267
Appropriation toward excess of future replacement cost of machinery and equipment over original cost	1,080,000

Financial and Operating Review: Depreciation charged to operations in 1951 amounted to $3,253,787 compared with $2,796,833 for 1950. In addition $1,080,000 was appropriated toward providing for excess of future replacement cost of machinery and equipment, based on current cost indices, over original cost. The comparable amount appropriated in 1950 was $979,000. The total of such appropriations at the close of the current year was $4,920,000 whereas the total reserve necessary on the basis indicated is estimated at $19,322,000.

Chrysler Corporation in its 1951 report discusses the problem of future replacement costs in the letter to the stockholders, as quoted below:

Chrysler Corporation

Consolidated Statement of Net Earnings

Depreciation of plant and equipment	$25,891,880

To the Stockholders: In 1951 depreciation in the amount of $25,891,880 was charged to operations, of which $7,408,217 was at an accelerated rate. Depreciation charges are calculated in accordance with accepted accounting principles and are based on original costs of the facilities which, except for recent additions, are considerably lower than current replacement costs. The accumulated depreciation charges as permitted have failed adequately to provide for the replacement of plants and facilities as they become obsolete or worn out. Of even greater significance is the fact that the Bureau of Internal Revenue does not allow for tax purposes, depreciation charges needed to permit building up cash resources to meet the added cost of such future replacements. Depreciation allowed for income tax purposes is in fact substantially lower than the amount charged to operations in the determination of the earnings herein reported.

Amortization of tools, dies, jigs and fixtures in the amount of $34,422,797 was charged to cost during the year.

The letter to the stockholders in the 1951 report of Sears, Roebuck and Co. contains the following discussion of the policy of the company with regard to replacement costs and accelerated depreciation:

Sears, Roebuck and Co.

Statement of Income

Deduct: Depreciation	$22,856,685

To the Stockholders: Depreciation—The amount charged against income for depreciation during 1951 was $22,856,685. In 1950, depreciation charged against income amounted to $18,839,443.

The Company continued its established policy based on experience of depreciating fixed asset costs over the practical and useful life of the assets. The Bureau of Internal Revenue continues its practice of requiring depreciation over a life considerably in excess of that used by the Company. The proper and equitable treatment of depreciation under the tax law should provide sufficient funds for replacement of worn-out or obsolete facilities. As depreciation recovers the original cost only, the amount set aside is insufficient to cover the cost of replacement when prices are higher, as in the current inflationary period. The law denies a practical deduction based on these higher replacement costs, which is regrettable in this period of excessively high tax rates. Accordingly, under the unrealistic treatment required under the present tax law, working capital suffers a double burden; the necessity of providing for the increase in cost of replacements and higher tax assessments resulting from the longer-life basis prescribed by the Bureau.

Pension and Retirement Plans

Of the 600 companies included in the survey, there were 351 that indicated that they had pension or retirement plans in operation during 1951. There were 24 companies that disclosed the adoption in 1951 of new plans.

In Table 8 there is set forth the information contained in the 1950 and 1951 survey reports with regard to the funding of the companies' pension and retirement plans. In the great majority of cases the plans make provision for funding.

TABLE 8: PENSION AND RETIREMENT PLANS FUNDED AND UNFUNDED

Funded or Partially Funded Plans:	1951	1950
Current funding of current service costs with:		
Installment funding of past service costs (*Nos. *9, 16, 27, 74, 85, 108, 131, 140, 176, 180, 226, 320, 360, 449, 568*)	196	160
Past service costs fully funded in prior years (*Nos. *17, 217, 256, 407*)	17	20
Past service costs not to be funded (*Nos. *39, 40, 559*)	10	10
Method of funding not described (*Nos. *89, 268, 329, 361, 386, 475, 541, 595, 600*)	85	77
Unfunded Plans:		
Pension or retirement costs absorbed at time of retirement or as payments are made (*Nos. *36, 74, 181, 183, 330, 336, 465, 525, 590*)	32	32
Unidentified Plans:		
No reference to funding or non-funding (*Nos. *4, 8, 68, 106, 161, 232, 237, 310, 351, 376, 420, 468, 519*)	70	68
Total plans	410	367
Number of Companies:		
Adopting plans in current year	24	
Amending plans adopted in prior year	51	
Continuing plans adopted in prior year	276	
Referring to plans	351	327
Not referring to plans	249	273
	600	600

*See Company Appendix Section.

Table 9 sets forth the information contained in the 1950 and 1951 survey reports as to whether the companies' pension and retirement plans are of the non-contributory or contributory type.

TABLE 9: PENSION AND RETIREMENT PLANS CONTRIBUTORY FEATURES

	1951	1950
Non-contributory (Company contributions)	92	73
Contributory (Company and employee contributions)	82	76
Not referring to contributory feature	236	218
Total	410	367

PAST AND CURRENT SERVICE COSTS

Table 10 shows how the past and current service costs of pension and retirement plans were set forth by the survey companies in their 1950 and 1951 annual reports.

TABLE 10: PENSION AND RETIREMENT COSTS—Where Charged

Charge Against Income:	1951	1950
Shown in Income Statement—		
Combined for past and current service	75	72
Combined for past service and other costs	35	32
Separately for past service	7	9
Separately for current service	2	2
Separately for "pension costs," etc.	9	14
Disclosed Elsewhere in Report—		
In Notes to Financial Statements:		
Combined for past and current service	101	70
Separately for current service	12	8
Separately for past service	4	4
Combined for "pension costs," etc.	14	9
In Letter to Stockholders:		
Combined for past and current service	10	10
Separately for current service	3	3
Separately for "pension costs," etc.	1	2
In Uncertified Financial Statements for past and current service	10	10
In Accountant's Report for past and current service	1	1
Total Charges Against Income	305	276
Charge Against Reserve for Pensions:		
Separately for past service	9	10
Combined for past and current service	2	2
Charge Against Retained Earnings for past service	0	1
Total Charges	316	289
Number of Companies:		
Disclosing charges for past and/or current service costs	251	236
Disclosing charges for "pension costs," etc.	11	11
Not disclosing charges for pension or retirement plans	89	80
Not referring to pension or retirement plans	249	273
	600	600

The following examples are illustrative of the accounting and other information set forth by the various companies in the 1951 reports as to their pension and retirement plans. Such information is disclosed in the financial statements, in footnotes to the financial statements, and in the letters to the stockholders.

Ainsworth Manufacturing Corporation

Note to Financial Statements: As of January 1, 1951 the Corporation established two retirement pension plans for the benefit of its salaried and hourly-rated employees, respectively. The cost of the plans charged against income for the year ended December 31, 1951 was as follows:

	Salaried Employees	Hourly Rated Employees
Current service cost	$ 17,700	$166,700
Cost of funding, over a thirty-year period, the benefits for services prior to adoption of plans	12,700	66,900
Total	$ 30,400	$233,600

American Box Board Company

Consolidated Balance Sheet

Current Liabilities:

Contributions to employees' profit-sharing incentive retirement plan $192,665

Note: Retirement Plan. The parent company has in effect a contributory "Profit-sharing Incentive Retirement Plan" for its salaried employees, which became effective commencing with the year ended November 30, 1941. Under this plan, as subsequently amended, the company contributes an amount equal to 25% of consolidated net earnings in excess of $1 per share for the average number of shares of common stock outstanding during the year, but such contribution is limited to 15% of the aggregate compensation paid to the participating employees during any one year. The cost of the plan to the company in 1951 was $192,665 and in 1950 was $145,333.

American Car and Foundry Company

Consolidated Balance Sheet

Above: "Capital Stock"

Reserve for Employees' Welfare Plan (See Note 4) $4,129,377.63

Note 4: The Reserve for Employees' Welfare Plan (salaried employees) has, during the year, been charged with the net amount (after tax benefits) of $103,940.16 on account of employees' retirement cost applicable to past services. Based upon actuarial computation, the balance necessary to be funded to provide for the past service cost of the plan amounted to approximately $6,914,000.00 at April 30, 1952. The amount now reserved for this purpose is considered to be adequate by reason of income tax credits which will be realized over future years.

Note 5: Federal Taxes deducted from net earnings are shown before tax benefit of $112,601.84 as a result of charges made to the Reserve for Employees' Welfare Plan. This saving has been applied as a reduction in the charge to said reserve.

Note 6: Pensions and Disability Benefits for Employees Represented by Collective Bargaining Agents: The Company's labor union contracts contain certain provisions with respect to pension benefits as approved at the annual meeting of shareholders held August 31, 1950. The Company has not yet finalized these pension agreements as to funding arrangements, etc.

As at April 30, 1952, the Company has a liability of approximately $2,723,000 representing the present lump sum valuation of pensions payable to those employees who had been retired up to that date or who may retire during the term of the present labor agreements. The cost of providing for the foregoing liability over future years will be less than the amount shown by reason of income tax credits. Pending the formation of a definitive plan, the Company has charged all cost to operations on a cash basis. For the period ended April 30, 1952, such costs aggregated $102,657.75.

American Radiator & Standard Sanitary Corporation

To the Stockholders: Pension Plans—The Corporation and Participating Subsidiary Companies contributed $4,837,000 towards the cost of the Non-Contributory Pension Plan, during 1951 consisting of $1,764,000 for full current service cost and $3,073,000 for interest and principal payment on account of past service liability based on determinations made by the consulting actuaries employed in connection with the plan. After taking into account social security benefits now in effect, the estimated past service liability unfunded at December 31, 1951 was $28,000,000. No liability on account of unfunded past service costs was reflected in the Consolidated Balance Sheet as at December 31, 1951. The estimated liability of the Non-Contributory Pension Fund with respect to employees who have retired under the Pension Plan at December 31, 1951 was $2,041,000.

Contributions to the Supplemental Contributory Pension Plan by the Corporation and Participating Subsidiary Companies for the year amounted to $368,000. These contributions represent current service cost.

Financial statements of the trust funds established under the Pension Plans are shown in detail on page 28 of the report. The Non-Contributory Pension Plan fund is administered by Guaranty Trust Company of New York, and the Supplemental Contributory Pension Plan fund is administered by First National Bank of the City of New York.

These funds are not the property of the Corporation.

Bendix Aviation Corporation

Note 5: For the year ended September 30, 1951, contributions by the companies to provide retirement benefits for their employees under non-contributory pension programs aggregated $3,097,181. These contributions included $1,333,670 attributable to past service benefits, based on amortizing the costs of such benefits over assumed periods of 11½ and 30 years for the Salaried Employees Basic Pension Plan and the Hourly Employees Pension Plan, respectively. The Salaried Employees Senior Retirement Plan is fully funded as to past service benefits.

Bethlehem Steel Corporation

Consolidated Income Statement

Costs Applied to Billings and Other Services Shown Above:

Employment costs:

Pensions (Note C, page 12) $23,409,047

Note C: It is the practice of Bethlehem Steel Corporation and its subsidiaries, when an employee becomes entitled to a pension under the provisions of the Pension Plan to charge to income and to pay into the Pension Trust Fund established pursuant to the Plan an amount, determined on an actuarial basis, which is estimated to be sufficient to provide for the payment to such employee of the amounts that he will become entitled to receive monthly as a pension during the remainder of his life. In addition to such payments, other sums have from time to time been provided from income and paid into the Pension Trust Fund, including $10,000,000 which was provided from income in 1950 and paid into the Pension Trust Fund in 1951.

The amount charged in 1951 against current earnings on account of pensions was $23,409,047, of which $5,399,895 was paid into the Pension Trust Fund in 1951 as the estimated cost of pensions granted in 1951. Of the remainder, $7,009,152 was paid into the Pension Trust Fund in 1951, and $11,000,000 (which is included among the current liabilities in the foregoing balance sheet) will be paid into the Pension Trust Fund in 1952, to provide for pensions which it is expected will be granted in 1952 and in subsequent years and for adjustments in respect of pensions which were granted prior to 1952, if it shall be found desirable to use any part of such sum for that purpose. The total amount paid into the Pension Trust Fund in 1951 is, therefore, $22,409,047.

A statement of the changes in the Pension Trust Fund (which Fund is not included in the consolidated accounts) during 1951 is shown on page 15.

Butler Brothers

Consolidated Balance Sheet

Above: "Capital Stock and Surplus"

Reserve—Past service pension cost (after deducting 1951 net payments of $54,859) .. $1,285,329

Canada Dry Ginger Ale, Inc.

Note G: Upon authorization of stockholders, a non-contributory retirement plan applicable to qualifying employees of the Company and its domestic subsidiaries was adopted as of July 1, 1951, subject to approval by the Salary and Wage Stabilization Boards, if required. The rate of funding of all costs under the Plan is subject to the Company's determination and the Company may amend or terminate the Plan at any time. The annual cost of the Plan based upon the assumption of funding past service costs over a ten-year period, is actuarially estimated to be approximately $330,000; costs charged to income for the three months ended September 30, 1951 were $82,438. The unfunded amount of past service costs at September 30, 1951 is approximately $1,250,000.

Cherry-Burrell Corporation

Consolidated Balance Sheet

Noncurrent Assets:

Advances for annual pension premiums and for travel expenses—officers and employees $52,438

Note E: During the year ended October 31, 1951 payments with respect to company pension plans aggregated $309,000 of which $110,000 was applicable to non-contributory plans to become effective upon approval by federal agencies. At the above date the unfunded past service obligation under the aforementioned plans is estimated at $800,000. Annual payments on account of these pension plans are variable, but it is estimated that payments thereunder for the year ended October 31, 1952 will not materially exceed the amount paid during the past year.

Continental Baking Company

Statement of Consolidated Income and Earned Surplus

Deduct:

Contribution to the pension fund (Note 2) ... $700,000

Note 2: The actuary's estimate indicates that a single payment to the pension fund of approximately $580,000 would have covered the fund's remaining liability as of December 29, 1951, assuming that the Company will not exercise its right to terminate the plan. The Company has adopted a policy of annual payments to the pension fund instead of a single sum, to conform with the deductions allowable in computing Federal income tax.

Continental Oil Company

To the Stockholders: Contributions made by the Company under the Retirement Plan for the year 1951 aggregated $2,160,357. All of these contributions were for current service benefits as no contributions for prior service benefits were necessary in 1951 because of pre-payments previously made. As of December 31, 1951, the unpaid portion of accumulated prior service benefits totaled approximately $3,724,000. Employee contributions for current service benefits amounted to $972,279 during the year. Members of the Retirement Plan at the end of 1951 totaled 7,241 and represented 99.0% of those who were eligible.

The Electric Auto-Lite Company

Statement of Consolidated Earnings

Costs and Expenses:

Pension and Retirement Plans $3,286,143

Note A: Pensions. The Company has adopted a non-contributory Pension Plan effective January 1, 1951, for all employees except officers and directors, employees in a few bargaining units who have elected other benefits in lieu thereof, and certain salesmen. The Pension Plan provides for a level method of funding aggregate past service costs over a period of not more than thirty years, and a current funding of annual normal cost. The cost of the plan in 1951 was $2,286,194 of which approximately $753,000 is applicable to past service on the basis of funding such costs over a period of thirty years. On the basis of preliminary actuarial studies the unfunded past service liability is estimated to be $15,720,000 at December 31, 1951.

In addition to the foregoing plan, the Company adopted certain amendments, effective May 30, 1951, to the non-contributory funded Retirement Plan in effect for salaried employees earning a base salary in excess of $3,000. These amendments are subject to the approval of the Salary Stabilization Board of the Office of Defense Mobilization of the United States Government. The cost of the plan in 1951 was $999,949. There is no past service liability as such under the plan, and all benefits for each employee are being funded by level payments annually in advance up to his normal retirement date.

The Electric Storage Battery Comany

Consolidated Statement of Income and Earned Surplus

Other deductions:

Special contributions to employees' pension funds $1,500,000

To Our Stockholders: In 1923, with the approval of the stockholders, the Consolidated Companies began to appropriate funds for operating the non-contributory pension plans of The Electric Storage Battery Company and Willard Storage Battery Company. These pension plans provide retirement benefits for eligible employees. Special contributions of $1,500,000 were made to the pension funds during 1951.

In the last 29 years, the Consolidated Companies have paid into the pension funds a total of $8,406,000. In that time 595 employees have been retired and have received $2,483,000 in pension benefits. At the end of 1951 the assets of the pension funds amounted to $7,798,000. These funds are in the custody of trustees, who are responsible for their administration. The pension fund assets are sufficient to provide pensions for all who are now retired under the plan and those now eligible to retire at normal retirement age. The assets in the pension fund as of December 31, 1951, may not be used for the payment of an annual pension benefit in excess of $5,000 to any individual. Where such pensions are granted, the pension plan requires the Companies to contribute to the funds the amount of such excesses. Under the pension plans' provisions, assets now in the fund may not be returned to the Company.

Elliott Company

Statement of Results of Operations:

Costs and Expenses:

Employees' insurance and pensions $1,141,909

To the Shareholders: On December 17, 1951, the Company established a trust fund for the benefit of employees covered by its pension plan. At December 31, 1951, there was $8,337 on deposit with the Trustee. A further deposit of $1,002,020 was made on February 27, 1952, representing the balance of that portion of the actuarially determined pension liability at December 31, 1951, allowed to be deducted for income tax purposes.

The Garlock Packing Company

Consolidated Balance Sheet

Current Liabilities:

Accrued contributions due under pension and profit-sharing plans (see Note 3) $839,041

Summary of Consolidated Net Earnings and Earnings Invested for Use in the Business

Charges for Employee Retirement and Other Benefits (see Note 3) $1,138,201

Note 3: Pension and Profit-Sharing Plans for United

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

PENSION FUND STATEMENTS

NON-CONTRIBUTORY PENSION PLAN

STATEMENT OF TRUST FUND FOR THE YEAR ENDED DECEMBER 31, 1951

BALANCE AT DECEMBER 31, 1950		$2.154.846
Contributions from the Corporation and participating subsidiary companies	$4,837,776	
Employer contributions transferred upon discontinuance of the Insured Retirement Annuity Plan	2,500,325	
Income from investments	193.946	7,532,047
		$9,686,893
Pensions paid		188,504
BALANCE AT DECEMBER 31, 1951		$9,498,389

COMPRISED OF:

Investments at amortized cost (market value $9,379.120):	
U. S. Government securities	$1,597,514
Corporate and other bonds	5,731,104
Preferred stocks	423,397
Common stocks	1,646,119
	$9,398,134
Cash and accrued interest	100.255
Total	$9,498,389

SUPPLEMENTAL CONTRIBUTORY PENSION PLAN

STATEMENT OF TRUST FUND FOR THE YEAR ENDED DECEMBER 31, 1951

BALANCE AT DECEMBER 31, 1950		$ 381,512
Contributions from the Corporation and participating subsidiary companies and from participants	$854,705	
Income from investments	18,570	873,275
		$1.254.787
Refunds to participants on termination of service	$ 20,677	
Pensions paid	2.554	23,231
BALANCE AT DECEMBER 31, 1951		$1.231,556

COMPRISED OF:

Investments at amortized cost (market value $1,043,372):	
U. S. Government securities	$ 250,432
Corporate bonds	360,001
Preferred stocks	179,216
Common stocks	239,087
	$1.028.736
Cash and accrued interest	61,247
Receivable from the Corporation and participating subsidiary companies	141,573
Total	$1.231.556

Refer to page 10 of the accompanying Annual Report for additional information and explanations.

States employees of the Company and its subsidiaries, which became effective as of December 1, 1950, provide for the purchase of retirement annuities for employees under group annuity contracts with an insurance company. Under the Pension Plan, the entire cost of past service benefits is to be borne by the companies. The cost of current and future service benefits is to be contributed both by the employees and the companies. The entire cost of the Profit-Sharing Plan is to be borne by the companies. The annual amounts of the profit-sharing contributions are dependent upon the amounts of the companies' consolidated annual earnings before taxes on income for 1951 and future years. No profit-sharing contribution is to be made in any year in which the amount thereof would be less than $50,000. A further limitation, among others, is that the aggregate contribution to be made by all participating companies with respect to any year is not to exceed $675,000.

It is expected that the cost of past service benefits under the Pension Plan will be paid to the insurance company over a maximum period of twenty years, and these payments may be made over such shorter period as the Company elects. The maximum cost of past service benefits under the Pension Plan at December 31, 1951, before taxes on income and subject to termination or amendment of the Plan at the Company's option, to be provided by charges to earnings in future years is estimated to be approximately $1,797,000.

As of December 28, 1951, an insured Past Service Pension Plan was adopted to provide annuities, in lieu of the discretionary retirement allowances previously provided, for those former employees of the Company who retired prior to December 1, 1950 and were, therefore, not eligible for participation in the formal Pension Plan adopted in 1950. One-half of the total cost of the Past Service Pension Plan was paid and charged to earnings in 1951. The remaining portion of such cost, amounting to approximately $168,000, is to be paid and charged to earnings over a maximum period of five years.

The Kendall Company

Note E: Pension Plans—Noncontributory pension plans covering the hourly-rated employees of all of the companies' domestic plants, with the exception of three locations, became effective during 1951. These plans follow a substantially similar pattern, in general providing pensions of $100 per month, less social security benefits, after 25 years of service. If the unfunded past service cost of these pension plans had been paid in lump sum as of December 29, 1951, a payment of approximately $5,237,000 would have been required. Under a program of absorbing the past service cost over a period of 25 years, the aggregate annual charge to Pensions Expense, including current service costs of $232,000, is presently estimated at approximately $525,000. The consolidated statement of profit and loss for the year 1951 includes a charge of $363,117 in respect of such pension plans.

The Company has had a contributory retirement annuity plan for salaried employees since 1941. In 1951 this plan was amended by eliminating a $3,000 salary eligibility requirement, lowering the age at which employees may participate from age 35 to age 30, and liberalizing the benefits payable under the plan. If the additional unfunded past service cost incident to these amendments had been paid as of December 29, 1951, a payment of approximately $1,163,000 would have been required. Under a program of absorbing such additional past service cost over a period of 20 years, the aggregate annual charge to Pensions Expense, including current service costs of $273,000, is presently estimated at approximately $341,000. The consolidated statement of profit and loss for the year 1951 includes a charge of $154,378 in respect of the contributory retirement annuity plan as amended.

The Harshaw Chemical Company

Statements of Income

Other deductions:

Employees retirement plan contribution—

Note B	$438,036.12

Note B: The Employees Retirement Plan of the Company includes all employees and officers who meet the prescribed requirements. The Plan, which is of the self-administered type, with all contributions made by the employer, may be modified or terminated at any time by the Company, although funds held for the Plan must be used for the exclusive benefit of employees (including officers). The Plan calls for an annual contribution which generally must equal at least 10% of net earnings, as defined therein, before taxes on income. On an actuarial basis involving various assumptions and pay roll data for the calendar year 1950, it has been estimated that an annual contribution of approximately $275,000.00 should be sufficient to permit payment of the full benefits provided for in the Plan. The estimated maximum contribution deductible for federal income tax purposes for the year ended September 30, 1951, which has been provided for by a charge against income of the year, is $438,036.12. Of this amount, $231,821.70 represents normal costs under the Plan and $206,214.42 represents the portion applicable to unfunded amount attributed to past service. After application of the $206,214.42 the unfunded amount at September 30, 1951, attributable to past service was approximately $1,583,000.00.

Marshall Field & Company

Reserve for Net Past Service Cost of Pension Plan

Balance at December 31, 1950	$2,731,854
Amount of past service cost paid or accrued in 1951 ($193,000), less reduction in Federal income tax ($97,948) resulting therefrom	95,052
Balance at December 31, 1951	$2,636,802

National Biscuit Company

Consolidated Income & Unappropriated Retained Earnings

Contributions to pension trust for past service	$4,455,766

Note (D): During 1951, and as authorized by shareholders, the companies adopted the policy of funding obligations under their pension plans. Payments into the fund for 1951 to cover current service cost are included in cost of sales and selling, general and administrative expenses; payments applicable to past service credits are stated separately. As shown in detail on page 12 hereof, total pension costs for 1951 exceeded those for 1950 by approximately $6,260,000.

Page 12 [1950 figures deleted herefrom]:

Pensions paid under the unfunded plan	$ 348,911
(In the year 1951 this item represented payments to employees retired prior to May 1, 1946, under our old informal plan).	
Funding of current service cost	2,521,054
Funding of portion of past service costs	4,455,766
Total pension costs	$7,325,731

Parke, Davis & Company

Consolidated Statement of Net Earnings

Costs and expenses:

Cost of employee pension program	$1,772,932

Note: Pension Plans—The companies have established both funded and unfunded pension and retirement income plans for the benefit of substantially all employees who are considered to be not adequately covered under statutory social security arrangements. The unfunded past service liability at December 31, 1951, with respect to employee participants in all plans is estimated at $6,600,000.

The Lambert Company

Consolidated Financial Position

Above: Stockholders' Equity Section:

Reserve for Pension Costs and Income Tax Contingencies (Note 6)	$ 119,086
Consolidated Income and Accumulated Earnings	
Deductions:	
Contributions to Employees' Retirement Plan	
Current service of participants and expenses	205,132
Service of participants prior to 1944	92,912
Pensions paid to employees retired outside Plan	77,401
Profit before Income Taxes	$3,863,548
Estimated federal, state and foreign income taxes	2,028,768
	$1,834,780
Transferred from reserve in respect of prior service contributions to Employees' Retirement Plan and pensions paid to employees retired outside Plan, less attributable reduction in income taxes	62,438
Net Income for Year	$1,897,218

Note 6: Reserve for Pension Costs and Income Tax Contingencies. The balance at December 31, 1951 (of $1,000,000 provided out of net income of 1941, 1942 and 1943) will be applied to contributions to the Employees' Retirement Plan (approved by stockholders in 1945) for service of participants prior to 1944, pensions to employees retired outside the Plan, and additional assessments, if any, of 1943 federal income taxes. Contributions to the Employees' Retirement Plan can be discontinued, suspended, or reduced at any time, and no irrevocable liability exists for pensions outside the Plan.

Pullman Incorporated

Note G: Employes' Retirement Plans. The Corporation and certain of its subsidiaries have three employe retirement plans. Two of the plans (one contributory and one non-contributory) have been in effect for a number of years and all service credits under both of these plans are fully funded by a group annuity contract issued by an insurance company.

The third plan, referred to as "the 1950 Plan," which is non-contributory and which applies to certain employes of Pullman-Standard Car Manufacturing Company, became effective August 15, 1950 and will terminate on August 14, 1955 unless the Company, pursuant to its reserved right to do so, discontinues it at any time after August 14, 1952. No funding of past or current service credits has been made under the 1950 Plan.

It is estimated that the unfunded pension credits under the 1950 Plan (assuming that the Plan will not be discontinued prior to August 1955, and that all employes eligible to retire within the effective term do in fact retire) amount to approximately $1,772,500 (which includes $491,850 for persons who had retired prior to December 31, 1951) before consideration of the tax savings which will accrue to the Company for any payments that are made thereon. The amount of these pension credits which must eventually be funded depends upon the number of employes who actually retire within the effective term of the Plan. As to such employes, the Company has agreed to fund their pensions by paying to a Trustee, or an insurance company, within five years of the commencement of the pension an amount sufficient to provide therefor on a sound actuarial basis.

The only costs being incurred presently under the 1950 Plan are for pensions to employes who have already retired under that Plan, which are being charged to income currently. As at December 31, 1951, the Company was paying such pensions aggregating $48,888 on an annual basis to 79 retired employes. For the year 1951, pension payments amounted to $33,277.

Eligible employes who were participants in either of the older plans were required to elect by May 14, 1951 whether they wished to participate in the 1950 Plan. 2,999 employes did so elect, thereby creating with the insurance company which administers the older plans certain credits representing the Company's contributions in respect of the transferred employes. These credits constituted, in effect, a prepayment of current service costs under the older plans and made it unnecessary for the Company to make any contributions for current service costs for employes remaining under these plans during 1951.

In the absence of these credits an additional amount of $814,500 would have been charged to expense for 1951 with a consequent reduction in net income of approximately $285,000 after allowing for the applicable Federal taxes on income.

Reynolds Metals Company

Note P: Retirement and Pension Plans—The Company and certain of its consolidated subsidiaries have a contributory "Retirement Plan for Salaried Employees" which may be altered, amended, or terminated at any time, and if terminated the Companies will be relieved of making contributions to the Plan thereafter. Contributions for 1951 by the Company, and by the Company and its subsidiaries consolidated, amounted to $666,773 and $764,400, respectively. Such amounts include installments of the unfunded portion (estimated at December 31, 1951, to be $770,000 for the Company, and $836,300 on a consolidated basis) of the cost of past service benefits under the Plan.

A pension plan, for employees of the Company and its subsidiaries represented by certain labor unions, provides pensions in amounts computed by a formula using earnings of each retiring employee and length of service as determining factors, with certain amounts stipulated as minimum. The plan, which is effective until June 1, 1955, and is non-contributory with respect to the employees, has not been funded, and is being provided for in the accounts of the Companies on a "pay-as-go" basis. Payments amounting to less than $1,000 were made under the Plan during 1951. It is estimated that if amounts payable are funded as retirements occur during the term of the plan, the total cost will not be material in amount. If the plan did not have a terminal date, the cost, on an actuarial basis, at December 31, 1951, of funding past service benefits accumulated to that date would have amounted to approximately $2,388,000 as to the Company, and $2,960,000 as to the Company and subsidiaries consolidated.

Square D Company

Statement of Net Earnings

Costs and Expenses:

Cost of employees' pension and retirement plans (Note B)	$848,970

Note B: Pension and Retirement Plans. Unfunded past service obligations under the Company's noncontributory pension and retirement income plans (which now cover substantially all employees) amounted to approximately $3,265,000 at December 31, 1951.

Thompson Products, Inc.
Statement of Consolidated Income
Less: Premium under retirement income plan adopted in 1944—Note G $532,586
Note G: The provisions charged against income of the year for retirement costs, both normal and past service costs, under the several retirement plans now in effect, aggregated $2,667,389. According to the most recent computations and actuarial valuations, the annual normal costs of the plans are approximately $1,112,000, and the aggregate unfunded past service liabilities amounted to approximately $2,600,000 at December 31, 1951. A complete program for amortizing such liabilities has not been adopted.

Vanadium-Alloys Steel Company
Note 5: Pensions. Under the Company's non-contributory pension plan, employees having 15 or more years of continuous service may elect to retire at age 65 and receive a pension. The pension available to those with 25 or more years of continuous service at the time of retirement is a flat sum of $1,200 per year including any public pension or other pension to which they may be entitled.

The Company has reserved the right to change or discontinue the plan. As to employees of Colonial Steel Division, by separate agreement the Company has agreed not to exercise such right to February 1, 1952.

The plan is not funded. Pension costs are absorbed as payments are made. At June 30, 1951 the Company was paying pensions totaling approximately $15,400 on an annual basis, in addition to its contribution to the salaried employees retirement income plan, which has been in force since 1944.

The total sum of non-contributory pensions which will be paid to those who had retired at June 30, 1951 is estimated to be $160,000. With respect to employees who had not retired, it is estimated that if the plan were refunded, the lump sum past service cost at June 30, 1951 would be $916,000, and the annual cost, including disability benefits, would be $50,000. These estimates are based on the assumption that the plan will be continued without change.

Wagner Electric Corporation
To the Stockholders: The Non-Contributory Pension Plan approved by the stockholders of the company in the 1951 Annual Meeting, was approved by the Wage Stabilization Board on June 6, 1951, and by the Internal Revenue Bureau on June 19, 1951, and was placed in effect as of January 1, 1951. During the year a total of $908,077 was deposited by the company in part with The Equitable Life Assurance Society of the United States and part with St. Louis Union Trust Company. This represents the maximum amount deductible for federal income tax purposes under the Internal Revenue Bureau approval of this plan, and includes $417,777 for past service.

Walworth Company
Consolidated Balance Sheets
Noncurrent Liability:
Provision for pension contracts under the negotiated and general pension plans (Note C) .. $462,230
Consolidated Income Statements
Operating costs and expenses:
Provision for pension contracts under the negotiated and general pension plans $138,008
Note C: The Walworth Company Retirement Plan, a funded plan for officers and salaried employees which was established in 1941 is described in the accompanying President's report to the Stockholders (page 5).

At a special meeting held November 9, 1950 the Stockholders approved certain negotiated pension plans covering all union employees and a general pension plan covering employees not member of the union and not covered under the Walworth Company Retirement Plan. The negotiated and general pension plans, which became effective as of July 1, 1950, are not funded. Based on the assumption that the company will continue the pension provisions thereof without modification or change to January 31, 1955, the expiration date of the negotiated agreements, and on certain other assumptions, an independent actuary employed by the Company estimated in 1950 that the liabilities to be assumed by the Company for pension contracts which might be issued to January 31, 1955 would aggregate approximately $1,860,000 based on their estimated discounted values when issued. Provisions for pension contracts issuable under the negotiated and general pension plans is reflected in the balance sheet as at December 31, 1951 in the amount of $462,230. This provision was computed as a portion of the $1,860,000 estimated aggregate liability determined on a basis generally consistent with that used at the end of the prior year, less pensions paid to December 31, 1951, all reduced by 62% as an allowance for federal income tax reductions which would result from deduction of pension payments when made.

York Corporation
Note 3: During the year ended September 30, 1951, the Corporation adopted a general pension plan covering its salaried and wage employees. The plan became effective as of August 1, 1950, and presently is limited to a five-year period. It is estimated that the cost of maturity funding of pensions which may accrue under the plan in the period to August 1, 1955, may average $200,000 a year and provision therefor is being made by annual charges to income. The liability for retirement benefits is net of estimated reduction of taxes on income which it is expected will be obtained when payment of retirement benefits are made. If it were decided to continue the plan indefinitely, the annual cost with respect to past service, based on present employment, could range from about $330,000 a year for 11 years to about $160,000 for 30 years and the annual cost for future service would approximate $170,000. The Corporation and its domestic subsidiaries also have pension plans covering certain salaried employees. The cost of these plans for the year ended September 30, 1951, including amounts required to fund the liability for past service, was approximately $255,000 which has been charged to income.

Position of Current Provision for Federal Income Taxes

In Accounting Research Bulletin No. 23, issued in December 1944, the Committee on Accounting Procedure of the American Institute of Accountants cited with approval the customary practice of companies of showing the current provision for income taxes at the end of the income statement, immediately preceding the showing of net income for the period. The Committee also recognized as proper the classification of income taxes as operating expenses.

Table 11 discloses that 448 of the 600 companies set forth the provision for Federal income taxes in a separate last section of the income statement, while 130 of the companies included such provision among other costs.

TABLE 11: FEDERAL INCOME TAXES—CURRENT PROVISION

Presentation in Income Statement	Listed Among Other Costs	Shown In Separate Last Section	1951 Total
With single total amount for *"Federal income taxes"* (*Nos. *11, 91, 268, 349, 473, 582;* and Nos. *50, 117, 212, 263, 325, 430, 565, 600,* respectively)	39	154	193
With separate total amounts for *"Federal income tax"* and *"excess profits tax"* (*Nos. *98, 217, 450, 549, 596;* and Nos. *12, 105, 187, 265, 383, 477, 590,* respectively.)	17	142	159
With single total amount for *"Federal income tax"* and—			
"Excess profits tax" (*Nos. *133, 323, 584;* and Nos. *38, 161, 226, 413, 539,* respectively)	31	48	79
"Excess profits tax and various other taxes" (*Nos. *191, 417, 592;* and Nos. *148, 294, 566,* respectively)	21	28	49
"Various other taxes" (*Nos. *19, 170, 436, 478, 531, 553;* and Nos. *51, 89, 206, 312, 359, 449, 509, 573,* respectively)	22	73	95
"Renegotiation" (*Nos. *42, 64, 215*)	—	3	3
Total	130	448	578
Disclosed elsewhere in report (*Nos. *269, 441*)	—	—	2
No current provision shown (*Nos. *65, 108, 295, 367, 471, 502*)	—	—	20
			600

*See Company Appendix Section

The following typical examples of the presentation in the income statement of the current provision for income taxes have been selected from the 1951 reports of the 600 companies included in the survey:

American Smelting and Refining Company
Comparative Income Statement

Income before U. S. and foreign taxes on income	$80,017,193
U. S. and foreign income taxes (estimated)	34,988,654
U. S. and foreign excess profits taxes (estimated)	5,286,226
	$40,274,880
Net income	$39,742,313

Black & Decker Manufacturing Company
Consolidated Statement of Income

Profit Before Taxes on Income	$5,933,086
Taxes on income—estimated:	
Federal normal income tax and surtax	$2,350,000
Federal excess profits tax	434,000
State and foreign income taxes	653,245
Underprovision for prior years	18,985

Continental Steel Corporation
Consolidated Statements of Income and Earned Surplus

Cost of Sales, Expenses and Other Deductions:	
Provision for federal income and excess profits taxes	$4,150,000
Net Income for the Year	$1,530,371

The Duplan Corporation
Operations

Costs:	
Taxes on income (Note E)	$ 600,000
Net Earnings	$1,032,394

Note E: The provision for taxes on income for the current year has been reduced by $150,000 provided in prior years, no longer required.

Eastern Stainless Steel Corporation
Statement of Consolidated Income and Earned Surplus

Income Before Taxes on Income	$4,156,175
Provision for Taxes on Income and Renegotiation:	
Federal, including $660,000 Excess Profits Tax, and Provision for Renegotiation	2,871,000
State	144,000
	3,015,000
Net Income for the Year	$1,141,175

Elliott Company
Statement of Results of Operations and of Income Retained for Use in the Business

Costs and Expenses:	
Estimated income taxes—	
Federal normal and surtax	$ 3,815,000
Federal excess profits	900,000
Pennsylvania	250,000
	$37,811,754
Net Income for Year	$ 2,637,652

General Refractories Company
Comparative Statements of Income

Income before estimated taxes on income	$9,043,584.14
Federal and Pennsylvania taxes on income, estimated (including Federal excess profits tax of $978,000 in 1951)	5,083,000.00
Net income	$3,960,584.14

Harbison-Walker Refractories Company
Consolidated Income and Consolidated Income Retained in the Business

Costs:	
Canadian, state and local taxes	$1,302,244
Federal normal income tax and surtax	8,115,416
Federal excess profits tax	1,849,534
Income Before Profit Shown Below	$6,425,106

Libby, McNeill & Libby

Statement of Consolidated Income and Earned Surplus

Less:

Federal income taxes (no excess profits tax)	$ 1,508,077
Other income taxes	855,230
Total, including $2,295,753 depreciation	175,897,208
Net Income for the Year	$ 1,863,209

Marathon Corporation

Statement of Consolidated Current and Accumulated Net Earnings Employed in the Business

Costs:

Real estate, personal property and miscellaneous taxes	$ 821,088
Provision for Federal, State and Canadian income taxes (1951 includes excess profits tax of $3,585,000, of which $415,000 applies to 1950)	16,564,137
Net Earnings for the Year	$ 8,801,001

The Oliver Corporation

Statement of Income

Costs and Expenses:

Social security, state, local, and other general taxes	$ 1,746,071
Net Earnings Before Income Taxes	$11,605,980
Provision for Federal and other income taxes*	5,600,000
Net Earnings for the Year	$ 6,005,980

*Including provision for Federal excess profits tax—1951, none.

Scovill Manufacturing Company

Statement of Consolidated Income

Costs, Expenses, and Estimated Taxes on Income:

Estimated federal, state and foreign taxes on income, including prior year adjustments—net	$10,923,255
Earnings for Year	$ 5,566,825

Thompson Products, Inc.

Statement of Consolidated Income

Income Before Taxes on Income	$20,698,050
Taxes on income—estimated:	
Federal normal tax and surtax	$ 9,378,000
Federal excess profits tax	2,570,000
Canadian income taxes	776,311
Adjustments for prior years	286,493
	$13,010,804
Net Income	$ 7,687,246

Excess Profits Credit

Very few of the survey companies in their 1951 reports commented upon or disclosed the basis used in computing their excess profits credits. In no instances were any detailed schedules or computations included. Set forth below are the examples available from the 1951 reports of the more informative discussions and disclosures by the survey companies with regard to their excess profits credit.

American Machine and Metals, Inc.

Statement of Consolidated Income and Earned Surplus

Provision for Federal Income and Excess Profits Taxes and Renegotiation (including $770,000 for excess profits tax and $55,000 for additional prior year's Federal income tax) (Note 2)	$3,309,000
Net Income for the Year	$1,329,202

To the Share Owners: The federal government's present income tax regulations, which took effect upon corporations' incomes back in April of 1951, permitted us to earn a trifle more than $1,200,000 subject to normal and surtax rates only. Earnings beyond that point were subject to excess profit tax rates as well, greatly diminishing the rate of profit growth thereafter. The allowed excess profit tax credit cited, was computed by what is known as the historic invested capital formula.

Walt Disney Productions

Consolidated Statement of Income Account

Costs and Expenses:

Estimated federal taxes on income	$207,000
Profit for the Year	$429,840

To Our Shareholders and Employees: We have a fairly satisfactory position under the new Excess Profits Tax Act. Our excess profits tax credit, computed on the invested capital method, is approximately $850,000.

Inland Steel Company

Consolidated Statement of Income and Retained Earnings

Cost of goods sold, expenses and other deductions:

Provision for federal taxes on income, including $10,490,000 for excess profits tax	$53,520,000
Net income for the year	$34,398,585

Report to Stockholders: Federal taxes—Federal taxes for the year 1951 amounted to $53,520,000 and were equal to approximately 61% of net income before taxes. This compares with taxes in the previous year amounting to $41,224,700, or 52% of net income before taxes. The effective normal and surtax rate for the year 1951, as established by the Revenue Act of 1951, was 50.75%, compared with an effective rate of 42% in 1950. The excess profits tax rate remained unchanged at 30%, but the rate was effective for the full year 1951 as contrasted with only half a year in 1950. The excess profits tax credit for 1951, however, was reduced from 85% to 84% of average net taxable income for the best three years in the period 1946-1949. The aggregate excess profits tax credits for the Company and its subsidiaries in 1951 amounted to approximately $48,000,000.

International Paper Company

Statement of Consolidated Profit and Loss

Profit Before Deducting Taxes Based on Income	$170,846,655
Provision for Taxes Based on Income:	
U. S. Federal taxes—	
Normal and surtax	$ 71,110,641
Excess profits	19,461,890
State taxes	3,420,828
Canadian and other foreign taxes	20,034,124
	114,027,483
Net Profit	$ 56,819,172

To Our Stockholders: Taxation—The effective U. S. federal corporate normal and surtax rate increased from 42% for 1950 to 50¾% for 1951; the effective excess profits tax rate increased from 15% to 30% and the excess profits tax credit was reduced from 85% to 84% of the average base period net income.

The Lambert Company
Consolidated Income and Accumulated Earnings

Profit Before Income Taxes	$3,863,548
Estimated federal, state and foreign income taxes (Note 8)	2,028,768
	$1,834,780
Net Income for Year	$1,897,218

Note 8: Excess Profits Credit—The consolidated credit of the Company and subsidiaries, as estimated by the Company on the invested capital basis, is of sufficient amount to preclude any excess profits tax for 1951.

Monsanto Chemical Company
Statement of Consolidated Income

Income Before Provision for Income Taxes	$62,120,884
Provision for Income Taxes:	
Normal and surtax	$31,508,000
Excess profits	7,871,000
Total	$39,379,000
Less—Adjustment for prior year	736,000
Remainder	$38,643,000
Net Income	$23,477,884

Notes: Federal Income Taxes—The Revenue Act of 1951 contains a provision for an alternative excess profits tax credit in the case of a base period catastrophe, which is believed to be applicable to the company because of the Texas City disaster in 1947. This provision was made retroactive to the year 1950, and it is estimated that the company will be entitled to a refund of excess profits tax for that year of approximately $736,000. This amount has been recorded in the accounts in 1951 as a reduction of the excess profits tax provision for the year 1951.

Pullman Incorporated
Consolidated Income and Surplus

Net Income Before Provision for Federal and Canadian Taxes on Income	$26,793,473
Provision for Taxes on Income (Note D):	
Federal normal and surtax	$13,125,000
Federal excess profits tax	2,850,000
Canadian income tax	548,534
	$16,523,534
Net Income	$10,269,939

Note D: Provision for Federal Income and Excess Profits Taxes—The provision for Federal taxes on income for the year 1951 has been made in accordance with the provisions of the Revenue Act of 1951 and the related Excess Profits Tax Act. While these provisions are based on estimates, they are believed to be adequate.

The provision for excess profits tax is based on an excess profits tax credit of $13,460,000 arrived at through the historical invested capital method on a consolidated basis.

Allocation of Income Taxes

Income tax allocations were set forth by 44 of the survey companies in their 1951 annual reports. Table 12 summarizes the various types of such income tax allocations.

TABLE 12: ALLOCATION OF INCOME TAXES

Presentation in Statement	Income	Retained Earnings
Charge or credit shown net of related tax, with amount of tax:		
Parenthetically set forth therewith (*Nos. *8, 29, 62, 116, 278, 394, 400, 532, 567, 593*)	9	17
Disclosed in footnote or in letter to stockholders (*Nos. *36, 208, 533*)	3	3
Not disclosed in report (*Nos. *235, 271, 342, 539*)	6	3
Charge or credit shown in full, with amount of tax:		
Separately set forth therewith (*No. *164*)	—	3
Disclosed in footnote or in letter to stockholders (*Nos. *336, 538*)	3	—
Charge or credit shown in amount of tax attributable to special item (*Nos. *58, 226, 235, 391*)	6	3
Disclosure in footnote or adjustment in current tax provision for tax attributable to special item (*No. *548*)	4	—
Disclosure in footnote of deferment of tax adjustment attributable to special item (*No. *483*)	3	—
Total	34	29

(For further discussion of tax allocation principles, see Accounting Research Bulletin No. 23, issued by the American Institute of Accountants and Accounting Series, Release No. 53, published by the Securities and Exchange Commission.)
*See Company Appendix Section

Typical examples, taken from the 1951 survey reports, of each of the categories of tax allocations shown in Table 12 are set forth below.

Presentations in Statement of Income

Koppers Company, Inc.
Statement of Consolidated Income

Income before Provision for Income Taxes	$30,981,926
Provision for Income Taxes (Note 3):	
Federal normal tax and surtax	$14,450,000
Federal excess profits tax	4,035,000
State and foreign income taxes	1,053,709
Tax contingencies	625,000
	$20,163,709
Net Income	$10,818,217
Special Items (Note 4):	
Profit on sale of blast furnace property	$ 5,417,544
Profit on sale of Eastern Gas and Fuel Associates Common Stock	573,340
	$ 5,990,884
Net Income and Special Items	$16,809,101

Note 3: Federal income taxes—The Companies' Federal income tax returns have been audited by the Bureau of Internal Revenue through the year ended December

31, 1948, and the asserted liability for taxes and interest has been paid. The accumulated provisions for tax contingencies of $1,100,000 in the accompanying statement of consolidated financial condition with respect to the returns filed for the years 1949 and 1950 and to be filed for the year 1951 are believed to be adequate.

The provisions for Federal income and excess profits taxes for the year ended December 31, 1951, have been computed on the estimated taxable income for the year, which differs from the income shown in the accounts. These differences include (a) interest of $863,639 paid in 1951 on additional Federal income taxes for 1940 through 1948 and charged in the accounts against accumulated provisions for tax contingencies made in prior years, (b) current depreciation taken in the accounts in excess of that claimed for tax purposes, including depreciation on World War II emergency facilities which are fully amortized for tax purposes, (c) payments in prior years under the Contributory Retirement Plan for Salaried Employees to fund past service credits which are deductible from taxable income in 1951. Such differences had the effect of decreasing the required provisions in 1951 for Federal income and excess profits taxes by approximately $500,000.

Note 4: Sale of Plant and Investment Securities in 1951—In January 1951, the Company sold its blast furnace property at Granite City, Illinois, and 444,116 shares of Eastern Gas and Fuel Associates Common Stock for cash aggregating $13,269,704, with a resulting aggregate book profit of $5,990,884. No income taxes are payable as a result of these sales because the cost of the Eastern stock to predecessors of the Company was substantially greater than the written-down carrying value thereof on the Company's books, and the predecessors' cost is required to be used in determining taxable gain or loss. A loss for tax purposes therefore resulted from the sale of the stock and was sufficient to offset the taxable gain from the sale of the blast furnace property.

The General Tire & Rubber Company
Consolidated Statement of Profit and Loss

Charge arising from partial replacement in 1951 of "lifo" inventories liquidated in 1950, less $259,759 for resulting refundable federal income taxes	$ 225,686
Profit for the year	$7,016,640

Packard Motor Car Company
Consolidated Statement of Income

Undesignated total	$11,094,060
Estimated income taxes	5,122,000
Tax applicable to deferred pension contribution (See note)	378,000
	5,500,000
Net income for the year	$ 5,594,060

Note: Under terms of the non-contributory pension plans, which cover practically all employees of the Company, past service cost is to be funded over a period not to exceed 25 years. The Company may, at its option, make additional payments over the required minimum annual amounts. Such an additional amount of $745,471 was accrued at December 31, 1951, and paid in 1952. This amount less the estimated 1951 Federal income tax benefit of $378,000 resulting therefrom pursuant to provisions of the Internal Revenue Code, is included in prepaid expenses to be charged to expense in the year or years in which contributions of less than the minimum amount are made.

Revere Copper and Brass Incorporated
Balance Sheet
Noncurrent Liability:

Deferred adjustments for inventories and federal taxes (Note E)	$1,218,296

Income Statement
Provisions for federal taxes on income (Note D)

Normal tax and surtax	$12,050,000
Excess profits tax	4,050,000
Net income for year (Note D)	$ 6,935,083

Note D: The provisions for federal taxes on income included in the Income Statement represent the amounts applicable to the profit as shown thereon. The taxes that will be paid are estimated to be $1,670,000 more than the amount shown, since (a) $328,056, which is 10% of the cost of past service benefits under the retirement plan charged to earned surplus in 1947, is allowable as an expense in 1951 for tax purposes; and (b) $194,953 of depreciation on emergency facilities acquired in World War II, which were fully amortized for tax purposes by September 30, 1945, as explained in the report for 1946, was charged against income in the accompanying Income Statement but is not allowable as an expense for tax purposes; and (c) taxes are payable on $2,524,955 resulting from involuntary liquidation of metal inventories as explained in Note E.

The reserves for federal, state and local taxes shown on the Balance Sheet cover the liability for all such taxes based on 1951 income. All years prior to 1948 are closed against additional assessment of federal taxes on income and any further assessments for 1948, 1949 and 1950 are believed to be fully covered by the provisions already made.

The Company has filed claims under the provisions of Section 722 of the Internal Revenue Code for refund of a portion of the excess profits tax paid for each of the years 1940 to 1945, inclusive. Although the refunds claimed are substantial, no amount in included therefor in either the Income Statement or the Balance Sheet since the amount of recovery cannot be determined at this time.

Note E: The deferred adjustments for inventories and federal taxes, $1,218,296, consists of: $1,132,685, the net adjustment of involuntary liquidation in 1950 and 1951 of a portion of the inventories carried on the last-in first-out (lifo) basis, as explained in the following paragraph; plus (1) $708,918, the balance resulting from accelerated amortization of emergency facilities acquired in World War II, as explained in the report for 1946; and minus (2) $623,307 representing the balance of federal income tax applicable to past service benefits, as explained in the report for 1947. Both of the deferred accounts, (1) and (2), were reduced in 1951 (see note D) and will be correspondingly reduced in subsequent years.

During 1951 it was not possible to purchase metals to meet requirements of customers. Accordingly shipments in 1951 exceeded purchases, and there was an involuntary liquidation of a portion of the metals purchased in earlier years at substantially lower costs. The differences between current prices and the lifo costs amounted in total to $2,524,955. Under the present law, federal taxes on income must be paid on this amount and will be refunded when, in a later year, the Company is able to purchase the metals and replace the pounds involuntarily liquidated. Accordingly $2,524,955 and the federal taxes on income applicable thereto, $1,716,969, or a net amount of $807,986 has been eliminated from income for 1951. Such net amount plus the similar net adjustment for 1950, $324,699, is carried as a deferred adjustment.

Sunshine Biscuits, Inc.
Statement of Income

Net Operating Profit	$13,499,120.03
Other Income (Net):	
Interest earned	111,361.42
Profit on sale of capital assets	517,361.42
	628,508.47
Less interest paid ($2,452.06) and other charges ($1,053.44)	3,505.50
	625,002.97
	14,124,123.00
Flood Damage Loss at Kansas City	1,416,666.70
	12,707,456.30
Provision for Federal Taxes on Income:	
Normal tax and surtax	6,300,000.00
Excess profits tax	220,000.00
	6,520,000.00
Net Income for the Year	$ 6,187,456.30

A Message to the Shareholders: Net earnings for the year amounted to $6,187,456.30 or $6.06 per share after providing for Federal Income and Excess Profits Taxes of $6,520,000.00. These figures readily show that taxes exceeded net earnings. In 1950, net earnings were $7,392,-350.65, equal to $7.24 per share after providing for Federal Income and Excess Profits Taxes of $5,435,000.

Federal Income and Excess Profits Taxes in 1951 amounted to 51.31% of pretax earnings as compared to 42.37% for the year 1950.

Noteworthy is the fact that "operating profits" were higher in 1951 than in 1950. In 1951, operating profits amounted to $13,499,120.03 and in 1950 $12,737,524.32—an increase of 5.98%.

The decrease in net earnings in 1951 compared to 1950 was occasioned by the loss resulting from the flood at Kansas City and by reason of increased taxes.

As advised in our letter of August 10, 1951, our newest bakery and our flour mill in Kansas City, Kansas, were affected by the flood waters which enveloped much of the industrial area of the Kansas Cities. As a direct result of this catastrophe, we sustained a gross loss of $1,416,-666.70. This flood damage loss was reduced through Income and Excess Profits Taxes by $1,144,000.00 (approximately), or more than 80% of the gross amount involved. The net loss, therefore, amounted to $272,000.00 or about 27¢ per share.

The difference between "Operating Profit" and "Profit before Taxes" represents the flood loss, interest and capital gains and losses (sale of properties).

As shown in the attached Statement of Income for 1951, sales of various capital assets, principally our former bakery properties at Kansas City, Missouri and New Orleans, Louisiana, resulted in a net gain of $517,361.42.

Presentations in Statement of Retained Earnings

Cutler-Hammer Inc.
Statement of Earned Surplus

Adjustment of vacation pay applicable to prior year, less refund of Federal taxes on income in connection therewith (Note 1)	$544,133

Note 1: As at December 31, 1951 the company adopted the practice of accruing the expense for vacation pay to be paid in the ensuing year to conform to the method established for income tax purposes. The effect of this change in method was to charge $988,000 to operations in 1951 and the similar expense for the previous year, aggregating $813,798, was eliminated from current operations and charged to earned surplus, less a refund of $269,665 for Federal taxes on income in connection therewith.

The Cudahy Packing Company
Consolidated Statement of Earnings Retained For Use in the Business

Deduct: Kansas City Flood Loss and costs incident to closing of the Kansas City plant ($4,481,117), less resulting reduction in Federal income taxes for 1951 ($839,278) and refundable portion of 1950 Federal income taxes due to loss carryback ($1,-221,479)	$2,420,360

To the Stockholders: The two billion dollar flood disaster that struck the Kansas City, Kansas industrial area on July 13, 1951 inflicted a severe loss on the Company despite the heroic efforts of its employees in saving approximately three million dollars in product and other assets. The gross flood loss, including loss of product and equipment, damage to fixed assets, clean-up expenses, severance pay and fixed expenses to the close of the fiscal year, totalled $4,481,117 and the net flood loss, after income tax adjustments, amounted to $2,420,360. Our flood loss, as in the case of the major concerns in this area, was not covered by flood insurance for the reason that such insurance is not available generally and only at prohibitive rates wherever available. The net flood loss of $2,420,360 has been charged direct to the Company's Retained Earnings account.

The New York Air Brake Company
Earnings Retained for Use in Business

Excess of carrying amount of interest in Beebee Island Corporation, Water-Power Rights and Development over proceeds from sale thereof and resultant reduction in income taxes	$412,439

Presentations in Statement of Income and in Statement of Retained Earnings

The Autocar Company
Consolidated Statement of Income

Other deductions:	
Special charge for interest on prior years' taxes, etc., equivalent to reduction in taxes on income (Note D(c))	$ 525,661
	1,017,734
Income before provision for income taxes	$2,094,497
Estimated Federal and State taxes on income	824,700
Net income	$1,269,797

Consolidated Statement of Earned Surplus

Credit for portion of interest on prior years' taxes, etc., settled in 1951, equivalent to reduction in taxes on income after providing for taxes on interest to be received in 1952 in connection with the 1951 settlement (Note D(c))	$271,521

Note D (c): The interest payable, accrued by the companies in prior years and assessed by the Treasury Department in 1951 on additional 1942 to 1945 Federal excess profits taxes, and the amount of reserve at December 31, 1950, for intercompany profit in inventory previously taxed, are deductible in computing the 1951 Federal income taxes, and reduce those taxes charged against income by an estimated $525,661.

The interest receivable, accrued by the companies in prior years but not credited by the Treasury Department until 1952, on the over-assessments of Federal income taxes in the 1951 settlement for the years 1942 to 1946, appear to be taxable in 1952, with a resulting increase in taxes for that year of an estimated $254,140.

To present the 1951 net income fairly, the $525,661 reduction in 1951 taxes has been offset in the income account by a special charge of like amount, $380,553 of which is attributable to interest and $145,108 to realized intercompany profits previously taxed, with contra increases of $254,140 in accrued taxes (included under "Other Liabilities" because payable after 1952) and of $271,521 in earned surplus.

McGraw-Hill Publishing Company, Inc.

Consolidated Statement of Income

Net Income (Before provision for income and excess profits taxes)	$ 7,919,278
Provision for income and excess profits taxes	5,479,474
Less—Federal taxes applicable to non-recurring income not included above (See statement of consolidated surplus)	387,000
	$ 5,092,474
Net Income	$ 2,826,804

Consolidated Statement of Earned Surplus

Balance—January 1, 1951	$ 6,374,284
Net income	2,826,804
	9,201,088
Proceeds from sale of real estate and securities, less book value thereof	1,000,784
Adjustment of prior years' depreciation on building	273,876
	1,274,660
Federal taxes ($387,000) and other taxes ($40,000) applicable to above additions to surplus	427,000
	847,660
	$10,048,748

Presentations in Statement of Combined Income & Retained Earnings

Stahl-Meyer, Inc.

Consolidated Statement of Earnings

Net Earnings for Year	$ 166,443
Adjustment of book value of plant and equipment and related accumulated depreciation and amortization as of October 27, 1950 to conform with amounts agreed for Federal Income Tax purposes, less additional income taxes of $216,028 and interest thereon of $40,219 (net of income taxes)—net credit	31,581
Net Earnings for year after special adjustment	$ 198,024
Retained Earnings at beginning of year	829,696
Restored from Reserve for contingencies, taxes, etc.	150,000
Deduct amount set aside for dividends on prior preferred stock—$5 per share in 1951	59,385
Retained Earnings at end of Year	$1,118,335

Mack Trucks, Inc.

Statements of Consolidated Operations and Accumulated Earnings Retained in the Business

Other Income:	
Profit on disposal of fixed assets (including, in 1951, $418,512 representing portion of profit on sale of Long Island factory equivalent to Federal income tax thereon)	$ 466,268
[Undesignated total]	$5,141,152
Provision for Income Taxes:	
Federal	$2,387,000
Canadian	407,000
	$2,794,000
Net Income for the Year	$2,347,152
Special Credit: Profit of $1,785,582 on sale of Long Island factory less $418,512 Federal income tax thereon	1,367,070
Net Income and Special Credit	$3,714,222

Reliance Manufacturing Company

Statement of Profit and Loss and Earned Surplus

Profit from operations	$473,056.97
Gain on sale of properties, less federal income tax thereon	331,610.48
Profit for the year before deducting cost, net of taxes, of replacement of "last-in, first-out" inventories	804,667.45
Deduct:	
Excess of cost of replacement of inventories valued on "last-in, first-out" basis involuntarily liquidated in prior years, over the original inventory cost thereof, less estimated refunds of prior years' federal taxes resulting therefrom	72,309.05
Net profit for the year	$732,358.40

Allen B. DuMont Laboratories, Inc.

Statement of Earnings and Earnings Reinvested in the Business

Costs and expenses:	
Interest expense (including interest of $110,000 on Federal income tax deficiency)	$ 266,794
(Undesignated total)	$53,264,973
Loss before Federal taxes on income	(2,523,377)
Federal income and excess profits taxes refundable under the carry-back provisions of the Internal Revenue Code	(1,940,000)
Net loss	(583,377)
Special credit:	
Adjustment of fixed and other assets and related depreciation accounts to the bases proposed in the Treasury Department examination (less additional Federal taxes of $702,304 applicable thereto) (Note 2)	458,990
Balance transferred to earnings reinvested in the business	($ 124,387)

Note 2: Federal taxes on income: The Company's Federal income and excess profits tax returns for the years 1942 to 1948, inclusive, have been reviewed by the Bureau of Internal Revenue. Provision has been made in the financial statements for the net deficiency to which the

Company has consented, and for anticipated deficiencies for the years 1949 and 1950 attributable to related adjustments for those years.

American-LaFrance-Foamite Corporation
Statement of Income and Earned Surplus

Undesignated total	$1,176,775
Provision for federal income taxes, before deducting $250,000 applied against loss charged to earned surplus, 1951	600,000
Net income for the year	$ 576,775
Earned surplus at the beginning of year	4,402,110
	$4,978,885
Dividends declared	274,063
Loss on investment in and advances to International Meters, Inc., liquidated in 1951, less $276,000 applicable reduction in federal income and state franchise taxes	283,887
	557,950
Earned surplus at end of year	$4,420,935

To the Stockholders: Over some five years there is an accumulated loss amounting to $559,887 including capital investment of $50,000 in International Meters, Inc., the sales subsidiary, which was dissolved and completely liquidated in 1951, and the balance consisting of advances to finance the development, sales and manufacturing activities. There is an estimated tax saving of $276,000 to partially offset this loss. Thus Alfco closes an unprofitable venture, with the termination enabling us to use both our Staff and facilities for more profitable operations.

Extraordinary Items—Where Shown

The Committee on Accounting Procedure of the American Institute of Accountants—in Accounting Research Bulletin No. 35, "Presentation of Income and Earned Surplus" (issued October, 1948), and in Bulletin No. 41 supplementary thereto (issued July, 1951) —dealt with the methods of displaying items excluded from the determination of net income. These items consist primarily of charges and credits with respect to:

(a) general purpose contingency reserves, discussed in Accounting Research Bulletin No. 28,

(b) inventory reserves, discussed in Accounting Research Bulletin No. 31,

(c) extraordinary items, which, if included, would impair the significance of net income, discussed in Accounting Research Bulletin No. 32, and

(d) excessive costs of fixed assets and annual appropriations in contemplation of replacement of productive facilities at higher price levels, discussed in Accounting Research Bulletin No. 33.

It was the conclusion of the Committee (Bulletin No. 35) that the items mentioned in parts (a), (b), and (d) above should be displayed in the retained earnings statement rather than in the income statement, after the amount designated as net income. As to items described in part (c) above, although the Committee (Bulletin No. 41) stated as its preference that such items should also be displayed in the statement of retained earnings, it also expresed the opinion that such items may either be treated in the foregoing manner or may be shown at the bottom of the income statement, which is the treatment prescribed by the Securities and Exchange Commission in revised Regulation S-X issued in December 1950. The Committee further concluded that it is permissible for a company to use one form in one statement and a different form in another like statement covering the same fiscal period. The Committee pointed out that, whenever additions to, or deductions from, net income are displayed at the bottom of the income statement, care should be taken that the figure of net income is clearly and unequivocally designated so as not to be confused with the final figure in the income statement.

The Committee stated (Bulletin No. 35) that its recommendation with regard to the method of displaying items excluded from the determination of net income is not intended to preclude or discourage the use of the combined statement of income and retained earnings provided the figure of net income is followed immediately by the retained earnings balance at the beginning of the period; nor is it intended to preclude the use of a separate statement showing the disposition of net income.

Table 13 sets forth in summary form the statement presentation and the materiality of all extraordinary items shown in 1951 by the 600 companies included in the survey.

Included in the total of 508 extraordinary items shown in Table 13 are 359 items of a nonrecurring, miscellaneous nature; 115 items representing adjustments of prior year taxes; and 34 items based on the carry-back and carry-forward of an operating loss or an unused excess profits credit. There are separate analyses set forth hereinbelow for each of these groups showing the statement presentation and the materiality percentage of the various extraordinary items.

NONRECURRING, MISCELLANEOUS EXTRAORDINARY ITEMS

The nonrecurring, miscellaneous group of extraordinary items (359 in 1951) consists principally of unusual losses or gains, intangible asset write-offs, and various prior year adjustments. A complete summary of this group of extraordinary items is shown in Table 14.

The following excerpts from the 1951 income statements are illustrative of the nature of the various extraordinary items disclosed by the survey companies. For examples of "higher plant replacement costs and extraordinary depreciation," see the examples following Table 7 in this section. Examples of extraordinary items shown in the retained earnings statement or in the capital surplus statement of the 600 companies will be found in Section 4, "Retained Earnings and Capital Surplus."

Appropriations for Contingencies and Various Stated Purposes

DR.—$1,500,000: Other charges applicable to the year. *Note*: The special provision of $1,500,000 covering other charges applicable to the year was credited to the Reserve for Pensions and Contingencies.—*Allied Chemical & Dye Corporation*

DR.—$75,000.00: Reserved for contingencies—*Camden Forge Company*

DR.—Possible renegotiation and Vinson Act adjustments —net of taxes—*Elastic Stop Nut Corporation of America*

DR.—$39,659.57: Provisions for loss on unbooked claims —*The Federal Machine and Welder Company*

DR.—$35,000,000: Reconversion and plant rehabilitation costs incident to the defense emergency—*General Motors Corporation*

TABLE 13: EXTRAORDINARY ITEMS—1951

Charge or Credit Shown:	Materiality Percentage:* 0-5%	6-10%	11-15%	16-25%	Over 25%	TOTAL ITEMS
In Income Statement—						
Among other operating items	142	74	18	21	22	277
In a separate last section	10	13	11	5	18	57
	152	87	29	26	40	334
In Retained Earnings Statement	39	28	16	23	49	155
In Capital Surplus Statement	6	2	—	1	4	13
Included in Other Accounts	1	4	—	1	—	6
Total	198	121	45	51	93	508

Number of Companies:	1951
Showing charges for extraordinary items	102
Showing charges and credits for extraordinary items	74
Showing credits for extraordinary items	160
Total	336
Not showing extraordinary items	264
	600

*Ratio of extraordinary item to average of income for the years 1951 and 1950.

DR.—$207,000.00: Other deduction, allowance for reduction in value of investment in wholly owned subsidiaries located in Austria, Germany, etc.—*General Refractories Company*

DR.—$6,823,000: Provision for restricted earnings of certain foreign subsidiaries.—*The Goodyear Tire and Rubber Company*

DR.—$125,000: Provision for rehabilitation and deferred maintenance of plant and equipment—*W. F. Hall Printing Company*

DR.—$437,775.08: Other income charges, including provision of a reserve for non-current notes receivable $980,000, less restoration to income of reserve no longer needed, $800,000—*Hearst Consolidated Publications, Inc.*

DR.—$2,000,000: Provision for Self-Insurance—*The International Nickel Company of Canada, Limited*

DR.—$556,369: Miscellaneous charges (including provision for doubtful accounts and contingencies)—*Lone Star Cement Corporation*

DR.—$100,000: Provision for inventory adjustments, plant rearrangement expenses, and other extraordinary costs in the transition from the emergency period—*Niles-Bement-Pond Company*

DR.—$30,000.00: Special appropriation to Reserve for Contingencies—*The Permutit Company*

DR.—$250,000—Provision for defense program contingencies—*Standard Steel Spring Company*

DR.—$700,000: Provision for contingent liabilities—*Warner Bros. Pictures, Inc.*

CR.—$9,994: Overprovision in prior years for workmen's compensation insurance—*A. P. W. Products Company, Inc.*

CR.—$20,000: Credit from special tax reserve—*Ampco Metal, Inc.*

CR.—$123,203.55: Appropriation transferred from reserve for contingencies—*The Dayton Rubber Company*

CR.—$410,736: Transfer from Reserve for possible losses resulting from wartime conditions—*Mergenthaler Linotype Company*

CR.—$628,127: Transfer of portion of reserve for contingencies provided, by charges to income in prior years, for possible additional Federal taxes on income—*The National Sugar Refining Company*

CR.—$274,996: Elimination of reserve for investments—*The Ohio Oil Company*

CR.—$132,372: Adjustment of Valuation Reserve for Government and Other Marketable Securities—*Union Carbide and Carbon Corporation*

Inventory Adjustments

DR.—$1,325,841: Reserve to cover increased costs to replace inventories—*Allied Chemical & Dye Corporation*

DR.—$3,848,333: Adjustment of inventory as of December 31, 1951 to cost or market whichever is lower—*American Woolen Company, Incorporated*

DR.—$4,075,350: Write-down of inventories as of September 30, 1951, to estimated market prices—*Clinton Foods Inc.*

DR.—$143,980,194: Cost of Sales, including increase of $1,263,940 in 1951 . . . in reserve for reduction of normal inventories to fixed prices—*Corn Products Refining Company*

DR.—$101,109.65: Inventories written down to estimated realizable values and inventory adjustments ($124,733.47). Less—profit on sales of inventories ($23,623.82)—*Higgins, Inc.*

DR.—$500,000: Increase in reserve for possible future decline in market value of inventories—*Marshall Field & Company*

DR.—$123,145.02: Extraordinary inventory write-off (1951—Note 5). *Note 5*: The inventory written off comprises material on hand at the end of 1951 which had been acquired for the manufacture of various units the production of which has been discontinued. Accordingly, the material is without value in the company's present program—*National Company, Inc.*

DR.—$276,975,942: Purchases of Crude Oil, Petroleum Products, and Merchandise (including inventory fluctuations)—*Phillips Petroleum Company*

CR.—$810,145.92: Gain resulting from fluctuations of

TABLE 14: EXTRAORDINARY ITEMS—1951 (EXCLUSIVE OF ADJUSTMENTS FOR TAXES)

Charge or Credit Shown	Materiality Percentage:* 0-5%	6-10%	11-15%	16-25%	Over 25%	Total Items
In Income Statement—						
Among Other Operating Items:						
Unusual losses or gains	80	25	8	10	9	132
Prior year adjustments	5	4	4	—	3	16
Intangible asset write-off	1	—	—	1	—	2
Various other items	2	1	—	2	—	5
Higher plant replacement costs or extraordinary depreciation	3	8	2	2	—	15
Possible future inventory price decline or Contingencies	6	4	—	—	—	10
In Separate Last Section:						
Unusual losses or gains	3	4	2	1	8	18
Prior year adjustments	2	3	1	—	2	8
Intangible asset write-off	—	1	—	1	1	3
Various other items	1	—	—	—	1	2
Higher plant replacement costs or extraordinary depreciation	—	2	1	—	—	3
Possible future inventory price decline or Contingencies	1	1	—	—	3	5
Total	104	53	18	17	27	219
In Retained Earnings Statement—						
Prior year adjustments	10	7	3	3	6	29
Intangible asset write-off	10	4	2	4	6	26
Unusual losses or gains	2	5	—	6	7	20
Higher plant replacement costs or extraordinary depreciation	1	3	3	—	1	8
Possible future inventory price decline or Contingencies	4	6	6	4	22	42
Total	27	25	14	17	42	125
In Capital Surplus Statement—						
Intangible asset write-off	3	—	—	1	4	8
Unusual losses or gains	1	—	—	—	—	1
Prior year adjustments	1	—	—	—	—	1
Contingencies	—	1	—	—	—	1
Total	5	1	—	1	4	11
In Other Accounts—						
Unusual losses or gains	—	1	—	1	—	2
Various other items	1	1	—	—	—	2
Total	1	2	—	1	—	4
Total Charges or Credits	137	81	32	36	73	359

Number of Companies:	1951
Showing charges for extraordinary items	98
Showing charges and credits for extraordinary items	53
Showing credits for extraordinary items	122
Total	273
Not showing charges or credits for extraordinary items	327
	600

*Ratio of extraordinary item to average of income for the years 1951 and 1950.

metal prices subsequent to production or purchase of ores [See Section 4—Retained Earnings and Capital Surplus] —*United States Smelting Refining and Mining Company*

Unusual Losses or Gains

DR.—$1,255.25: Loss from joint fishing boat venture—*Alaska Pacific Salmon Company*

DR.—$1,895,604: Plant items sold or retired—*American Can Company*

DR.—$30,579: Provision for loss on foreign exchange—*The Bay Petroleum Company*

DR.—$196,552: Undeveloped leasehold surrendered.
DR.—$189,838: Producing leaseholds abandoned.
DR.—$906,788: Dry holes.
—*The Bay Petroleum Corporation*

DR.—$2,500,000: Operating expenses, etc. (including in 1951 provision of $2,500,000 for Kansas City flood damages and expenses)—*Colgate-Palmolive-Peet Company*

DR.—$85,626.66—Net loss on disposal of property, equipment, and securities—*The Cleveland Builders Supply Co.*

DR.—$1,669,952: Net Loss on Sale or Retirement of Property—*Crucible Steel Company of America*

DR.—$9,932: Loss on conversion of Canadian accounts —*Deere & Company*

DR.—$223,057: Loss on sale of certain assets of subsidiary company—*Dresser Industries, Inc.*

DR.—$99,005.76: Loss on assets discarded, less gain on sale of machinery and equipment—*Elastic Stop Nut Corporation of America*

DR.—$531,062: Extraordinary property and flood losses—*Food Machinery and Chemical Corporation*

DR.—$320,431: Loss on Property Abandoned—*The Great Western Sugar Company*

DR.—$5,000: Amounts paid in settlement of personal injury claims—*General Bottlers, Inc.*

DR.—$87,700.29: Loss on sale of land and building—*Geo. E. Keith Company*

DR.—$4,372,725: Net income of foreign subsidiaries and branches not remitted to the United States—Note 1. *Note 1*: The results of operations include the income, costs and expenses of subsidiary companies and branches operating in foreign countries. With the exception of the Canadian subsidiary, the net income of all foreign subsidiaries and branches which has not been remitted to the United States has been deducted in arriving at net income for the year. —*The National Cash Register Company*

DR.—$6,303.64: Interest and charges on oil production payment liquidated during 1951—*Panhandle Producing & Refining Company*

DR.—$89,780: Flood Loss (after insurance recovery of $88,773)—*Piper Aircraft Corporation*

DR.—$205,308—Loss on sale of interest in former subsidiary—*Raytheon Manufacturing Company*

DR.—$283,276: Loss (net) on disposals of property and equipment ($155,872); and sundry—*Reynolds Metals Company*

DR.—$1,121,792: Kansas City flood loss—*Simmons Company*

DR.—$1,378,004: *Report to Stockholders*: The year's profits were adversely affected by flood losses of $643,004 in Missouri and Kansas and by a write-down of $735,000 in the year-end egg inventories due to a decline in egg prices.—*Standard Brands Incorporated*

DR.—$726,002: Undeveloped oil and gas leaseholds surrendered—*Warren Petroleum Corporation*

CR.—$363,492: Profit on sale or liquidation of two subsidiaries—*American Radiator & Standard Sanitary Corporation*

CR.—$1,150,134: Foreign exchange adjustment (Note 4). *Note 4*: The foreign exchange adjustment reported as income in 1951 reflects the increase in the rate of exchange from January 1, 1950 and constitutes a partial recovery of unrealized losses, charged to income, when the rate was declining. The portion of the recovery which occurred during 1950 was retained in a reserve at the end of that year pending a greater measure of stability in the rate of exchange.—*American Can Company*

CR.—$2,615,163: Net Income on Sales of Capital Assets and Securities—*Continental Can Company, Inc.*

CR.—$399,154: Gain resulting from evaluation of working capital of Canadian subsidiaries (Note 1). *Note 1*: The assets and liabilities of the Canadian subsidiaries are included in the consolidated balance sheet at April 30, 1952 at parity of exchange. At April 30, 1951 the working capital of Canadian subsidiaries was converted to a United States dollar basis at an approximate free market rate of $1.065 for each United States dollar. The Canadian dollar gradually strengthened until January 1952 when parity was reached; the adjustment of $399,154 necessary to restore working capital of Canadian subsidiaries to parity of exchange has been credited to other income.—*Crown Zellerbach Corporation*

CR.—$44,581.91—Special Credit Arising from Liquidation of Wholly Owned Subsidiary—*Gemmer Manufacturing Company*

CR.—$167,193: Profit on disposal of idle plant property at Jackson, Michigan—*Houdaille-Hershey Corporation*

CR.—$384,839: Income from termination of leasehold —*Kaiser-Frazer Corporation*

CR.—$69,340.22: Net Credit from translation of foreign currency into United States Currency—*Kellogg Company*

CR.—$591,067: Other Income—Interest, dividends, profits on sale of miscellaneous property and other nonoperating credits—*Mathieson Chemical Corporation*

CR.—$63,501.57: Gain arising from change in rate of exchange on Canadian currency (Note 2). *Note 2*: Net assets in Canada included in the balance sheet amount to $2,442,948 consisting of net current assets of $1,596,096 which are stated at the rate of exchange at June 30, 1951, and property, plant and equipment (less depreciation) of $846,852 which are stated on the basis of the approximate rates of exchange prevailing at dates of acquisition. The statement of income includes the net income of the Canadian branch of the company on the basis of the average rate of exchange for the period. Accumulated income retained in Canada increased during the year by approximately $132,000.—*Motor Products Corporation*

CR.—$1,833,551: Profit on sale of property, plant and equipment—*National Distillers Products Corporation*

CR.—$1,179,508: Special distribution from mutual casualty company—*Swift & Company*

CR.—$237,232: Profit on sales of real estate leased back to the Company for long terms—*The Western Union Telegraph Company*

CR.—$4,012,767: Miscellaneous income credits—net (including gains from foreign exchange revaluations of $553,067 for 1951)—*United States Rubber Company*

CR.—$71,274: Net gains on conversion of assets of foreign subsidiaries—*Wm. Wrigley, Jr. Company*

Intangible Assets

DR.—$13,614,683.05: Administrative and general, selling, advertising, research, development and patent expense, etc. (including write-off of $3,085,414.83 paid for royalty-free licenses acquired during the year)—*Libbey-Owens-Ford Glass Company*

DR.—$100,000.00: Amortization of Trade Names and Goodwill which does not affect earnings for income tax purposes—*Pittsburgh Brewing Company*

CR.—$1,200,779: Gain on sale of steel capacity rights—*Kaiser-Frazer Corporation*

CR.—$150,000: Disposal of certain patent rights—*Raytheon Manufacturing Company*

DR.—$2,695,240: Write-off of intangibles resulting from acquisition of subsidiary company—*Diamond Alkali Company*

DR.—$1,006,010—Special charge to write off goodwill resulting from increase during current year in investment in The Toni Company—*Gillette Safety Razor Company*

DR.—$201,098: Excess of cost of subsidiaries' stocks acquired during year over book amounts of net assets thereof at dates of acquisition—*National Lead Company*

DR.—$13,361,025: Excess of purchase price over net asset value of Southern Alkali Corporation shares purchased—*Pittsburgh Plate Glass Company*

Adjustments for Prior Years and Miscellaneous Other Charges or Credits

DR.—$235,977: Bond expense and premium on debenture bonds redeemed—*American Box Board Company*

DR.—$155,628: Expenses of consolidation and recapitalization—*Associated Dry Goods Corporation*

DR.—$128,639: Refinancing expenses applicable to future years—*Central Soya Company, Inc.*

DR.—$233,231: Wear and exhaustion of plant and equipment (excluding $13,338 charged to standby expenses—idle plant)—*Colt's Manufacturing Company*

DR.—$279,652: Plant moving and rearrangement expenses—*Crown Cork & Seal Company, Inc.*

DR.—$335,000: Provision for judgment in lawsuit—net of taxes—*Dresser Industries, Inc.*

DR.—$106,568.36: Dismantling and moving machinery and equipment—*Hearst Consolidated Publications, Inc.*

DR.—$2,354,904: Excess of stated value at date of issue (approximate market value) over the subscription price of common stock sold to employes—*International Harvester Company*

DR.—$2,635,431: Discount on wholesale notes sold to IH Credit Corporation—*International Harvester Company*

DR.—$717,365: Shut-down expenses during strikes.—*Kennecott Copper Corporation*

DR.—$500,000: *To the Stockholders*: The 1951 earnings absorbed certain nonrecurring expenses for protective work on the Long Beach properties involving almost $500,000—*Spencer Kellogg and Sons, Inc.*

DR.—$974,675: Provision for Current Exploration Expenses—*Texas Gulf Sulphur Company*

DR.—$192,848: Writedown to realizable value of fixed assets applicable to closed stores—*United Cigar-Whelan Stores Corporation*

DR.—$147,000: Extraordinary expenses pertaining to stockholders' litigation and special meeting—*United Cigar-Whelan Stores Corporation*

DR.—$329,262: Expenses of Syracuse plants while idle due to labor strike—*United States Hoffman Machinery Corporation*

CR.—$604,962: Price adjustments—gas contracts (Note). *Note*: Represents settlements of retroactive price adjustments on natural gas sold in prior years, less applicable royalties expense.—*Columbian Carbon Company*

CR.—$247,768: Adjustments of prior years' provisions for depreciation to basis acceptable to Bureau of Internal Revenue—*W. F. Hall Printing Company*

CR.—$450,000.00: War loss recovery—*Libbey-Owens-Ford Glass Company*

CR.—$120,060: Other income, including dividends from other investments and $48,513 of prior years' adjustments—*Metal & Thermit Corporation*

CR.—$211,302: War loss recoveries on foreign investments, less Federal income taxes—*Swift & Company*

CR.—$163,375.58: Net write up of plant and equipment to basis accepted for Federal income tax purposes—*The United States Finishing Company*

DESIGNATION OF FINAL FIGURE IN INCOME STATEMENT

In Bulletins Nos. 32 and 41, the Committee emphasized that whenever additions to or deductions from net income are displayed at the bottom of the income statement, care should be taken that the figure of net income is clearly and unequivocally designated so as not to be confused with the final figure in the income statement.

Table 15 presents a classification of the descriptive captions used to identify the figure preceding the extraordinary item and the final figure in the income statement of those companies presenting extraordinary items in a separate last section of the income statement.

Charges or credits for a total of 57 extraordinary items (Table 13) were set forth in a separate last section of the income statement by 46 companies (Table 15). A further analysis of the descriptive terms designating the figures preceding and following the extraordinary item (Table 15) discloses that 23 of the companies clearly indicated the *inclusion* of extraordinary charges or credits (29 items) in the figure of net income for the year and 16 other companies clearly indicated the *exclusion* of such charges or credits (21 items) from the figure of net income for the year. The descriptive terms used by the remaining 7 companies did not clearly indicate whether the extraordinary charges or credits (7 items) were *included or excluded* from the figure of net income for the year.

The following examples taken from the 1951 reports illustrate the treatment of the final figure of the income statement as summarized in Table 15.

Air Reduction Company, Incorporated
Statement of Consolidated Income

[Undesignated total after taxes]	$7,337,549
Writedown (revaluation) and net provision for loss on disposal of certain plant properties	(940,932)
Profit on disposal of investment (net of estimated Federal income taxes, $310,813)	1,085,635
Net income for the year	$7,482,252
Average number of shares of common stock outstanding during the year	2,736,859
Earnings per share on common stock after provision for preferred stock dividend [$108,854]	$2.69

Colonial Stores Incorporated
Statement of Profit and Loss

Profit before special credit	$2,184,246
Special credit:	
Refunds of Federal excess profits taxes for years 1940 to 1945, inclusive, under Section 722 of the Internal Revenue Code	278,074
Net Profit	$2,462,320

The Dayton Rubber Company
Profit and Loss Statement

Net Profit	$2,380,938.01
Other Charges and Credits:	
Net additional federal income and excess profits tax, 1941-47, incl.	(306,014.99)
Restoration of amortization in excess of depreciation, 1941-50, incl.	182,811.44
Appropriation transferred from reserve for contingencies	123,203.55
Net to Surplus	$2,380,938.01

TABLE 15: DESIGNATION OF FINAL FIGURE

Number of Companies presenting extraordinary item in separate last section of the income statement:	1951
Designating figure preceding extraordinary item as "net income before special item" and final figure of the income statement as "net income for the year" (*Nos. *22, 67, 83, 121, 153, 157, 219, 233, 278, 282, 300, 302, 400, 414, 458, 569*)	16
Setting forth an "undesignated" figure preceding extraordinary item and designating final figure of the income statement as "net income for the year" (*Nos. *8, 51, 120, 275, 338, 339, 500*)	7
Designating figure preceding extraordinary item as "net income for the year" and final figure of the income statement as "net income and special item" (*Nos. *216, 276, 336, 356, 358, 360, 394, 524, 532, 563*)	10
Designating figure preceding extraordinary item as "net income for the year" and final figure of the income statement as "transferred to retained earnings" (*Nos. *176, 189, 209, 427, 443, 457*)	6
Designating figure preceding extraordinary item as "net income before special item" and final figure of the income statement as "net income after special item (*Nos. *77, 184, 261, 270, 404, 405, 567*)	7
Total	46

*See Company Appendix Section.

Eastman Kodak Company
Statement of Earnings for the Year

Net earnings for the year	$49,025,906
Settlement of 1941-45 excess-profits tax claim	6,012,598
Total earnings, including tax settlement	$55,038,504

Finances: References have been made in earlier reports to claims for refunds of 1941-45 excess-profits tax by Tennessee Eastman Corporation. On January 15, 1952, government checks were received in final settlement of these claims. This settlement and related accounting adjustments have been included in the 1951 accounts, resulting in a net addition to income of $6,012,598. This item has been shown separately in the earnings statement.

The B. F. Goodrich Company
Consolidated Income Account

Income before special reserve	$38,742,881
Deduct—Special reserve for increased replacement cost of facilities	4,000,000
Balance of income	$34,742,881

To the Stockholders: Net income amounted to $34,742,881, after provision for all expenses, including taxes and depreciation, and after a reserve of $4,000,000 for increased replacement cost of facilities. After deducting dividends on the preferred shares, Net Income was $8.15 per common share outstanding at year end.

Gulf Oil Corporation
Consolidated Income Statement

Income Before Special Credit	$135,194,410
Special Credit:	
Gain on sale of capital assets in 1951 $6,502,029 less Federal capital gains tax $1,625,507	4,876,522
Net Income for the Year	$140,070,932

The Kroger Co.
Consolidated Statement of Income

Net operating income	$ 9,112,940
Profit from sale of real estate	3,545,000
Total net income	$12,657,940

President's Letter: The net operating income of The Kroger Co. in 1951 was $9,112,940 or $2.48 per share. In 1950 Kroger net income, all from operations, was $13,087,542 or $3.56 per share. While operating results showed a reduction in 1951, a non-operating profit of $3,545,000 on which no Federal income tax is payable was created through the sale-lease of our Cincinnati factory. This non-recurring profit, added to operating earnings, resulted in a total net income of $12,657,940 or $3.45 per share. Dividends of $1.85 were paid in 1951.

John Morrell & Co.
Consolidated Statement of Income and Income Retained and Invested in the Business

Net income for the year	$1,953,872
Estimated loss and expenses incident to flood, less federal income tax reduction of $745,000	729,000
Net income less flood loss	$1,224,872

The President Reports: Liquidation of our flood-ravaged Topeka, Kansas, plant marred an otherwise satisfactory year of operations. Despite this catastrophe, the Company had a net profit of $1,224,872 as compared with $860,899 in the previous year.

The actual loss incident to the liquidation of the Topeka plant amounted to $1,474,000, but after taking the saving in federal income taxes into account the net effect was a loss to the Company of $729,000.

National Container Corporation
Consolidated Statement of Income

Net Income after all charges except Special Charges	$8,761,209
Less: Minority interest in Net Income	3,251
Consolidated Net Income before Special Charges	$8,757,958
Special Charges:	
Net adjustments of prior years' income and taxes	140,162
Consolidated Net Income After Special Charges	$8,617,796

Pittsburgh Brewing Company
Statement of Income and Expenses

Net Income Before Extraordinary Charge	$939,716.34
Less: Amortization of Trade Names and Goodwill which does not affect earnings for income tax purposes	100,000.00
Balance to Surplus	$839,716.34

The United States Finishing Company
Statement of Earnings, Capital Surplus and Earnings Retained for Use in the Business

Earnings for the years	$239,486.14
Special items:	
Net write up of plant and equipment to basis accepted for Federal income tax purposes	163,375.58
Less provision for additional Federal and state taxes on income for prior years	64,849.63
	98,525.95
Earnings and special items	$338,012.09

ADJUSTMENTS FOR PRIOR YEAR INCOME TAXES

Table 16 contains a summary of the adjustments for prior year income taxes shown in the 1951 survey reports and sets forth the manner in which these items were presented by the companies in their financial statements.

The following examples, selected from the 1951 reports, illustrate the presentation and treatment of adjustments in connection with prior year income taxes.

Charge Adjustments

Northrop Aircraft, Inc.
Statement of Profit and Loss

Profit Before Federal Taxes on Income	$3,758,052.94
Federal taxes on income—estimated:	
Normal income tax and surtax—Note C	335,000.00
Additional taxes on income of prior years	147,000.00
	482,000.00
Net Profit	$3,276,052.94

Note C: It is estimated that federal normal income tax and surtax for the year will be payable in the amount of $335,000.00 and that there will be no excess profits tax payable for the year due to the allocation to this year for tax purposes of a portion of the loss incurred in the performance of a contract and due to an operating loss carryover from the two years ended July 31, 1950. Except for the benefit of the aforementioned loss deductions, it is estimated that federal taxes on income of the year would have amounted to $2,340,000.00 of which $572,000.00 would be for excess profits tax. The above estimated amounts are based upon Internal Revenue Acts in force at July 31, 1951. The provision of $335,000.00 for federal taxes on income of the year may not be adequate when Internal Revenue legislation now pending in Congress is enacted; but uncertainty as to the rates that will ultimately be adopted and the times when such rates will become effective makes present determination of such additional taxes not possible.

The Company is protesting assessments amounting to approximately $160,000.00 of federal taxes on income proposed by an Internal Revenue Agent as the result of examination of all tax returns filed by the Company through the year ended July 31, 1949.

A. S. Campbell Co. Inc.
Consolidated Income Statement

Provision for current year's federal income taxes	$629,956
Net income before prior years' federal income taxes	$314,311
Provision for prior years' federal income taxes	125,000
Consolidated Income Transferred to Consolidated Earned Surplus	$189,311

Goebel Brewing Company
Consolidated Statements of Profits and Income

Net Income Before Provision for Federal Income Tax		$2,503,175.31
Additional Assessment on 1948 Federal Income Tax		10,890.66
Less: Overprovision for 1950 Federal Income Tax		437.74
		10,452.92
Balance		2,492,722.39
Provision for Federal Income Tax (Estimated)		1,321,000.00
Net Income for the Year Ended December 31, 1951		$1,171,722.39

The Griess-Pfleger Tanning Co.
Consolidated Statement of Income and Surplus

Net Profit from Operations	$177,919.51
Additional Federal Income Tax resulting from Internal Revenue Agent's examination for the year 1949	2,580.44
Net Income for Year Ended December 31, 1951, carried to Earned Surplus (Net Earnings per share $1.19)	175,339.07

Keystone Steel & Wire Company
Consolidated Statement of Income and Retained Earnings

Income before provision for federal income taxes	$21,263,015
Provision for federal income taxes:	
Normal tax and surtax (including $120,199 additional for prior years)	10,006,650
Excess profits tax (less $124,070 refundable for prior years)	2,968,247
	12,974,897
Net income, before eliminating minority interest	$ 8,288,118

Ralston Purina Company

Statement of Profit and Loss and Earnings Retained for Use in the Business

Costs, Expenses, and Other Charges:

Federal excess profits tax—prior year	$500,453

Credit Adjustments

The Wayne Pump Company

Statement of Income and Surplus

Net Income Before Provisions for Federal and Canadian Income Taxes	$353,542.89
Provisions for Federal and Canadian Income Taxes:	
Federal (1951 less reversal of excess accruals of $80,000.00 for prior years)	15,293.81
Canadian	21,329.63
Total	36,623.44
Net Income for the Year	$316,919.45

American Viscose Corporation

Consolidated Profit and Loss and Retained Earnings

Sales	$269,875,000
Interest on war-time taxes refundable	1,300,000
Interest on securities and other income	1,910,000
	$273,085,000
[Total deductions]	249,975,000
Profit for the year	$ 23,110,000
Retained earnings at beginning of year	88,608,000
Reduction in war-time taxes on income	6,000,000

To the Stockholders: In December 1951 the Corporation signed an agreement consenting to a determination under Section 722 of the Internal Revenue Code of constructive average base period net income for the taxable years 1940-1945. Following formal action by appropriate government agencies, the Corporation will receive a net

TABLE 16: EXTRAORDINARY ITEMS—1951 Adjustments for Prior Year Income Taxes

	Materiality Percentage:*					
Charge or Credit Shown	0-5%	6-10%	11-15%	16-25%	Over 25%	TOTAL ITEMS
IN INCOME STATEMENT:						
Separately set forth with provision for current taxes	17	6	2	1	—	26
Parenthetically set forth with provision for current taxes or disclosed in footnote related thereto	8	7	—	3	1	19
Among operating items	8	10	—	—	3	21
In separate last section	3	2	6	2	2	15
Total	36	25	8	6	6	81
IN RETAINED EARNINGS STATEMENT	12	3	2	6	7	30
IN CAPITAL SURPLUS STATEMENT	1	1	—	—	—	2
IN OTHER ACCOUNTS	—	2	—	—	—	2
Total	49	31	10	12	13	115

Nature of Adjustments	1951
CHARGE ADJUSTMENTS:	
Increase in tax provision	31
Additional tax assessment or payment	13
Interest Expense due to additional tax	3
Total Charges	47
CREDIT ADJUSTMENTS:	
Reversal of prior provision for taxes	33
Refunds under Section 721 or 722	10
Refunds under various other tax claims	18
Interest received on tax refund	7
Total Credits	68
Number of Companies:	
Showing charges for extraordinary items	40
Showing charges and credits for extraordinary items	7
Showing credits for extraordinary items	61
	108
Not showing charges or credits for extraordinary items	492
	600

*Ratio of extraordinary item to average of income for the years 1951 and 1950.

tax refund of about $4,800,000. This amount with a tax reserve of $1,200,000 not now required, has been added to retained earnings and estimated interest on the refund has been taken up in 1951 income.

Bates Manufacturing Company
Consolidated Statement of Income

Net Income for the Year, Before Special Credit	$2,459,828
Excess Provision for Federal Taxes on Income in Prior Years	367,216
Net Income and Special Credit	$2,827,044

General Railway Signal Company
Statement of Consolidated Income
Miscellaneous income (net):

Refund and overprovision of Federal and State income taxes of prior years	$115,564
Interest on Federal tax refunds	24,150

North American Aviation, Inc.
Statement of Income and Earnings Retained for Use in the Business
Sales and Other Income:
Other income:

Interest on overassessments of Federal taxes on income for prior years	$500,303

Plymouth Cordage Company
Consolidated Condensed Profit and Loss and Operating Surplus Account
Miscellaneous Credits:

Adjustment of U. S. and Canada Taxes of Prior Years	$59,440

The American Tobacco Company
Consolidated Statements of Income and Retained Earnings

Income, before taxes on income	$80,410,505
Federal and state taxes on income	47,738,000
	$32,672,505
Refund and adjustment of prior years' federal and state taxes including interest, less related expenses	437,164
Net Income	$33,109,669

CARRY-BACKS AND CARRY-FORWARDS OF UNUSED EXCESS PROFITS CREDITS OR OPERATING LOSSES

In addition to the prior year tax adjustments shown in Table 16, there were also various carry-backs and carry-forwards of operating losses and unused excess profits credit disclosed in the 1951 reports. The income statement presentation of these items by the 600 survey companies is summarized in Table 17.

The carry-backs and carry-forwards shown in the income statements, as set forth in Table 17, were disclosed by 31 companies in the survey. There were various additional companies that referred to such carry-backs and carry-forwards in the letters to the stockholders, without reference thereto in the income statements.

Set forth below are typical examples of extraordinary items, selected from the 1951 reports of the sur-

TABLE 17: EXTRAORDINARY ITEMS—1951
Carry-Backs and Carry-Forwards

Income Statement Presentation	Materiality Percentage:* 0-5%	6-10%	11-15%	16-25%	Over 25%	TOTAL ITEMS
PARENTHETICALLY SET FORTH WITH CURRENT TAX PROVISION OR DISCLOSED IN FOOTNOTE RELATED THERETO:						
Carry-back: Unused Excess Profits Credit	5	4	—	—	—	9
Carry-back: Operating Loss	—	1	1	—	—	2
Carry-forward: Unused Excess Profits Credit	1	—	—	—	—	1
Carry-forward: Operating Loss	—	2	—	—	1	3
SEPARATELY SET FORTH WITH CURRENT TAX PROVISION:						
Carry-back: Unused Excess Profits Credit	4	1	1	2	1	9
Carry-back: Operating Loss	—	—	—	—	4	4
Carry-forward: Unused Excess Profits Credit	1	—	—	—	—	1
SHOWN AMONG OPERATING COSTS:						
Carry-back: Operating Loss	1	1	—	—	—	2
SHOWN IN SEPARATE LAST SECTION:						
Carry-back: Operating Loss	—	—	—	—	1	1
Carry-forward: Unused Excess Profits Credit	—	—	1	1	—	2
Total	12	9	3	3	7	34

*Ratio of extraordinary items to average of income for the years 1951 and 1950.

vey companies showing carry-backs and carry-forwards of operating losses and unused excess profits credits.

Carry-Back of Unused Excess Profits Credit

Allied Stores Corporation
Statement of Consolidated Earnings

Earnings before federal income taxes	$16,858,445
Provision for federal income taxes (less carry-back refunds of $340,000 including net excess profits tax refunds of $210,000)	8,600,000
Consolidated net earnings for the year	$ 8,258,445

American Stores Company
Statement of Consolidated Earnings

Earnings before taxes on income	$9,974,268
Taxes on Income, estimated:	
Federal and state income taxes	5,302,000
Federal excess profits tax (1952 reflects refund of $460,000 based on carry-back provision of law)	(382,000)
	4,920,000
Net earnings	$5,054,268

The Bastian-Blessing Co.
Summary of Consolidated Net Earnings

Earnings Before Federal Taxes on Income	$2,122,011.83
Provision for Federal Taxes on Income:	
Normal tax and surtax	1,058,127.18
Less refundable excess profits tax on income of prior year arising from carry-back of unused excess profits credit	30,000.00
	1,028,127.18
Net Earnings for the Year	$1,093,884.65

The Brunswick-Balke-Collender Company
Statement of Consolidated Income

Deductions:	
Federal taxes on income—	
Normal and surtax	1,138,100
Excess profits tax (the 1951 credit resulted from carry-back of unused excess profits tax credit)	(128,100)
Total deductions	$23,697,523
Net Income for the Year	$ 1,192,456

Columbia Broadcasting System, Inc.
Consolidated Statement of Income and Earned Surplus

Provision for federal taxes on income:	
Income tax	$8,080,000
Excess profits tax (Note 1)	50,000
	$8,130,000
Net income before special credits below	$5,488,942
Prior years' adjustments, net, arising principally from the reduction of depreciation rates allowable for federal tax purposes (as the result of tax examinations for years through 1949) less related additional taxes, etc. of $335,168	333,155
Estimated refund of 1950 excess profits tax under the Revenue Act of 1951 (Note 1)	538,000
Net Income for Period	$6,360,097

Note 1: The 1951 provision for federal excess profits tax relates to the operations of subsidiary companies. By reason of the increased excess profits credit available to corporations engaged in television broadcasting under the Revenue Act of 1951, no provision for excess profits tax has been made or is believed to be required for the Company for 1951. Also, since such increased credit is retroactively applicable to the year 1950, the estimated amount, $538,000, refundable in respect of the 1950 excess profits tax has been included in income for 1951.

National Biscuit Company
Consolidated Income & Unappropriated Retained Earnings

Profit on disposal of fixed assets	$ 96,540
Provision for federal and foreign taxes on income (c)	17,020,974
Net income	$16,202,212

Note C: The 1950 provision for taxes on income included $1,045,000 for federal excess profits tax. For 1951, the provision is net of an estimated refund of $265,000 arising from the availability for carry-back purposes of an unused 1951 excess profits credit.

The Ohio Match Company
Summary of Consolidated Income

Income before provision for Federal taxes on income	$3,101,498
Provision for Federal taxes on income (less $150,000 unused excess profits tax credit carry-back refund claim)—see Note 2	979,758
Net Income	$2,121,740

Note 2: Under the election permitted by Section 117(k) of the Internal Revenue Code, the Company has prepaid Federal income taxes on approximately $730,000 unrealized gain from timber cut but not sold at December 31, 1951.

Otis Elevator Company
Statement of Income and Earned Surplus

Income Before Federal Income Tax	$15,292,191
Provisions for Federal Income and Excess Profits Tax—Note 5	6,117,472
Net Income Carried to Surplus	$ 9,174,719

Note 5: Provision for Federal Income and Excess Profits Tax—This represents estimated provision for Normal and Surtax for year 1951 of $6,440,000 less excess accrual for year 1950 of $128,750 and Carry-Back Claim for Refund of 1950 Excess Profits Tax paid of $193,778, resulting in a net amount of $6,117,472. There is no Excess Profits Tax payable for year 1951.

Carry-Back of Operating Loss

American Hair & Felt Company
Statement of Consolidated Profit and Loss

Net Loss Before Provision for Income Taxes	$606,763
Provision for Income Taxes (representing in 1951 refund of prior year's taxes due to operating loss carry back)	221,167
Net Loss for the Year	$385,596
Add: Reversal of reserve for future inventory price declines (appropriated from 1948 net profit)	370,000
Balance of Net Loss Transferred to Accumulated Earnings	$ 15,596

Tide Water Associated Oil Company

(INCORPORATED IN DELAWARE)

and Subsidiary Companies

Consolidated statement of income and retained profits reinvested for year ended December 31, 1951

(With comparative figures for year ended December 31, 1950)

	1951	1950
Sales of crude oil and petroleum products, together with revenue from other operations (exclusive of intercompany transactions)	$397,290,514	$356,984,415
Costs and operating expenses:		
Costs of products sold and selling expenses (exclusive of amounts shown separately below) (Note 1)	$295,518,479	$273,198,178
Insurance	1,792,195	1,752,400
Depreciation, depletion, etc. (Table C)	27,578,575	24,395,399
Foreign exploratory costs	751,803	661,774
General and administrative expenses	6,676,510	5,713,722
Contributions to employees' contributory pension plan (Note 2)	2,902,756	853,061
Taxes, other than Federal income taxes	13,348,785	11,826,611
	$348,569,103	$318,401,145
Operating income	$ 48,721,411	$ 38,583,270
Non-operating income (Table D)	2,041,195	2,020,845
Total income (before Federal income taxes)	$ 50,762,606	$ 40,604,115
Estimated Federal income taxes	13,702,000	7,240,000
Net income from operations for the year	$ 37,060,606	$ 33,364,115
Retained profits reinvested—balance at beginning of year	190,091,871	167,952,298
Other credits	—	1,252,148
	$227,152,477	$202,568,561
Less — Dividends:		
On preferred stock	—	$ 322,753
On common stock	$ 13,753,139	12,153,937
	$ 13,753,139	$ 12,476,690
Retained profits reinvested—balance at end of year, per accompanying balance sheet (Note 4)	$213,399,338	$190,091,871

Above statement does not include the amounts of $47,263,172 and $45,656,546 collected during 1951 and 1950 respectively, for Federal, State and Municipal governments in the form of taxes on sales of gasoline, lubricating oils and other products.

See Supplementary Information and Notes to Consolidated Financial Statements, December 31, 1951.

Artloom Carpet Co., Inc.

Statement of Profit and Loss

Net Loss (Before Refund of Income Taxes)	$108,950.32
Income Taxes	
Refund of Federal Income Taxes due to "Carry-back" of Operating Loss	48,735.77
Net Loss for Year Transferred to Earnings Retained in Business	$ 60,214.55

Brown & Sharpe Manufacturing Company

Consolidated Statements of Income and Earnings Employed in the Business

Estimated refund of federal taxes from carry-back of 1951 net operating loss and in 1950 provision for federal income taxes	($615,000)
Total charges	$26,603,459
Consolidated net loss for the year	$ 1,396,220

The Glenn L. Martin Company

Statement of Loss and Deficit from Operations

Net Loss before Federal Income Tax Adjustment	$22,519,934
Less: Federal Income Tax Adjustment—Restoration to income of provision for Federal income taxes for the year 1950 as the result of operating loss carry-back from the year 1951	341,500
Net Loss for the Year	$22,178,434

Munsingwear, Inc.

Statement of Operations

Earnings before taxes on income	$1,908,059
Provision for taxes on income—reduced by $79,000 provided in prior years, no longer required and $81,700 Federal income and excess profits taxes recoverable through loss and excess profits credit "carry-backs"	907,609
Net earnings—all companies	$1,000,450

Powdrell & Alexander, Inc.

Consolidated Statements of Net Earnings

Among operating items:

Provision for Taxes on Income—

Federal (no provision required for excess profits taxes)	$143,666
State	52,325
Refundable taxes on income of prior year arising from carry-back of operating loss of parent company	(85,088)
	$110,903

Carry-Forward of Unused Excess Profits Credit or Operating Loss

Bausch & Lomb Optical Company

Consolidated Statement of Profit and Loss

Profit before Federal taxes and minority interest	$3,043,642
Estimated Federal taxes on income	1,560,000
	$1,483,642
Minority interest in net profit of subsidiary company	27,193
Net profit for the year	$1,456,449

Letter to Stockholders: With a carry-over credit from the prior year, the Company was not subject to excess profits tax in 1951, although a small amount is provided in the subsidiary company accounts. An unused portion of such carry-over credit remains available, which would permit a moderate increase in 1952 earnings of the Company before excess profits tax rates would become applicable.

Aero Supply Mfg. Co. Inc.

Condensed Income Statement

Income before Taxes	$677,130.85
Federal Income Tax Provision (Note C)	—(0)—
State Income Tax Provision	32,244.33
Final Net Income	$644,886.52

Note C: No liability exists for a federal tax on income because of an operating loss carry-forward from 1948 through 1950 which offsets the current taxable net income.

Colgate-Palmolive-Peet Company

Income Account

Provision for United States taxes on income (including reversal in 1951 of $1,021,598 provided for excess profits tax in 1950)	$2,371,073
Net income from domestic operations	$4,576,535
Foreign	
Dividends received from foreign subsidiaries	$1,939,977
Provisions for United States income taxes (less credits for foreign taxes paid)	222,777
Net income from foreign dividends	$1,717,200
Total Net Income for the Year	$6,293,735

Comments on 1951 Operations: Under the Revenue Act of 1951, income taxes were further increased to 50¾% of taxable income for 1951 plus a tax of 30% of domestic income in excess of a credit based on 84% of earnings for the years 1946-1949. The Company's excess profits tax credit for 1951 on this basis was approximately $23,500,000. No provision for excess profits tax was required for 1951 and, under the "carry-back" provisions of the tax law, a portion of the unused 1951 credit was applied to the year 1950, eliminating the excess profits tax for that year. After deducting $1,021,598 provided for excess profits tax in 1950, the net provision for taxes on income for 1951 amounted to $2,593,850. The Company's excess profits tax base period credit for 1952 is approximately $36,000,000 including the "carry-forward" of $12,000,000 representing the portion of the 1951 credit not "carried-back" to 1950 or applied to 1951.

The Cuneo Press, Inc.

Statement of Consolidated Profit and Loss

Balance before Federal income taxes		$1,726,334
Provision for Federal Income Taxes:		
Normal tax and surtax	760,000	
Excess profits taxes of subsidiaries	75,000	
		835,000
Net profit (before special credit)		$ 891,334
Add—Special credit, representing a reduction in Federal income taxes for 1951 attributable to carry forward of prior years' losses and unused excess profits credit of certain subsidiaries		163,000
Net profit (including special credit)		$1,054,334

MONSANTO CHEMICAL COMPANY AND SUBSIDIARY COMPANIES *Exclusive of British and Australian Companies*

Source and Disposition of Funds by Years, for the five years ended December 31, 1951

	Total	1951	1950	1949	1948	1947
SOURCE OF FUNDS:						
Net income	$100,538,340	$23,477,884	$26,220,333	$17,236,422	$18,042,473	$15,561,228
Provision for:						
Depreciation and obsolescence	44,781,568	11,058,311	11,992,483	9,189,640	7,192,539	5,348,595
Employes' bonus, less current liability	2,930,260	1,604,475	1,325,785			
Pensions, less payments	2,395,184	*769,367*	864,803	737,510	823,142	739,096
Proceeds from insurance company on Texas City property damage claim	13,362,000				7,362,000	6,000,000
Sale of 150,000 shares of $3.85 Series C preference stock	15,000,000		15,000,000			
Sale of preference stock by Canadian subsidiary company	765,000		765,000			
Sale of 250,000 shares of $4.00 Series B preference stock	24,750,000				24,750,000	
Sale of debentures by Canadian subsidiary company	500,000					500,000
Other—net	1,347,263		52,553	479,020	815,690	
Total	$206,369,615	$35,371,303	$56,220,957	$27,642,592	$58,985,844	$28,148,919
DISPOSITION OF FUNDS:						
Dividends paid:						
Preference	$ 4,841,573	$ 577,619	$ 1,193,241	$ 1,261,128	$ 1,081,169	$ 728,416
Common	49,014,140	12,139,858	11,800,267	8,550,856	8,531,375	7,991,784
Total	$ 53,855,713	$12,717,477	$12,993,508	$ 9,811,984	$ 9,612,544	$ 8,720,200
Plant additions and replacements	137,117,011	38,371,980	14,039,410	9,822,468	35,212,385	39,670,768
Investment in The Chemstrand Corporation	8,500,000	7,500,000	990,000	10,000		
Increase—*decrease* in working capital (exclusive of cash and marketable securities)	3,913,919	*7,918,822*	*1,856,995*	*542,459*	12,845,031	1,387,164
Other—net	4,391,702	1,089,728				3,301,974
Total	$207,778,345	$51,760,363	$26,165,923	$19,101,993	$57,669,960	$53,080,106
Increase—*decrease* in cash and marketable securities	*$ 1,408,730*	*$ 16,389,060*	$30,055,034	$ 8,540,599	$ 1,315,884	*$24,931,187*

Section 4:
RETAINED EARNINGS AND CAPITAL SURPLUS

Cash Dividend Declaration—Statement Presentation

For the past three years, 90% of the companies included in the survey which declared cash dividends continued the practice of displaying such dividends in the retained earnings statement or the combined income and retained earnings statement. In the great majority of these statements, the deduction for cash dividends was displayed after the opening balance of retained earnings and after the net income for the year. In the case of only a few companies was the deduction for cash dividends shown between the net income for the year and the opening balance of retained earnings. This manner of presentation occurred more frequently in a combined income and retained earnings statement. Table 1 summarizes the statement presentation of dividends for the past three years.

Restrictions on Retained Earnings for Dividend Purposes

In 1951, 308 of the companies in the survey, or approximately 51% of the total, disclosed restrictions which limited the declaration of dividends, as compared with 280 companies, or approximately 47%, in 1950. In both years, restrictive terms of loan agreements accounted for over 70% of the total number of limitations on retained earnings as to the declaration of dividends. Table 2 classifies and summarizes the various restrictions disclosed in the 600 reports during the past two years.

The following are representative examples of restrictions on the declaration of cash dividends selected from the 1951 reports of the 600 companies included in the survey:

BORROWED FUNDS

The Cleveland Graphite Bronze Company
Statement of Financial Position
Sources from Which Capital Was Obtained:
Reinvestment of profit (Note 2) $20,043,287

Note 2: The note payable to insurance company in the original principal amount of $10,000,000 is due in installments of $555,000 per year from March 1, 1954 to March 1, 1970 and $565,000 on March 1, 1971. By agreement the company is required to borrow another $2,000,000 by April 1, 1952 and may borrow an additional $3,000,000 on or before that date. The company borrowed the entire $5,000,000 on February 15, 1952.

TABLE 1: STATEMENT PRESENTATION OF CASH DIVIDENDS

Where Charged	1951	1950	1949
After the "Opening Balance of Retained Earnings" and the "Net Income for the Year" in:			
Retained Earnings Statement (*Nos. *60, 192, 231, 262, 311, 364, 448, 479, 502, 532, 600*)	343	344	366
Combined Income & Retained Earnings Statement (*Nos. *35, 128, 296, 342, 478, 543, 597*)	154	151	136
Stockholders' Equity Statement (*Nos. *15, 117, 228, 336, 421*)	15	13	13
Balance Sheet (*Nos. *20, 105, 269, 355, 436, 598*)	14	19	14
Between the "Net Income for the Year" and the "Opening Balance of Retained Earnings" in:			
Retained Earnings Statement (*Nos. *115, 254, 300, 579*)	5	5	4
Combined Income & Retained Earnings Statement (*Nos. *16, 73, 136, 147, 292, 308, 354, 437, 487, 595*)	37	35	29
Stockholders' Equity Statement (*No. *272*)	1	0	0
At the foot of the Income Statement (*Nos. *4, 11, 216, 338, 385, 498, 568*)	11	10	8
Within the "Disposition of Net Income Statement"	0	3	4
Total	580	580	574
Number of Companies:			
Declaring Dividends	580	580	574
Not Declaring Dividends	20	20	26
Total	600	600	600

*See Company Appendix Section.

The loan agreement provides, among other covenants, that the payment of dividends, (except in stock of the company) and acquisitions and retirements of shares in excess of net cash proceeds of sales of shares of stock subsequent to December 31, 1950, will not exceed the sum of $1,500,000 plus the consolidated net profit accrued since that date. Furthermore, immediately after such payments or distributions, the consolidated net current assets must be at least $15,000,000 or 130% of consolidated funded indebtedness, whichever is greater. Consolidated net current assets, as defined in the loan agreement, amounted to $22,789,274 or 228% of consolidated funded indebtedness at December 31, 1951.

Notwithstanding the foregoing covenants, the company is permitted to make fixed dividend and retirement payments on its outstanding shares of cumulative preferred stock; provided, that the aggregate of such payments during any period in which the foregoing covenants have not been satisfied shall not exceed two years regular fixed dividend and retirement fund requirements.

As at December 31, 1951, reinvested profit, as defined in the loan agreement, amounting to $2,468,564 was available for the payment of dividends and acquisitions and retirements of stock, and an additional amount of $3,618,180 of excess net proceeds from the sale of stock over amounts used for retirement of stock was available for acquisition and retirement of stock.

The Electric Storage Battery Company
Consolidated Balance Sheet
Capital:
Earned surplus, as annexed (Note 3) $26,310,289

Note 3: Under agreements dated July 1, 1951, with the holders of 3⅝ per cent notes, The Electric Storage Battery Company and its subsidiary, Willard Storage Battery Company, are required, among other things, to maintain certain minimum amounts of net current assets; also, certain restrictions are imposed on the availability of surplus for purposes of dividend payments (other than stock dividends) and for acquisition or redemption of their stocks. As of December 31, 1951, the amount of consolidated surplus so restricted was $13,654,055.

Pepsi-Cola Company
Consolidated Balance Sheet
Other Liabilities:
Note payable to insurance company, 3%, due June 1, 1963, payable $333,000 annually (current installment included above) .. $3,664,000
Capital Stock and Surplus:
Earned surplus (since August 1, 1939) 19,375,399

Note 4: The provisions of the note payable to the insurance company include certain restrictions on the payment of cash dividends on the capital stock of the Company. At December 31, 1951 approximately $5,700,000 of earned surplus was free of such restrictions.

CREDIT AGREEMENTS

Bell Aircraft Corporation
Consolidated Balance Sheet
Current Liabilities:
Notes payable to banks under V-Loan Agreement (Note 3) $25,000,000
Capital Stock and Surplus (Note 3):
Earned surplus, per statement attached 12,902,141

Note 3: The V-Loan Agreement, as amended, provides for borrowings up to $40,000,000 and is guaranteed in part by the United States Air Force. This agreement provides, among other things, restrictions on the declaration of dividends, but the earned surplus not restricted under loan agreement is larger than the amount under the mortgage indenture to which reference is made in the preceding paragraphs.

TABLE 2: CASH DIVIDEND RESTRICTIONS

Nature of Restriction	1951	1950
Borrowed Funds (*Nos. *19, 151, 270, 324, 327, 352, 369, 569*)	257	226
Credit Agreements (*Nos. *169, 196, 331, 412, 493*)	18	9
Preferred Stock (*Nos. *37, 98, 176, 233, 385, 400, 466, 592*)	52	52
Statutory Limitations (*Nos. *100, 506, 530, 547*)	11	12
Articles of Incorporation (*Nos. *76, 247, 378, 516*)	8	11
Various Other (*Nos. *7, 478, 544, 576*)	9	11
TOTAL	355	321
Number of Companies		
Disclosing dividend restrictions	308	280
Not disclosing dividend restrictions	292	320
TOTAL	600	600

*See Company Appendix Section.

Caterpillar Tractor Co.
Consolidated Financial Position
Current Liabilities:
Notes payable to banks $35,000,000
Ownership equities:
Profit employed in the business 79,018,903

Note 5: The loan agreement with Metropolitan Life Insurance Company, described on page 11, requires that the Company neither declare cash dividends (except dividends of $2,100,000 on preferred stock outstanding on July 1, 1951) nor purchase any of its own stock (except 10,000 shares of such preferred stock), if upon either action net profits after December 31, 1950, plus $5,000,000, would be less than the sum of the following subsequent to December 31, 1950: (1) cash dividends; (2) the excess of the purchase price of capital stock redeemed over net cash proceeds from the sale of additional capital stock; and (3) foreign investments in excess of $5,000,000.

Fruehauf Trailer Company
Consolidated Balance Sheet
Shareholders' Investment:
Common Stock, par value $1.00 a share (Note A):
Authorized 3,000,000 shares at December 31, 1951, including 115,000 shares reserved for issuance under stock option plans—Issued and outstanding 1,459,147 shares $1,459,147
Capital contributed by shareholders in excess of par value of capital stock 15,695,104
Earnings retained for use in the business, after stock dividend of $4,742,225 on December 28, 1950 (Note A) 24,927,597

Note A: In February 1952 the Company entered into a Revolving Bank Credit Agreement which provides, among other covenants, that the Company will not declare or pay dividends on its Common Stock or purchase shares of such stock subsequent to December 31, 1951 in an aggregate amount which will exceed 60% of consolidated net earnings after that date, plus $750,000, after deducting from such net earnings dividends paid or declared upon, and amounts applied to the acquisition or redemption of its 4% Preferred Stock, or which will reduce consolidated net current assets below $30,000,000. The V-Loan Agreement, indentures relating to the sinking fund debentures, and the terms of the outstanding Preferred Stock, among other covenants, also impose certain restrictions on the declaration of dividends on Common Stock (and purchase of shares of such stock), but the amounts of such restrictions are less than the restriction imposed by the Revolving Bank Credit Agreement.

PREFERRED STOCK

Associated Dry Goods Corporation
Balance Sheet
Capital:
Earned surplus (Note 8) $32,684,707
Note 8: So long as any shares of preferred stock remain outstanding no dividends shall be paid on common stock nor shall any shares of common stock be purchased unless after giving effect to such dividend or purchase the aggregate par value of outstanding common stock and surplus, less the cost of any stock of the Corporation owned by its subsidiaries, shall be at least $30,000,000. At January 31, 1952, approximately $5,700,000 of the earned surplus shown in the balance sheet was free of such restriction.

Goebel Brewing Company
Footnote to "Consolidated Statement of Earned Surplus": Pursuant to an agreement with the Preferred Stockholders, Dividends on the Common Stock can only be paid out of Earnings accumulated after December 31, 1947. At the Balance Sheet Date an amount in excess of $2,600,000.00 was still available for Dividends in accordance with this agreement. Furthermore, no Dividends on Common Stock can be paid unless, immediately after the payment of each Dividend, the consolidated net working capital shall be at least $1,000,000.00. However, in computing the consolidated net working capital, the liability for customers' deposits on bottles, cartons, and barrels shall be included as a current liability only to the extent of 50% of the total of such liability.

STATUTORY LIMITATIONS

Burroughs Adding Machine Company
Statement of Financial Condition
Stockholder's Investment
Parent company and subsidiary companies operating in the U. S. and Canada $31,284,126
Subsidiary companies operating in other countries 6,654,504
Note A: Of the income invested in the business of subsidiary companies operating outside the U. S. and Canada, $588,059 has been transferred to the capital of these companies or otherwise restricted as to the payment of dividends because of required statutory and other reserves.

International Harvester Company
Net Assets in Which Capital Was Invested
Sources from Which Capital Was Obtained:
Net Income Retained for Use in the Business (Note 5) $150,156,301
Note 5: Of the net income retained for use in the business $7,199,660 is possibly restricted under the laws of the State of New Jersey, and if so is not available for the payment of dividends. This amount represents the cost of the preferred and common stock held in the treasury minus the portion thereof previously charged to net income retained for use in the business.

The Atlantic Refining Company
Consolidated Balance Sheets
Stockholders' Equity:
Net Income Retained for use in the Business. $200,115,879
Note 8: By reason of the restrictions of the so-called Elkins Act decree, limiting the payment of dividends by pipe line subsidiaries to shipper-owners to seven per cent of the calculated Interstate Commerce Commission carrier property valuations, current assets and earned surplus of pipe line subsidiaries consolidated were restricted in the approximate amount of $6,922,000 at December 31, 1951, after giving effect to valuations revised as of December 31, 1947, for certain companies. Of this amount, $69,000 was earned in 1951, and $222,000 in 1950.

ARTICLES OF INCORPORATION AND VARIOUS OTHER

The Cuban-American Sugar Company
Consolidated Balance Sheet
Capital Stock and Surplus
Earned surplus—Per annexed account (see note) $17,627,081.27
Note: Earned surplus is restricted in the amount of $2,042,360.00 representing the par value of the company's shares held in the treasury.

Crown Zellerbach Corporation
Statements of Consolidated Income Retained in the Business
Balance at the end of the Year (Note 6) ...$106,859,598
Note 6: Consolidated income retained in the business of $106,859,598 at April 30, 1952 includes approximately $40,500,000 not available for dividends on the common stock in accordance with the terms of the Corporation's Articles of Incorporation as amended December 3, 1945.

Verney Corporation
Balance Sheet
Capital:
Capital Stock (Note E)
Note E: Dividends (other than stock dividends) may be paid only out of income earned after December 31, 1944, and to the extent that the net current assets do not fall below a prescribed amount which was $2,272,444 at December 31, 1951. Common dividends are subject to the further provision that they shall not be paid unless current assets exceed current liabilities by a two to one ratio.

Charges and Credits to Retained Earnings

The analysis of the 600 reports included in the survey reveals that in each of the past four years the number of companies recording entries to retained earnings, other than for net income or loss and dividends (including stock dividends and stock split-ups), has decreased markedly from year to year. In 1951 only 55 companies disclosed entries other than those for dividends and capital stock transactions. This trend shown in Table 3, is also reflected in the substantial decrease in the actual number of such entries.

Various transactions recorded in the retained earnings account of the 600 companies have been classified and summarized in Table 4.

The following examples taken from the 1951 reports of the 600 companies included in the survey show all of the charges and credits therein which affect the retained earnings account, together with all entries which also affect the capital surplus account.

CAPITAL STOCK TRANSACTIONS

Charges to Retained Earnings

The American Metal Company, Limited
DR.—$6,061: "Excess of cost over par value of 4½% preferred stock retired, 1,859 shares in 1951. . . ."

American Viscose Corporation
DR.—$64,000: "Excess of cost over par value of preferred shares called for retirement."

Bridgeport Brass Company
DR.—$20,149: "Excess of cost over par value of preferred stock acquired for retirement."

Brown Shoe Company, Inc.
DR.—$157,152: "Excess of cost or call price over the stated capital of 36,810 shares of Preferred Stock purchased or called for retirement."

Celanese Corporation of America
DR.—$4,006,800: "Excess of redemption cost over stated value of First Preferred Stock."

Celanese Corporation of America
DR.—$5,676,037: "Excess of the aggregate par value of Preferred Stock, Series A issued in exchange for 7% Second Preferred Stock over the aggregate par value of such stock exchanged."

Crane Co.
DR.—$10,621: "Excess of cost over par value of 3,106 shares of 3¾% cumulative preferred shares cancelled in connection with sinking fund requirements."

Crown Zellerbach Corporation
DR.—$9,739: "Premium paid on retirement of preferred stock (see page 15)."
Page 15: "In accordance with the provisions for the redemption of the $4.20 cumulative preferred stock, 5,732 shares were purchased during the past fiscal year in the open market, leaving 326,402 shares outstanding at April 30, 1952."

The Cuneo Press, Inc.
DR.—$600: "Premium paid on redemption of preferred shares in excess of paid-in surplus applicable thereto."

Dixie Cup Company
DR.—$3,750: "Excess of redemption value over stated value of 149 shares of Class A stock redeemed."

TABLE 3: TRANSACTIONS RECORDED IN RETAINED EARNINGS

Number of Companies	1951	1950	1949	1948
Entries other than for net income or loss and dividends (including stock dividends and split-ups):				
Disclosing such entries	193	235	257	298
Not disclosing such entries	407	365	343	302
Total	600	600	600	600
Number of Entries				
Charges for other than net loss and dividends (including stock dividends and split-ups)	146	154	167	240
Credits for other than net income	145	180	212	263
Total	291	334	379	503

TABLE 4: RETAINED EARNINGS

Charges to Retained Earnings

Nature of Entry	1951	1950	1949	1948	1947
Capital stock transactions	32	38	12	18	50
Treasury stock transactions	14	15	12	16	17
Capitalization and recapitalization expenses	14	4	3	11	8
Goodwill arising in acquisition of subsidiaries	20	5	6	9	18
Other intangible assets	4	8	11	11	15
Transfers to appropriations	23	26	37	67	50
Adjustments for prior years:					
Fixed assets and depreciation	1				
Taxes	15	29	33	48	67
Various other	4				
Extraordinary losses	12	8	8	10	4
Various other charges	7	21	45	50	51
Sub-total	146	154	167	240	280
Stock Dividends and split-ups	67	48	19	28	9
Total charges	213	202	186	268	289

Credits to Retained Earnings

Nature of Entry	1951	1950	1949	1948	1947
Capital stock transactions	11	12	4	5	6
Treasury stock transactions	2	5	4	2	1
Negative goodwill arising in acquisition of subsidiaries	2	2	1	2	1
Other adjustments in consolidation	8	12	13	25	16
Transfers from appropriations	65	80	107	107	106
Adjustments for prior years:					
Fixed assets and depreciation	15				
Taxes	16	54	52	80	70
Various other	9				
Extraordinary gains	8	10	3	16	18
Various other credits	9	5	28	26	16
Total *credits*	145	180	212	263	234

The Firestone Tire & Rubber Company
DR.—$35,100: "Premium on Preferred Stock Retired."

General American Transportation Corporation
DR.—$170,625.00: "Premium of $1.25 per share on 136,500 shares of preferred stock, Series A, retired."

Johnson & Johnson
DR.—$15: "Premium on 1,479 shares of preferred stock, series C 4%, purchased for retirement." [Amount expressed in thousands of dollars.]

Lily-Tulip Cup Corporation
DR.—$105,000: "Premium paid on redemption of Preferred Stock."
Note E: ". . . As of August 24, 1951 the Company redeemed 30,000 shares of Preferred Stock at par, $100, plus a premium of $3.50 a share. The only capital stock now authorized is the Common Stock."

McKesson & Robbins, Incorporated
DR.—$150,000: "Premium of $1 per share paid on redemption of 150,000 shares of $4 Cumulative Preferred Stock on October 15, 1950."

Pittsburgh Steel Company
DR.—$908,990: "Excess of consideration for 5,749 shares

of Class B 7% Preferred Stock over par value thereof, equivalent to call premium plus dividends in arrears."

The Sherwin-Williams Company
DR.—$24,750.00: "Premium on preferred stock called for redemption."

Ward Baking Company
DR.—$440,436: "Cost of common stock warrants purchased and retired."

Credits to Retained Earnings

Ampco Metal, Inc.
CR.—$17,373: "Premium on redemption of 34,745 shares of preferred stock."

The General Tire & Rubber Company
CR.—$5,210: "Excess of par value over cost of 625 shares of 3¾% cumulative preferred stock retired, less portion, $16,254, credited to capital surplus."

Hershey Chocolate Corporation
CR.—$10,150: "Premium of $1.00 per share on sinking fund redemption of 10,150 shares of Series A preferred stock."

Pathé Industries, Inc.
CR.—$50,000 (Statement of Consolidated Deficit): "Premium on sale of 100,000 shares of common stock."

Wilson & Co., Inc.
CR.—$22,238: "Excess of recorded value over cost of preferred stock retired."

Charges and Credits to Retained Earnings and Capital Surplus

Armco Steel Corporation
DR.—$33,302 .... Retained Earnings
"Premium paid on preferred stock redeemed."
CR.—$12,920,833 .... *Capital Surplus*
"Amount arising from Conversion of Preferred Stock into Common Stock."

"A Review of 1951: An additional financial development of importance during 1951 was the complete elimination, through conversion or redemption, of Armco's 4½% Cumulative Convertible Preferred Stock. The 8,910 shares not converted into common stock were redeemed at an aggregate price of $924,000."

The Colorado Fuel and Iron Corporation
DR.—$13,243 .... Retained Earnings
"Excess over par value on 13,243 shares of 5% Cumulative Convertible Preferred Stock called for redemption as of April 17, 1951."
CR.—$5,706,474 .... *Capital Surplus*
"Surplus arising from conversion of 410,320 shares of 5% Cumulative Convertible Preferred Stock to 499,985.25 shares of Common Stock."
CR.—$28,970 .... *Capital Surplus*
"Excess of par value ($20 per share) over cost of 5% Cumulative Convertible Preferred Stock purchased and retired."

"Report to Stockholders: Redemption of Preferred Stock. All of the Corporation's 5% Cumulative Convertible Preferred Stock was either redeemed or converted into Common Stock during the fiscal year. On March 2, 1951, a 'Notice of Redemption' was mailed to all Preferred stockholders, notifying them that all Preferred Stock outstanding would be redeemed on April 17, 1951, and advising them of their right under the Certificate of Incorporation to convert their shares into Common Stock until the close of business on the redemption date. The redemption price was $21.1306 per share (being $21 per share plus dividends accrued from March 1st to April 17, 1951). Most of the holders of Preferred Stock exercised their conversion right following the 'Notice of Redemption,' and as a result 223,378 shares of Preferred Stock were converted into 279,222 shares of Common Stock. 13,243 shares of Preferred Stock were redeemed at a total cost to the Corporation of $279,832.

"Effect has been given in the financial statements to the retirement of all of the Preferred Stock, including the 43,867 shares held in treasury. It is intended that appropriate amendment to the Certificate of Incorporation will be made pursuant to the laws of the State of Colorado."

The Cuban-American Sugar Company
DR.—$12,399,075.00 .... Retained Earnings
"Amounts transferred to capital stock of subsidiaries from earned surplus thereof."

"To the Stockholders: New Cuban Tax Legislation. On May 22, 1951 the Cuban Government enacted a law imposing upon Cuban corporations a tax of 4% on the excess of their accumulated surplus, as of June 30, 1951, over 30% of the par value of their capital stock; the law further makes mandatory the annual distribution of part or all of the corporation's earnings depending upon the ratio of surplus to capital. In an effort to reduce the adverse effect, both immediate and long-term, of the law, your Cuban Subsidiaries have capitalized substantial amounts of their surpluses through increases in the par value of their stocks and these transactions have been reflected in the Surplus Account shown in the consolidated financial statements attached hereto. The increases in par value required the payment of taxes in Cuba, as did the larger than ordinary cash dividends paid by the Subsidiaries to the parent company as a result of the same law; these taxes together with the 4% paid on that portion of the excess surpluses which it was not practical to capitalize have been taken into consideration in this year's Profit and Loss Account. Total taxes attributable to the new law exceed $1,000,000. Although a portion of this amount may be non-recurring, other features of the law will probably continue to have an unfavorable influence upon the Company's earnings."

The Fairbanks Company
DR.—$971,612.00 .... Retained Earnings
DR.—$27,250.00 .... Capital Surplus
"Increase in par value of 332,954 shares of common stock outstanding from $3.50 to $6.50 per share."

"To the Stockholders: At a special meeting of the stockholders held November 21, 1951 the proposal recommended by the Board of Directors to increase the par value of the Common Stock of the Company from $3.50 to $6.50 per share was unanimously approved. This action was followed by the declaration by the Board of Directors on November 27, 1951 of a 10% stock dividend on the outstanding Common Stock of the Company, with a cash payment in lieu of fractional shares, thereby increasing the Capital to $2,755,262."

Interstate Bakeries Corporation
DR.—$4,373,026 .... Retained Earnings
"Increase in stated value of preferred stock (note 2)."
DR.—$2,376,974 .... Capital Surplus
"Increase in stated value of preferred stock (note 2)."

Note 2: "By action of the stockholders and directors on April 10, 1951, the stated value of the preferred stock was increased from $10 per share ($750,000) to $100 per share ($7,500,000). The preferred stock account was increased $6,750,000, of which $2,376,974 was transferred from the additional paid-in capital [entire paid-in surplus] and the

THE ATLANTIC REFINING COMPANY and SUBSIDIARY COMPANIES

Consolidated Statements of Net Income Retained for Use in the Business

	YEAR 1951	YEAR 1950	INCREASE DECREASE*
Beginning of Period	$170,705,285	$169,473,786	$ 1,231,499
Net Income for the Period	45,067,298	40,841,508	4,225,790
	215,772,583	210,315,294	5,457,289
Cash Dividends:			
Preferred Stock, Series A—1950, $3.00 per share	—	431,251	431,251*
Preferred Stock, Series B—$3.75 per share	1,320,000	1,320,000	—
Common Stock, 1951, $4.00; 1950, $2.75 per share	14,336,704	7,563,902	6,772,802
Total Cash Dividends	15,656,704	9,315,153	6,341,551
Stock Dividend (20%) declared November 6, 1950—597,465 shares of Common Stock at assigned value of $50 per share	—	29,873,250	29,873,250*
Excess of Cost of Treasury Common Stock over Par Value on 35,775 shares retired December 29, 1950	—	416,421	416,421*
Premium of $5.00 per share paid upon redemption of 1,037 shares of 4% Series A Preferred Stock	—	5,185	5,185*
Total Deductions	15,656,704	39,610,009	23,953,305*
Balance end of Period	$200,115,879	$170,705,285	$29,410,594

Consolidated Statements of Capital in Excess of Par Value of Stock

	YEAR 1951	YEAR 1950	INCREASE DECREASE*
Beginning of Period	$ 31,946,001	$ 10,481,076	$21,464,925
Excess of conversion price over Par Value of Common Stock issued upon conversion of 4% Series A Preferred Stock	—	6,528,300	6,528,300*
Excess of value assigned to 597,465 shares of Common Stock, declared as a Stock Dividend, over Par Value thereof	—	14,936,625	14,936,625*
Balance end of Period	$ 31,946,001	$ 31,946,001	—

Summary of Taxes Paid or Accrued

	YEAR 1951	YEAR 1950	INCREASE DECREASE*
U. S. Federal Income Tax	$ 19,667,700	$ 10,684,700	$ 8,983,000
U. S. Federal Excess Profits Tax (Pipe Line Companies)	375,100	202,700	172,400
State and Foreign Income Taxes	3,869,706	3,466,601	403,105
Other Taxes	12,152,696	10,618,672	1,534,024
Taxes as per Consolidated Income Statements	36,065,202	24,972,673	11,092,529
Direct Sales and Excise Taxes (not included in Consolidated Income Statements)	52,584,308	50,174,718	2,409,590
Total Taxes Paid or Accrued	$ 88,649,510	$ 75,147,391	$13,502,119

See Notes on Page 20.

remaining $4,373,026 from earnings retained in the business . . ."

Liberty Products Corporation
CR.—$1,807.50 .... *Retained Earnings*
"Cancellation of 241 shares of common stock represented by scrip expired December 31, 1951, originally issued as part of stock dividend of December 27, 1950."
DR.—$1,687.00 .... Capital Surplus
"Excess of fair market value at date of issue over par value of 241 shares of common stock represented by scrip expired December 31, 1951, originally issued as part of stock dividend of December 27, 1950."

The Maytag Company
DR.—$5,200,000 .... Retained Earnings
"Amount transferred to $3.00 Cumulative Preference stock account upon restatement of outstanding shares from $30.00 to $50.00 per share."

"To Our Shareowners: During the year 1951, the Company increased its consolidated working capital $1,583,372 notwithstanding capital expenditures of over two and one-half million dollars. The total of capital expenditures for new plants, machinery and other production facilities since the close of World War II by the parent Company alone now amounts to nearly $15,500,000, all of which has been accomplished without resorting to outside financing. This investment of retained earnings in capital facilities is of a permanent nature. In recognition of this fact our Board of Directors adopted a resolution in November, 1951, providing for the transfer of $5,200,000 from retained earnings to the Cumulative Preference stock account. The stated amount per share was thereby increased from $30 to $50 which is the involuntary liquidation price of this stock."

Rayonier Incorporated
DR.—$4,598,454 .... Retained Earnings
"Amount transferred to preferred stock account in connection with restatement of such stock at its aggregate redemption value."
DR.—$3,229,108 .... Capital Surplus
(Balance Sheet): "Capital surplus (transferred to preferred stock account in 1951)."

"To the Stockholders: *Surplus.* During the year, the value of the cumulative preferred stock as stated on the balance sheet was increased from its par value of $25 per share to its redemption value of $37.50. This revaluation of the 626,205 shares of cumulative preferred stock required $7,827,562, of which $3,229,108 was transferred from capital surplus (eliminating that account entirely) and $4,598,454 was transferred from earned surplus."

Rheem Manufacturing Company
DR.—$98,465 .... Retained Earnings
"Portion of excess of cost over par value of 4½% series cumulative preferred stock purchased and retired. (Note 5)."
DR.—$19,850 .... Capital Surplus
Note 5: ". . . The 4½% series, cumulative preferred stock, outstanding at the beginning of the year (23,699 shares) was retired in 1951. Premiums paid in connection with purchase of this stock aggregated $118,495; of this amount $19,850, representing the remainder of credit in the paid-in surplus account resulting from issuance and retirement of shares of this series, was charged to 'Captial in excess of par value of shares' and the balance, $98,465, was charged to 'earnings retained for use in the business.'"

Westinghouse Air Brake Company
DR.—$6,344,644: "Adjustment resulting from merger and related conversion of outstanding no par value capital stock to capital stock of $10.00 par value."

"To the Shareholders: On July 5, 1951, the merger of The Westinghouse Air Brake Company and two subsidiaries, The Union Switch and Signal Company and Westinghouse Pacific Coast Brake Company, was effected. Many economies and substantial savings in taxes will result from the new simplified structure. The holders of the old no par stock of The Westinghouse Air Brake Company received 1-3/10 shares of the $10 par value stock of Westinghouse Air Brake Company, the merged corporation, in exchange for each old share."

TREASURY STOCK TRANSACTIONS

Charges to Retained Earnings

Argo Oil Corporation
DR.—$148,448.25: "Premium Paid during the Year on Capital Stock Purchased."

Art Metal Construction Company
DR.—$142,729.90: "Premium on 22,567 treasury shares of capital stock retired and cancelled during the year."

Bristol-Myers Company
DR.—$3,308: "Premium on preferred stock purchased."

Celanese Corporation of America
DR.—$76,759: "Excess of cost over par value of 1,545 shares of 7% Second Preferred Stock purchased and held in Treasury."

Crown Central Petroleum Corporation
DR.—$46: "Premium on treasury stock purchased."

General Railway Signal Company
DR.—$819: "Excess of cost over par value of 42 shares of preferred stock purchased."

G. R. Kinney Co., Inc.
DR.—$27,346: "Excess of cost over stated value of $5 Prior Preferred Stock purchased—1951, 1,000 shares . . . "

Kuhlman Electric Company
DR.—$55.00: "Excess of premiums over discounts on purchase of cumulative preferred stocks."

Macfadden Publications, Inc.
DR.—$24,074 (Balance Sheet): "Excess of cost over par value of 3,424 shares of common stock purchased and held in treasury."

McGraw-Hill Publishing Company, Inc.
DR.—$150,157: "Cost of 2,500 shares of preferred stock of McGraw-Hill International Corporation purchased and held in treasury, in excess of amount in capital."

Miller and Hart, Inc.
DR.—$2,642.89: "Excess of cost over par value of prior preferred stock purchased for treasury."

Pillsbury Mills, Inc.
DR.—$1,000: "Premium on preferred stock repurchased."

Safeway Stores, Incorporated
DR.—$3,411: "Premium (net) on Preferred stock acquired."

Credits to Retained Earnings and Capital Surplus

Associated Dry Goods Corporation
CR.—$10,857: "Excess of par over cost of preferred shares purchased and held in treasury."

The B. F. Goodrich Company
CR.—$155,448: "Income Retained for use in the Business —At end of year (includes profit from sale of treasury common stock—1951—$278,633; 1950—$123,185)."

Time Incorporated
CR.—$181,217 .... *Retained Earnings*
"Recovery of cost of shares (8,106 in 1951 and 11,890 in 1950) of treasury stock sold—Note E."
CR.—$42,539 .... *Capital Surplus*
"Add excess of sales price over cost of treasury stock sold —Note E."
Note E: "Under contracts of sale with officers and employees made in 1946 and 1948, the Company held at December 31, 1951 an aggregate of 37,843 shares of its Common Stock as collateral for the balance of the purchase price payable by the purchasers, and such shares are included in the number of shares shown as outstanding. As deferred installments of the purchase price are received, the Company is obligated to release from pledge proportionate numbers of shares of such stock, and there will be credited to earned surplus the cost (previously charged thereto) of the shares so released (presently estimated to be $827,000), and there will be credited to capital surplus the excess of sales price over cost (presently estimated to be $219,000).
"In the case of each purchaser, at his request at any time, or in the event of his death, at the request of his legal representatives, the Company is required to repurchase any or all pledged shares at the applicable sales price ($27.50 and $27.75 per share respectively under the 1946 and 1948 contracts) and to apply the proceeds to the satisfaction of an equivalent amount of his obligation to the Company."

CAPITALIZATION AND RECAPITALIZATION EXPENSES

Charges to Retained Earnings

Abbott Laboratories
DR.—$296,676: "Expenses incident to issuance of 106,851 shares of Preferred stock."

Air Reduction Company, Incorporated
DR.—$647,377: "Expenses in connection with issuance of preferred stock (less related estimated reduction in Federal income taxes—$110,628)."

Allegheny Ludlum Steel Corporation
DR.—$250,721: "Financing expenses in connection with issuance of $4.375 cumulative preferred stock."

Celanese Corporation of America
DR.—$2,087,024: "Underwriting commissions and expenses on issuance of Preferred Stock, Series A."

The Dobeckmun Company
DR.—$27,098.69: "Expenses in connection with issuance of preferred stock."

The Drackett Company
DR.—$9,359.16: "Recapitalization and Refinancing Expenses—1951 Portion."

Geo. E. Keith Company
DR.—$170.00 (Unsegregated Surplus): "Recapitalization charges—Issue of 17 shares of junior $2 preferred stock."

Minneapolis-Honeywell Regulator Company
DR.—$13,628: "Expenses in connection with the issuance of 3.75% preference stock less $40,000 premium received thereon."
"To the Shareholders: *Financing*. . . . The Company in June, 1951, sold through underwriters 160,000 shares of new 3.75% Convertible Preference Stock at a public offering price of $102.50 per share. The proceeds from the sale of this new stock were used mainly to provide working capital and in part to finance plant expansion."

National Container Corporation
DR.—$71,454: "Expenses incurred for the issuance of 480,000 shares of $1.25 Convertible Preferred Stock—par value $25."

National Distillers Products Corporation
DR.—$1,225,684 .... Retained Earnings
"Underwriting and other expenses in connection with the issue of 500,000 shares cumulative convertible preferred stock, 4¼% series of 1951."
"To the Stockholders: In August 1951, 500,000 shares of $100 par value, 4½ per cent, Cumulative Convertible Preferred stock were sold at par. This stock is convertible into common stock prior to September 1, 1961, at the rate of 2.6 shares of common stock for each share of preferred stock, equivalent to a price of $38.46 per share of common stock. Proceeds were used for the prepayment of outstanding short term bank loans of $27,000,000 and for additional working capital."

Rheem Manufacturing Company
DR.—$65,976: "Discount and expense of issue of 4½% convertible series cumulative preferred stock."

Safeway Stores, Incorporated
DR.—$84,044: "Expenses in connection with sale of Preferred stock—20,000 shares of 5% Preferred stock—Canada."

Sutherland Paper Company
DR.—$147,118: "Charges in connection with the issuance of new preferred stock and exchange of common stock."

Universal Match Corporation
DR.—$4,185.17: "Write off organization expense of Reliable Nut Corporation."

GOODWILL ARISING ON CONSOLIDATION

Charges to Retained Earnings

Anderson, Clayton & Co.
DR.—$4,345.29: "Excess of cost over equity applicable to change in ownership of securities of consolidated subsidiaries."

Arden Farms Co.
DR.—$164,861.53: "Goodwill arising on consolidation."

Baldwin-Lima-Hamilton Corporation
DR.—$748,193: "Excess of par value of common stock issued in acquisition of Austin-Western Company over net assets acquired."
Note 1: "On March 8, 1951, the Company acquired all of the outstanding common stock of Austin-Western Company in exchange for 486,312 shares of common stock of the Company. The consolidated statement of profit and loss for 1951 includes the operations of Austin-Western Company for the period subsequent to the date of acquisition."

Beaunit Mills, Inc.
DR.—$112: "Excess of cost over book amount of subsidiary capital stock acquired during year."

Burlington Mills Corporation
DR.—$97,094: "Excess of cost of investments in subsidiary companies over the book values thereof as of dates of acquisition."

Curtiss-Wright Corporation
DR.—$250,000: "Excess of cost of acquisition of minority interest in subsidiary over related book amount of capital stock and surplus."

The Eagle-Picher Company
DR.—$1,786,818: "Charge arising from write-off of cost of stocks of consolidated subsidiaries in excess of book value, at dates of acquisition, of net assets acquired, including $376,985 accrued November 30, 1951 under terms of purchase agreement."

"To Our Shareholders: A charge of $1,786,818 to earned surplus eliminated from the balance sheet $1,409,833 cost of stock of consolidated subsidiaries in excess of their book values at time of acquisition; the balance of $376,985 was a similar item representing the final settlement of a contingent liability, determined by an earnings formula, arising from the purchase of The Orange Screen Company in 1946. Intangible assets are now carried at $1 although the above mentioned write-offs represented actual cash expenditures."

The Gruen Watch Company
DR.—$79,005.01: "Excess of cost over equity in net book assets of subsidiary acquired during the year ended March 31, 1952."

Geo. E. Keith Company
DR.—$14,500.00 (Unsegregated Surplus): "Excess of cost over par value of subsidiary company stock acquired."

National Container Corporation
DR.—$137,406: "Excess of cost of acquiring capital stock of subsidiaries over book value."

National Cylinder Gas Company
DR.—$104,728: "Excess of purchase price over underlying net assets of company acquired."

The New York Air Brake Company
DR.—$32,009: "Excess of investment in Hydraulic Equipment Company over amounts ascribed to net tangible assets at date of acquisition."

The New York Air Brake Company
DR.—$286,426: "Excess of investment in Kinney Manufacturing Company over Company's equity in amounts ascribed to net tangible assets at date of acquisition."

Westinghouse Air Brake Company
DR.—$669,936: "Excess of cost over book value of net assets of subsidiary acquired during the year."

"To the Shareholders: In September the company acquired all of the outstanding capital stock of Melpar, Inc., which has been engaged chiefly in electronics research and development for various branches of the Armed Services. Its business has been primarily that of an electronics laboratory with its products largely limited to pilot models. It is one of the leaders in the highly specialized field of electronics research and development. The acquisition of this company should prove very beneficial . . . "

Charges and Credits to Retained Earnings and Capital Surplus

Bigelow-Sanford Carpet Company, Inc.
DR.—$6,221,077 . . . . Retained Earnings
"Transfers to Capital Stock Accounts (a) to reflect adjustments in connection with exchange of stock in the consolidation effected June 20, 1951 and (b) to maintain stated value of $25 per share of common stock issued for the net assets of The Hartford Rayon Corporation on October 31, 1951."
DR.—$3,464,022 . . . . Capital Surplus
(Balance Sheet): "Capital Surplus (Transferred to Capital Stock Accounts in connection with June 20, 1951 consolidation.)"

Note 1: "On June 20, 1951, as a result of a consolidation voted by the stockholders, Bigelow-Sanford Carpet Company, Inc., a Delaware corporation, succeeded to the business and net assets of its two predecessors (Bigelow-Sanford Carpet Co., Inc., a Massachusetts corporation, and the latter's wholly owned subsidiary, Bristol Mills, Inc.). The holders of 1538 shares of common stock of the Massachusetts Corporation, as dissenters to this consolidation, have demanded appraisal and payment of their shares. Disposition of these claims is not considered to be material.

"On October 31, 1951, the Company purchased the net assets and business of The Hartford Rayon Corporation (in which the Company previously held a controlling interest) through a wholly owned subsidiary in exchange for common stock of the Company. Accordingly, the accounts of such wholly owned subsidiary are included in the consolidated financial statements as of December 31, 1951."

Associated Dry Goods Corporation
DR.—$3,501,676 . . . . Retained Earnings
"Transfer to preferred stock capital (Note 1)."
DR.—$178,796 . . . . Retained Earnings
"Excess of consideration for conversion and purchase of capital stock of Lord & Taylor over related equity in net tangible assets, less $37,938 transferred from paid-in surplus (Note 1)."
DR.—$93,024 . . . . Capital Surplus
"Transfer to preferred stock capital (Note 1)."
DR.—$37,938 . . . . Capital Surplus
"Transfer to earned surplus."

Note 1: "During the fiscal year, stockholders approved the consolidation of five subsidiary companies which operate retail stores and Associated Dry Goods Corporation of New York with the parent company, which continues as a corporation of Virginia, and also the recapitalization of Associated Dry Goods Corporation and conversion of all of its outstanding capital stock and all outstanding capital stock of Lord & Taylor not owned by Associated Dry Goods Corporation into reclassified capital stock of the parent company.

"Subsequent to the effective date of the aforesaid consolidation, the remaining three subsidiaries which operate retail stores were dissolved and all of their assets passed to the parent company.

"The conversion of the capital stock of Associated Dry Goods Corporation involved reclassification of the outstanding 121,682 shares first preferred stock into 146,018 shares 5.25% (series) first preferred stock, on the basis of 1-2/10 shares 5.25% series stock for each share first preferred stock; the outstanding 51,601 shares second preferred stock into 63,212 shares 6% second preferred stock, on the basis of 1.225 shares of 6% preferred stock for each share of second preferred stock; and the outstanding 1,266,320 shares of common stock into the same number of shares of common stock. The excess of aggregate par value of the reclassified stock over aggregate par value of the stock outstanding previously has been covered by transfer of $3,501,676 from earned surplus and $93,024 from paid-in surplus. The latter amount represents excess of par value over cost of certain shares of preferred stock retired in a preceding year.

"The conversion of outstanding capital stock of Lord & Taylor not owned by Associated Dry Goods Corporation involved (a) change of 2,607 shares Lord & Taylor preferred stocks into 1,576 shares 5.25% first preferred stock and 2,092 shares 6% second preferred stock; (b) change of 1,931 shares Lord & Taylor common stock into 34,758 shares Associated Dry Goods Corporation common stock; and (c) purchase for cash of 10 shares first preferred stock

Consolidated statement of income and accumulated earnings

SHARON STEEL CORPORATION AND SUBSIDIARY COMPANIES

YEAR ENDED DECEMBER 31, 1951

(With comparative figures for preceding year)

See Supplementary Financial Information on Pages 16 to 18

	1951	1950
Sales and revenues:		
Gross sales, less discounts, outward freight, returns, and allowances	$168,958,183	$135,409,331
Dividends, interest, and other income	1,003,763	711,438
	$169,961,946	$136,120,769
Costs and expenses:		
Cost of goods sold, including repairs and maintenance of $11,622,602 and $8,798,142 in the respective years	$131,020,305	$107,361,134
Estimated cost of employees' pension and insurance programs	2,530,265	2,393,003*
Provision for depletion, depreciation, and amortization	2,603,485	2,469,755
Selling, administrative, and general expenses	5,490,295	4,321,548
Interest expense	276,409	288,686
	$141,920,759	$116,834,126
Income before provision for estimated taxes on income	$ 28,041,187	$ 19,286,643
Provision for estimated taxes on income:		
Federal normal and surtax	$ 13,900,000	$ 8,100,000*
Federal excess profits	4,580,000	1,520,000*
Pennsylvania	700,000	382,000
	$ 19,180,000	$ 10,002,000
Net income for the year ($8.06 in 1951 and $10.03 in 1950 per share based upon 1,100,000 shares and 925,863 shares outstanding respectively)	$ 8,861,187	$ 9,284,643
Accumulated earnings, beginning of year	20,756,289	23,122,087
	$ 29,617,476	$ 32,406,730
Dividends paid:		
50% stock dividend of 308,621 shares issued to shareholders of record September 15, 1950	—	$ 8,795,698
Cash:		
In 1950—Quarterly dividends equivalent to $3.08 per share on 925,863 shares outstanding after 50% stock dividend	—	2,854,743
In 1951—Quarterly dividends totaling $3.50 per share on 925,863 shares; and $1.00 per share on 174,137 additional shares sold in October, 1951	$ 3,414,657	—
	$ 3,414,657	$ 11,650,441
Accumulated earnings, end of year	$ 26,202,819	$ 20,756,289

* Reclassified — see page 18

and 546 shares common stock of Lord & Taylor. Some shares of Lord & Taylor preferred and common stock also had been purchased from the beginning of the fiscal year to the date of consolidation. Of the consideration received in conversion of the Lord & Taylor common stock, $34,758 (the aggregate par value of common stock issued in the exchange) was added to common capital stock; the remainder was added to paid-in surplus. Excess of consideration given in conversion of preferred stock and purchase of preferred and common stock of Lord & Taylor, over related equity in net tangible assets, has been deducted from earned surplus to the extent of $178,796 and from paid-in surplus to the extent of $37,938. The latter amount represents excess of equity over cost of Lord & Taylor stock purchased in the preceding year."

Dragon Cement Company, Inc.
DR.—$66,319 .... Retained Earnings
"Excess of estimated cost over par value of capital stock and proportionate amount of additional paid-in capital applicable to 54,877 shares of capital stock of Lawrence Portland Cement Company purchased or subject to purchase subsequent to December 31, 1951 (Note 1)."
DR.—$873,450 .... Capital Surplus
"Proportionate amount applicable to 54,877 shares of capital stock of Lawrence Portland Cement Company purchased or subject to purchase subsequent to December 31, 1951 (Note 1)."
Note 1: "As of November 30, 1951 the assets and liabilities of Lawrence Portland Cement Company, a Pennsylvania corporation, were transferred to Dragon Cement Company, Inc., a newly-organized Maine corporation, in a tax-free merger providing for exchange of the capital stock of Dragon for that of Lawrence, share for share. Dragon was obligated, however, to purchase the capital stock of such of the Lawrence stockholders as filed objection to the merger and made demand for the fair value of their stock. Subsequent to December 31, 1951 Dragon offered to purchase the capital stock of all dissenting Lawrence stockholders, amounting in total to 54,877 shares, at $27.125 per share, such offer to expire March 1, 1952. Effect has been given in the Dragon balance sheet as of December 31, 1951 to a provision for the purchase of such shares at an estimated amount of $1,488,539.
"Through February 15, 1952, 53,418 shares of the abovementioned capital stock had been purchased for retirement for the aggregate amount of $1,448,963.27, principally from the proceeds of redemption of part of the company's U.S. Tax Savings notes. The holders of the remaining 1,459 shares have the option, through March 1, 1952, of either turning in their stock for the amount of cash offered by the company, seeking an appraisal of the stock, or exchanging their stock for Dragon stock, share for share."

Food Machinery and Chemical Corporation
DR.—$2,574,353 .... Retained Earnings
"Excess of investment in Ohio-Apex, Inc. (stated at market value of common stock issued therefor) over net worth of subsidiary at date of acquisition in 1951."
CR.—$3,915,828 .... Capital Surplus
"Excess of market value over par value of 166,631 shares of common stock issued in exchange for the outstanding capital stock of Ohio-Apex, Inc."

Foremost Dairies, Inc.
DR.—$1,907,675 .... Retained Earnings
"Write-off of goodwill acquired during the year (Note 1)."
CR.—$1,798,025 .... Capital Surplus
"Excess of issue price over par value of 152, 375 shares of common stock to be issued in part payment for acquisition of subsidiaries (Note 1)."
Note 1: "The consolidated financial statements include the accounts of Foremost Dairies, Inc. and all of its subsidiaries, the common capital stocks of which are 100% owned by the Company. The consolidated statement of income includes the results of operations of subsidiaries acquired in the year 1951 beginning with the date of acquisition. The principal subsidiaries acquired in 1951 are International Dairy Supply Co. and its subsidiary and an affiliated corporation; the net income of this group from the date of acquisition to December 31, 1951 amounted to $404,682.
"The entire outstanding capital stocks of the International Dairy Supply Co. group of corporations were acquired as of September 1, 1951 at a cost of $3,000,000 in cash and 152,375 shares of the Company's common capital stock. The net amount of $2,165,122 payable in connection with this acquisition consists of the amount of $3,000,000 payable by the Company as stated above, less $834,878 payable concurrently by the former sole stockholder of International Dairy Supply Co. to that corporation and its affiliated corporation for purposes stated in the purchase agreement. The payments of $3,000,000 and $834,878 were made on March 3, 1952.
"Of the amount of $3,000,000 paid by the Company, $2,000,000 was obtained through additional borrowing as stated in Note 3.
"In the accompanying Statement of Consolidated Surplus the credit of $1,798,025 to capital surplus and $1,879,325 of the charge of $1,907,675 to earned surplus for write-off of goodwill relate to the acquisition of the International Dairy Supply Co. group of corporations."

Merck & Co., Inc.
DR.—$1,346,333 .... Retained Earnings
"Excess of market value of common stock issued over the book value of the net assets acquired from Marine Magnesium Products Corporation."
CR.—$2,082,500 .... Capital Surplus
"Excess of market value of common stock issued in the acquisition of the net assets of Marine Magnesium Products Corporation."

G. C. Murphy Company
DR.—$5,385,773 .... Retained Earnings
"Adjustment in consolidation representing the excess of recorded value of investment in capital stock of Morris 5 & 10 Cent to $1.00 Stores, Incorporated, over the book amount of its net assets at date of acquisition."
CR.—$10,167,500 .... Capital Surplus
(Balance Sheet): "Paid-in surplus (Note 2)."
Note 2: "The increase of $10,167,500 in paid-in surplus during the year represents the excess of recorded value of investment in capital stock of Morris 5 & 10 Cent to $1.00 Stores, Incorporated, over the par value of 207,500 shares of Common Stock issued in exchange therefor."

NEGATIVE GOODWILL

Credits to Retained Earnings

Bethlehem Steel Corporation
CR.—$304,439 (Consolidated Surplus): "Excess of the net book value of the assets of a subsidiary acquired over the purchase price of its capital stock."

National Distillers Products Corporation
CR.—$197,804: "Excess of equity at January 1, 1951 over investment in subsidiary companies not previously consolidated."

OTHER ADJUSTMENTS IN CONSOLIDATION

Credits to Retained Earnings

Alaska Pacific Salmon Company
CR.—$436.95: "Decrease in minority interest in retained earnings of subsidiary."

Columbia Broadcasting System, Inc.
CR.—$3,346,148: "Consolidated earned surplus of Hytron Radio & Electronic Corp. and its subsidiaries at date of merger, June 15, 1951 (Note 2)."

Note 2: "The operations of the Hytron group (presently the Hytron Radio & Electronics Co. division and CBS-Columbia Inc., and Subsidiaries) have been included in the consolidated statement of income only for the period from date of merger, June 15, 1951."

International Paper Company
CR.—$1,703,950: "Adjustment to restate U. S. dollar equivalent of foreign net working capital, deferred assets and certain reserves at December 31, 1950 (see note opposite)."

Note: "Sales of the foreign subsidiaries are made chiefly in U.S. dollars, while most of their costs and expenses are incurred in foreign currencies, principally Canadian. The Canadian accounts included above do not differentiate between U.S. and Canadian dollars and have consistently been consolidated on that basis. The Canadian dollar value of net working capital, deferred assets and certain reserves at December 31, 1950 was expressed in the consolidated balance sheet in terms of the United States dollar at the then average free market rate of 95c U.S. for the Canadian dollar. By the end of 1951 the Canadian dollar strengthened to approximately 99c U.S. and therefore the Canadian dollar value of these net assets at December 31, 1951 has been expressed in the consolidated balance sheet at parity with the U.S. dollar. In conformity with past practice, consolidated earned surplus was increased by $1,703,950 as a result of such change in conversion rate.

"Increases in foreign capital assets in 1951 were converted into U.S. dollars at the monthly average free market rate of exchange and such conversion adjustment, together with all realized exchange profits and losses, have been included in Other Income."

The New York Air Brake Company
CR.—$79,494: "Equity in prior year earnings of subsidiary—not consolidated in prior year."

Charges and Credits to Retained Earnings and Capital Surplus

RKO Pictures Corporation
CR.—$8,798,856.93 .... *Retained Earnings*
"Deficit (net) of subsidiary companies for period from January 1, 1940 (the date of acquisition of such companies' capital stocks by the predecessor parent company) through December 31, 1950 transferred to capital surplus as of January 1, 1951 as a result of a resolution of the Board of Directors."
DR.—$8,798,856.93 .... Capital Surplus
"Deficit (net) of subsidiary companies for period from January 1, 1940 (the date of acquisition of such companies' capital stocks by the predecessor parent company) through December 31, 1950 transferred from earned surplus as of January 1, 1951 as a result of a resolution of the Board of Directors."

Standard Oil Company (New Jersey)
DR.—$461,392 .... Capital Surplus
CR.—$2,224,756 .... *Retained Earnings*
"Adjustments (net) in consolidation."

INTANGIBLE ASSETS

Charges to Retained Earnings

The Borden Company
DR.—$289,650: "Write-off of Good-will Purchased during the Year."

O'Sullivan Rubber Corporation
DR.—$26,747.50: "Amortization of intangible assets."

Pathé Industries, Inc.
DR.—$288,253 (Statement of Consolidated Deficit): "Adjustment of exchange franchises reacquired to tax basis (Note 5)."

Note 5: "Exchange Franchises Reacquired. The cost of exchange franchises reacquired represents amounts expended in prior years to reacquire franchises conferring upon the holders thereof exclusive right to distribute in territories defined in the franchise agreements certain motion pictures released for distribution by Pathé Industries, Inc. and its subsidiaries. Though active distribution through exchanges was terminated on April 28, 1951 when the stock of Eagle Lion Classics, Inc. was sold, the franchises continued to be carried as an asset because of arrangements made early in 1952 for the distribution of motion pictures for television purposes. Amortization in the amount of $158,636 charged to expense is on the same basis (10% of cost) as heretofore. In addition the franchises were further written down to the net tax basis at December 29, 1951 by a charge of $288,253 to surplus, leaving a net balance of $320,037, most of which will be written off in 1952."

The Quaker Oats Company
DR.—$1,317,515: "Write-off of Trade-marks, Trade Rights and Goodwill."

ACCOUNTING TREATMENT OF STOCK DIVIDENDS AND STOCK SPLIT-UPS

Summarized in Table 5 is the accounting treatment of stock dividends and stock split-ups as presented in the annual reports of the 600 companies for 1951 and 1950.

STOCK DIVIDENDS

Charges to Retained Earnings

The American Metal Company, Limited
DR.—$2,893,050 .... Retained Earnings
"Payable in common stock, 5 per cent (64,290 shares at $45 per share in 1951 . . .)."

"*Financial Review*: In addition to regular dividends on the 4½% preferred stock, dividends of $3 in cash and 5% in common stock were paid to common stockholders. The stock dividend required the issuance of 64,290 shares of common stock and resulted in the transfer from retained earnings to capital of $2,893,050, equivalent to $45 per share of dividend stock distributed."

Argo Oil Corporation
DR.—$148,448.25 .... Retained Earnings
"Premium Paid during the Year on Capital Stock Purchased."
DR.—$1,666,590.00 .... Retained Earnings
"Dividends Paid (Stock) 333,318 Shares at $5.00 par Value (Note E)."
DR.—$3,333,180.00 .... Retained Earnings
"Capitalized in Payment of Stock Dividend (333,318 Shares at $10.00)."

Note E: "Earnings Retained in the Business: 333,318 shares of purchased treasury stock were distributed as of September 15, 1951, in payment of a 20 per cent stock dividend. These shares were valued at $15.00 per share and earnings were capitalized to the extent of $3,333,180.00 or at the rate of $10.00 per share. The excess of the par value of purchased shares was charged to Earnings Retained in the Business at the time of purchase."

Art Metal Construction Company
DR.—$2,980,030.00 .... Retained Earnings
"Transfer to capital stock, representing par value of 298,003 additional shares issued to holders during the year —share for share."

Brown & Sharpe Manufacturing Company
DR.—$901,030 .... Retained Earnings
"Dividends paid (1951 . . . 40¢ per share in stock valued at approximate market at time of distribution)."
Note 2: "The 13,862 shares distributed in 1951 as a stock dividend are included in capital stock at $20 per share, the approximate market at time of distribution."

The Budd Company
DR.—$1,112, 448 .... Retained Earnings
"69,528 common shares (2% on 3,476,439 shares) at $16 per share, transferred to common capital."

Byron Jackson Co.
DR.—$2,723,742 .... Retained Earnings
"Amount transferred to capital stock account to effect 40% stock dividend and change from no par to $10 par value capital stock."
"To the Stockholders: Pursuant to the approval of the stockholders at the last annual meeting, the authorized capital was increased from 600,000 common shares without par value to 1,750,000 common shares with par value of $10.00 per share, and the distribution of a 40% stock dividend to be effected by exchanging concurrently, and in the same transaction, 1.4 of such par value shares for each share without par value issued and outstanding. In restating the Capital Stock Account, $2,723,742 was transferred from Earned Surplus. This change became effective on May 4, 1951, and increased the outstanding shares from 378,680 to 529,857. The outstanding 529,857 shares are owned by 3,774 stockholders residing in all forty-eight States, District of Columbia, Hawaii and eleven countries outside the U.S.A."

TABLE 5: STOCK DIVIDEND AND STOCK SPLIT-UP

	Stock Dividends		Stock Split-Ups	
Stock Distribution Recorded As:	1951	1950	1951	1950
Debit to Retained Earnings and *Credit* to Capital Surplus	30	23	4	0
Debit to Retained Earnings	28	19	1	2
Debits to Retained Earnings and Capital Surplus	2	1	1	2
Debit to Capital Surplus	1	0	2	3
Debit to Unclassified Surplus	1	1	0	0
Credit to Capital Surplus	0	0	2	0
Total	62	44	10	7
Stock Split-Up Disclosed In:				
Letter to Stockholders—increase in number of shares only	—	—	10	7
Balance Sheet—increase in number of shares only	—	—	9	5
Total	—	—	19	12
Number of Companies:				
Disclosing stock distribution	62	44	29	19
Not disclosing stock distribution	538	556	571	581
	600	600	600	600

California Packing Corporation
DR.—$30,000,000 .... Retained Earnings
"Transferred to capital in connection with 100% stock dividend (Note E)."
Note E: "Capital. On June 19, 1951, the Corporation's shares of common stock of no par value were changed to capital stock of $5 par value per share and the number of shares authorized was increased to 3,000,000 shares. This change had no effect on the amount of capital of the Corporation.
"On June 28, 1951, the Board of Directors declared a stock dividend of one additional share of capital stock for each of the 965,073 shares then outstanding making a total of 1,930,146 shares outstanding after issue of the dividend. In connection with the stock dividend $30,000,000 was transferred from unappropriated earnings to capital or slightly more than $31 per share for each of the 965,073 shares issued as a stock dividend."

J. I. Case Company
DR.—$3,757,512.00 .... Retained Earnings
"Dividends paid on stock—1 share for 10."
"To the Stockholders (October 31, 1950 Annual Report): After the close of the fiscal year, the Board of Directors, at a meeting held November 15, 1950, authorized the issuance of one additional share for each ten shares of Common Stock ($25.00 par value) outstanding. The new shares were issued December 8, 1950, to stockholders of record on November 27, 1950."

Central Soya Company, Inc.
DR.—$14,403,196 .... Retained Earnings
"Transfer to capital stock for 50% stock dividend."

Century Electric Company
DR.—$267,270 .... Retained Earnings
"Dividends Paid—In Capital Stock: 5% on Capital Stock (26,727 shares) amount transferred to Capital."

Continental Oil Company
DR.—$24,292,290: "Share-for-Share Stock Distribution (Note 2)."
Note 2: "Pursuant to approval by the stockholders on May 8, 1951, the Company's authorized capitalization was increased from 6,000,000 shares of $5 par value each to 12,000,000 shares of $5 par value each, and 56,041.3 shares then held in treasury and carried at no value were retired. On May 9, 1951, the Directors declared a share-for-share stock distribution. Such stock distribution increased capital stock and decreased earned surplus by $24,292,290. The retirement of shares held in treasury increased capital surplus and decreased capital stock by $280,206."

Elgin National Watch Company
DR.—$600,000 .... Retained Earnings
"Dividend . . . Stock—one share for twenty—at par value of $15 each."
"To the Shareholders: Cash dividends totaling sixty cents per share and a 5% stock dividend were declared and paid in 1951. Your Directors felt that a dividend in stock was justified so that working capital could be conserved to help finance our larger volume of business."

Ely & Walker Dry Goods Company
DR.—$4,351,950 .... Retained Earnings
"Common stock dividend (50% in April, 1951)—435,-195 shares involving transfer to common stock account in the amount of $4,351,950."

The Fairbanks Company
DR.—$216,147.06 .... Retained Earnings
"Stock dividend on common stock (10%) payable in common stock; 33,194 shares issued at $6.50 per share and $386.06 paid in cash in lieu of fractional shares."

General Refractories Company
DR.—$822,990.00 .... Retained Earnings
"5% Dividend payable in stock, January 30, 1952."

Hershey Chocolate Corporation
DR.—$1,700,712 .... Retained Earnings
"2% stock dividend—43,608 shares recorded in common capital stock account at $39 per share."
DR.—$108,002 .... Retained Earnings
"Cash payments in lieu of fractional shares in connection with stock dividend."
"To the Stockholders: In order to conserve cash a two per cent stock dividend was declared on Common Stock in December 1951 instead of an extra cash dividend, and 43,608 shares of Common Stock were issued in payment of such dividend together with a cash payment of $108,002 in lieu of issuing fractional shares."

International Business Machines Corporation
DR.—$17,262,981.25 .... Retained Earnings
"Stock Dividend—138,104 shares, involving transfer from Earned Surplus to Capital Stock Account."
"To the Stockholders: On October 25, 1950, a 5% stock dividend was declared, payable to stockholders of record at the close of business on January 4, 1951. On January 26, 1951, a total of 138,104 shares of capital stock was issued in payment of this stock dividend, and $17,262,981.25, representing $125.00 for each share so issued, was transferred from Earned Surplus to Capital Stock account."

Interstate Bakeries Corporation
DR.—$305,442 .... Retained Earnings
"Common stock distribution (note 2)."
Note 2: "By action of the stockholders and directors on April 10, 1951, the stated value of the preferred stock was increased from $10 per share ($750,000) to $100 per share ($7,500,000). . . . At the same time, the stockholders and directors authorized an increase in common stock from 400,000 shares to 800,000 shares and a share for share common stock distribution of 305,442 shares, thereby increasing the shares outstanding to 610,884. The amount of $305,442 was accordingly transferred from earnings retained in business to the common stock account."

Jantzen Knitting Mills Inc.
DR.—$773,780 .... Consolidated Surplus
"Dividends in Common Stock."
"To the Stockholders: Dividend payments to the owners of our common stock were at the rate of 20 cents a share quarterly or a total of 80 cents for the year. In addition a stock dividend of one share for each five owned was distributed on November 1, 1950. The owners of our Class A preferred stock received $52,500 and the Class B $8,829."

Mullins Manufacturing Corporation
DR.—$1,854,150.00 .... Retained Earnings
"Stock dividend payable January 2, 1952—Note D."
Note D: "On November 20, 1951, the Board of Directors declared a stock dividend of 1 share of Common Stock for each 20 shares held, payable January 2, 1952 to stockholders of record December 14, 1951. Accordingly, Earned Surplus has been charged with $1,854,150.00 of which $1,830,030.00 (61,001 shares of Common Stock at $30.00 per share) has been included in the accompanying balance sheet [Stockholders' Equity Section] as Common stock to be issued, and the balance of $24,120.00, representing cash to be paid in lieu of the issuance of fractions of shares, is included in the caption 'Dividends payable on Common Stock.'" [Current Liability Section].

Niles-Bement-Pond Company
DR.—$789,350 .... Retained Earnings
"Capital Stock—Stated value assigned to 78,935 shares (including 634 shares previously held in Treasury) distributed as a 10% stock dividend December 15, 1951."

The Ohio Match Company
DR.—$6,627,180 .... Retained Earnings
"7/100 share of preferred stock on each share of $5 par common stock."
"To the Stockholders: On August 31st, 66,271.8 shares of the new 5%, $100 par preferred stock were issued to common stockholders as a dividend, at the rate of 7/100 of a share of preferred stock on each share of common held on the record date, August 15. According to a ruling of the Bureau of Internal Revenue, the receipt of this preferred stock was not taxable income to the shareholder. However, the original cost of the common stock must be allocated between the preferred and the common. A capital gain will result when either the preferred or common is sold at a price higher than the allocated cost."

Pittsburg Steel Company
DR.—$535,125 .... Retained Earnings
"Stock dividend—On common shares—2% in common stock—21,405 shares at $25 per share."

Ralston Purina Company
DR.—$10,245,100 .... Retained Earnings
"Amount transferred to common capital stock account based on the issuance of one share of common stock for each two shares held."
DR.—$1,428 .... Retained Earnings
"Cash payments to certain fractional shareholders."

The Ruberoid Co.
DR.—$1,407,040 .... Retained Earnings
"Stock Dividend (Note 10)."
Note 10: "Stock dividends were declared in the amounts of 5% in 1951 and 10% in 1950. Such dividends involved transfers of accumulated earnings to capital stock in the amounts of $53.15 and $48.33 per share in the respective years."

Sun Oil Company
DR.—$35,847,474 .... Retained Earnings
"Dividends declared—Common Stock—10% Stock Dividend."

United Merchants and Manufacturers Inc.
DR.—$6,636,326 .... Retained Earnings
"Surplus appropriated for stock dividend declared May 23, 1951, payable July 31, 1951, (to be *credited* to *capital stock* in the amount of *$428,150* and to *Capital Surplus* in the amount of *$6,208,176*)."

Wagner Electric Corporation
DR.—$499,016 .... Retained Earnings
"Dividends—Paid in common stock (9,980-16/50 shares at $50 per share)."
"To the Stockholders: On November 28, 1951, the Board of Directors declared an additional dividend payable in stock at the rate of one share of common stock for each

fifty shares held by stockholders of record at the close of business December 5, 1951. In this connection, 9,984 additional share of common stock were issued bringing the total number to 509,000. Cash was paid to stockholders in lieu of fractional shares based on the fair market value of the stock on the record date."

Charges and Credits to Retained Earnings and Capital Surplus

Bates Manufacturing Company
DR.—$9,082,125 .... Retained Earnings
DR.—$4,620,375 .... Capital Surplus
Note B: "The common stockholders at their special meeting held on January 30, 1951, voted to increase the Company's authorized $10 par value common stock from 391,500 shares to 3,000,000 shares.

"The Board of Directors at a meeting held January 30, 1951, following the stockholders' meeting, declared a 350 per cent stock dividend payable on March 14, 1951, to stockholders of record at the close of business on February 16, 1951. The payment of this common stock dividend resulted in the issue of 1,370,250 shares with an aggregate par value of $13,702,500. Of this amount, $4,620,375 was charged against Paid-In Surplus and the balance, $9,082,-125 was charged against prior year income retained in the business."

Burlington Mills Corporation
DR.—$20,317,518 .... Retained Earnings
"Value ($9 per share) assigned to 2,257,502 additional shares of common stock issued to common stockholders on the basis of three shares for each two shares held (Note B)."
CR.—$18,179,651 .... *Capital Surplus*
"Value, in excess of par assigned to common stock issued to common stockholders, on the basis of three shares for each two shares held (Note B)."
Note B: ". . . On March 26, 1951 one additional share of common stock was issued to the holders thereof (including shares held in treasury) for each two shares held, thereby in effect splitting up the common stock into three shares for each two shares outstanding. The sum of $1 was transferred from Earned Surplus account to Common Stock Capital account and, in addition, the sum of $8 was transferred from Earned Surplus account to Capital Surplus account for each additional share so issued. The earned surplus transferred was determined by reference to the average market value of the common stock during the ten year period preceding such split-up after giving effect to such split-up."

Carrier Corporation
DR.—$880,079 .... Retained Earnings
"Stock dividend of 10% on Common Stock (59,065.8 shares at $14.90 per share, as determined by Board of Directors)."
CR.—$289,422 .... *Capital Surplus*
"Excess of amount charged to earned surplus over par value of 59,065.8 shares of Common Stock issued as a stock dividend."

Clark Equipment Company
DR.—$3,066,527 .... Retained Earnings
"Dividends paid—In common stock—25% stock dividend to common shareholders—market value of 131,494 shares issued plus $42,165 paid in cash in lieu of fractional shares."
CR.—$394,482 .... *Capital Surplus*
(Balance Sheet): "Capital in excess of par value of shares (including $394,482 excess of market value over par value of shares issued as stock dividend in 1951)."

Colgate-Palmolive-Peet Company
DR.—$4,927,057 .... Retained Earnings
"104,831 shares of common stock at fair market value of $47.00 per share."
CR.—$3,616,669 .... *Capital Surplus*
"Excess of $47.00 per share over the $12.50 per share added to capital stock."
"Comments on 1951 Operations: Earnings and Dividends . . . In addition to these regular cash payments on the common stock, an extra 5% dividend payable in stock was declared December 6, 1951, payable on January 8, 1952 to holders of record December 17, 1951. In recording the stock dividend as of December 31, 1951, earned surplus was reduced by $4,927,057 or $47.00 per share, this being the 'fair market value' of the 104,831 shares distributed, determined in the light of various factors, including the sales price of the common stock on the New York Stock Exchange over a period of one year preceding the declaration of the dividend. Of this amount, $12.50 per share or $1,310,388 was added to the capital stock account and the difference of $3,616,669 to capital surplus."

The Colorado Fuel and Iron Corporation
DR.—$6,903,232 .... Retained Earnings
"Earned Surplus transferred to Common Stock and Capital Surplus upon issuance of 309,562 shares of Common Stock as a stock dividend."
CR.—$5,355,422 .... *Capital Surplus*
"Transfer from Earned Surplus upon distribution of stock dividend."
"Report to Stockholders: Dividends. . . . In addition to cash dividends, a Common Stock dividend was declared and distributed. Common stockholders of record on October 16, 1950, received one share of Common Stock for each four shares held. Cash adjustments were made instead of issuing fractional shares arising from this dividend. This stock dividend resulted in the issuance of 309,562 shares, thus increasing the Corporation's outstanding Common Stock.

"As a further result of this Common Stock dividend, the outstanding shares of 5% Cumulative Convertible Preferred Stock, previously convertible into Common Stock on a share for share basis, became convertible at the rate of 1-¼ shares of Common Stock for each share of Preferred Stock."

Crucible Steel Company of America
DR.—$3,682,090 .... Retained Earnings
"Less amounts transferred to capital stock ($25 per share) and capital surplus ($19.82 per share) upon distributions of common stock as dividends to common stockholders:

Date	Shares	Amount
3/31/51	9,790.68	$ 438,818
6/30/51	10,022.32	449,200
9/29/51	10,216.94	457,923
12/28/51	52,122.90	2,336,149
Total	82,152.84	$3,682,090"

CR.—$1,628,269 .... *Capital Surplus*
"Amount transferred from earned surplus upon distribution of common stock as dividends to common stockholders."
Note 5: "The amount of the transfers from earned surplus to capital stock and capital surplus upon distribution of common stock as dividends to common stockholders is based upon statements of the New York Stock Exchange and the American Institute of Accountants. The Company has registered disagreement with the principle and considers the amount of transfers required to be excessive. It is the present intention of the Company to consider restate-

ment of the amount of the transfers made in 1951 if the rule should be changed."

The Derby Oil Company
DR.—$677,671 .... Retained Earnings
"In stock—10% at assigned value of $17 per share (39,863 shares)."
DR.—$8,907 .... Retained Earnings
"Cash paid in connection with common stock dividend in lieu of fractional shares."
CR.—$358,767 .... *Capital Surplus*
(Balance Sheet): "Capital Surplus (increase in 1951 of $358,767 represents the excess over par value of the amount assigned to common stock issued as a dividend)."
"To the Stockholders: Dividends—In 1951 the Company paid an aggregate of $402,657 in dividends or $1.00 a share on its outstanding stock. This is the same as declared and paid in 1950 although net earnings for 1951 were substantially greater. After full discussion and taking into account the cash requirements of the Company's extensive expansion program, it was the unanimous opinion of your directors that an extra cash dividend should not be declared and paid in 1951. However, in lieu of an extra cash dividend, a 10% stock dividend was declared on November 20, and was paid December 28, 1951, to stockholders of record December 10, 1951."

Devoe & Raynolds Company, Inc.
DR.—$1,067,490 .... Retained Earnings
"10% dividend payable in stock (43,396 shares of Class A and 19,957 shares of Class B Common Stock at $20.00 and $10.00 per share, respectively, as determined by Board of Directors)."
DR.—$13,350 .... Retained Earnings
"Cash . . . in lieu of fractional shares on stock dividend."
CR.—$960,741 .... *Capital Surplus*
(Balance Sheet): "Capital surplus (increased during year by $960,741 excess of amount charged to earned surplus over par value of shares of capital stock issued as dividend . . .)."

The Dow Chemical Company
DR.—$10,127,969 .... Retained Earnings
"Dividends—Common Stock (1951, 154,625 shares at an approximate market value of $65.50 per share; 1950, 132,159 shares at an approximate market value of $46.50 per share)."
CR.—$7,808,586 .... *Capital Surplus*
"Excess of approximate market value over par value of Common Stock issued as a stock dividend."

The Duplan Corporation
DR.—$255,591 .... Retained Earnings
"Distributions in common stock—2% and 6% respectively—at market value on record dates."
DR.—$10,235 .... Retained Earnings
"Payments in cash in lieu of fractional shares on stock dividends."
CR.—$209,539 .... *Capital Surplus*
"Transfer from Earned Surplus, resulting from distributions of dividends in common stock."
"Report to the Stockholders: The dividends per share declared during the fiscal year were 80 cents in cash and 2% in stock with a market value when distributed of 28 cents."

The Eastern Malleable Iron Company
DR.—$493,025.00 .... Capital Surplus
"Deduct: par value of 19,721 shares of capital stock issued to stockholders in the proportion of one share for each four shares held."
Accountant's Report and Note 1: "During the year 1951 authorized capital stock, par value $25.00 per share, was increased from 80,000 shares to 160,000 shares and a stock dividend of 19,721 shares was distributed on the basis of one new share for each four shares then held by capitalization of capital surplus; in connection therewith two shares of treasury stock were sold to a stockholder."

Eastman Kodak Company
DR.—$60,118,600 .... Retained Earnings
CR.—$45,088,950 .... *Capital Surplus*
"Supplementary Financial Information: Capital and Retained Earnings Used in the Business—On November 20, 1951, the directors declared a dividend payable on January 26, 1952, in common stock at the rate of one share for each ten shares held by common stockholders of record on December 28, 1951. The amount that was charged to retained earnings in 1951 for the 1,502,965 shares to be issued for this dividend was $60,118,600 ($40 per share). This figure was determined by the board of directors in the light of various factors, including an approximation of the market value over a period preceding the declaration of the stock dividend. Of this total, the par value of $15,029,650 ($10 per share) was added to the common stock account, and the remainder of $45,088,950 ($30 per share) was included in retained earnings transferred to capital."

Electric Boat Company
DR.—$823,362 .... Retained Earnings
"Dividends paid—Common stock—Stock—5% common stock dividend paid in 1951."
CR.—$594,899 .... *Retained Earnings*
"Adjustment to restate at cost 85,825 shares of treasury common stock reissued during the year."
CR.—$555,725 .... *Capital Surplus*
"Excess of fair value over cost of 35,825 shares of treasury common stock issued as 5% common stock dividend."
CR.—$341,156 .... *Capital Surplus*
"Excess of net proceeds over cost of 50,000 shares of treasury common stock sold in Canada."

Emerson Radio & Phonograph Corporation
DR.—$2,464,183.60 .... Retained Earnings
"Stock dividend in December 1950 [including $6,105.60 equivalent to cash distributed in lieu of fractional shares] (Note 2)."
CR.—$1,580,193.00 .... *Capital Surplus*
(Balance Sheet): "Capital surplus (Note 2)."
Note 2: "On October 25, 1950 the Board of Directors declared a stock dividend, payable December 15, 1950, at the rate of one share of previously authorized but unissued capital stock for each ten shares held of record on November 20, 1950. No fractional shares or scrip were issued and stockholders entitled to receive fractional shares received, in lieu thereof, cash based on the market value of the capital stock on the record date. As a result of the foregoing, $2,458,078.00 was charged to earned surplus (and credited to capital stock, $877,885.00, and to capital surplus, $1,580,193.00), representing the aggregate amount of the value established by the Board of Directors for the shares issued (175,577 shares). An additional amount of $6,105.60, equivalent to the cash distributable in lieu of fractional shares, was also charged to earned surplus."

General Box Company
DR.—$236,572.50 .... Retained Earnings
"Dividends paid in stock, 5%, 94,629 shares (see note)."
CR.—$141,943.50 .... *Capital Surplus*
"Dividends paid in stock, 5%, 94,629 shares (see note)."
Note: "Dividend paid in stock has been charged to earned surplus at market value of shares at date of dividend or $236,572.50. Of this amount $94,629.00, the par value

of the shares, has been credited to capital stock and the remainder, $141,943.50 to capital surplus."

Federated Department Stores, Inc.
DR.—$15,955,533 .... Retained Earnings
"Stock dividend on common stock—20%."
CR.—$13,204,578 .... Capital Surplus
"Amount transferred from accumulated earnings employed in the business upon issuance of stock dividend on common stock."

Gulf Oil Corporation
DR.—$211,380,993 .... Retained Earnings
"Par value of 11,345,250 shares distributed to shareholders ($288,631,250) and related expenses of distribution ($940,604) less $73,190,861 charged to 'capital surplus'."
DR.—$73,190,861 .... Capital Surplus
Balance Sheet: "Amount Received in Excess of Par Value of Capital Shares (transferred to Capital Account in 1951)."
"Financial Review: Capital. At the 1951 annual meeting, shareholders approved an increase in the authorized capital to 50,000,000 shares, following which the Company made a 100% stock distribution. The additional shares were sent to shareholders on July 16, 1951, thereby increasing the outstanding capital stock to 22,690,500 shares. To effect the distribution, there was transferred to stated capital $25 a share or a total of $283,631,250, of which $73,190,861 represented capital surplus, the balance being taken from earned surplus."

Hunt Foods, Inc.
DR.—$466,792 .... Retained Earnings
"Dividends—common stock—paid in shares of common stock in ratio of 1 share for each 20 shares held (24,568) at $19.00 a share."
CR.—$303,005 .... Capital Surplus
(Balance Sheet): "Capital surplus (Note 6)."
Note 6: "There was a net increase of $303,099 in capital surplus during the year ended November 30, 1951 of which $303,005 arose in connection with the stock dividend (declared October 30, 1951, payable November 30, 1951)."

Johnson & Johnson
DR.—$7,082 .... Retained Earnings
"5% dividend in common stock declared by Johnson & Johnson, 101,178 shares at quoted market value of $70 per share on record date, February 23, 1951." [Amount expressed in thousands of dollars.]
CR.—$5,818 .... Capital Surplus
"Excess of quoted market value on record date over par value of shares of common stock issued as a stock dividend." [Amount expressed in thousands of dollars.]

Master Electric Company
DR.—$724,797 .... Retained Earnings
"10% share dividend—49,986 shares (See Note 1)."
CR.—$674,811 .... Capital Surplus
(Balance Sheet): "Paid-in surplus (See Note 1)."
Note 1: "Dividend shares were assigned a value of $14.50 each for purposes of the 10% share dividend. The excess of such value over par, amounting to $13.50 per share, or $674,811, has been added to Paid-in Surplus."

The W. L. Maxson Corporation
DR.—$83,776 .... Retained Earnings
"4% stock dividend—10,472 shares at average market value of $8 per share."
CR.—$52,360 .... Capital Surplus
"Excess of Market Value over Par Value of Shares Issued as Stock Dividend."

McKesson & Robbins, Incorporated
DR.—$6,036,444 .... Retained Earnings
"Stock dividend payable July 23, 1951."
CR.—$3,018,222 .... Capital Surplus
"Amount in excess of the par value of the Common Stock dividend of 167,679 shares to be issued July 23, 1951, transferred from Earned Surplus."
Note 6: "On May 23, 1951, the Board of Directors declared a stock dividend of 1 share of common stock for each 10 shares held, aggregating 167,679 shares, payable July 23, 1951 to common stockholders of record July 2, 1951. Accordingly, earned surplus has been charged with $6,036,444 of which $3,018,222 has been reflected in the accompanying consolidated balance sheet as common stock to be issued, with a like amount added to capital surplus."

Motor Products Corporation
DR.—$1,561,016.00 .... Retained Earnings
CR.—$780,500.00 .... Capital Surplus
"20% dividend paid in capital stock of the company. The amount of $20 a share was charged to earned surplus for each share so issued, of which $10 was credited to capital stock and $10 to capital surplus."
"To the Shareholders: Dividends were paid in cash on the common stock of the Corporation during the year in a total amount of $2.75 per share and a dividend on the common stock, payable in common stock, at the rate of one share for each five shares of outstanding common stock, was paid September 15, 1950 to shareholders of record September 1, 1950."

Motorola Inc.
DR.—$3,200,395 .... Retained Earnings
"Stock dividend—10%—79,605 shares at $40.00 per share (fractional shares paid in cash, $16,195)."
CR.—$2,945,385 .... Capital Surplus
"Stock dividend—10%—Excess of value fixed by the directors over par value."

National Gypsum Company
DR.—$806,952 .... Retained Earnings
"Dividends paid in Common Stock (including scrip therefor) on Common Stock (2%)—43,619 shares at approximate quoted market price ($18.50 per share)."
CR.—$763,332 .... Capital Surplus
"Portion of Common Stock dividend in excess of par value of shares issued."

Panhandle Producing & Refining Company
DR.—$1,011,836.00 .... Retained Earnings
"Common stock dividend (10%)—144,548 shares valued at $7.00 per share (of which $867,288.00 was transferred to capital surplus)."
DR.—$2,337.66 .... Retained Earnings
"Cash paid to stockholders in lieu of issuance of fractional shares (equivalent to 294 full shares) for common stock dividend."
CR.—$867,288.00 .... Capital Surplus
"Excess of value assigned to 144,548 shares of common stock issued as a stock dividend over the par value thereof (transferred from earned surplus)."

The Parkersburg Rig and Reel Company
DR.—$314,381 .... Retained Earnings
"Paid in common stock." [10% stock dividend.]
CR.—$294,622 .... Capital Surplus
(Balance Sheet): "Capital—Donated and paid in (Note 3)."
Note 3: "During the year capital surplus was credited with $294,622 representing the excess of the value assigned by the Board of Directors to the 19,760 shares of common stock dividend over the par value thereof . . . ."

Purolator Products, Inc.
DR.—$750,718.00 .... Retained Earnings
"Stock including fractional shares in cash."
CR.—$710,277.00 .... *Capital Surplus*
(Balance Sheet): "Capital surplus (Note 4)."
Note 4: "A dividend of 10%, payable in capital stock, was declared during 1951. Capital stock has been credited with $37,383, the par value of the shares issued and $710,-277, representing the excess of the approximate market value over the par value has been credited to capital surplus. Fractional shares aggregating 152.9 shares were paid in cash in the amount of $3,058, accounting for the total dividend charged to retained earnings of $750,718."

Remington Rand, Inc.
DR.—$3,424,752 .... Retained Earnings
"Stock dividend on Common Stock—Dividend of 5% aggregating 236,190 shares of Common Stock resulting in a transfer of $118,095 to Common Stock account and $3,306,657 to capital surplus."
CR.—$3,306,657 .... *Capital Surplus*
"Capitalization of Common Stock dividend in excess of par value of shares issued, transferred from earned surplus."
To the Stockholders: "Total cash dividends of $5,241,-846 were paid to stockholders during the fiscal year ended March 31, 1952. Of this amount $460,633 or $4.50 per share was paid on the preferred stock and $4,781,213 or $1.00 per share was paid on the common stock. In addition, common stockholders received a 5% stock dividend on January 29, 1952. Earned surplus was reduced $3,424,752 or $14.50 per share for the 236,190 shares of common stock distributed. Of this amount $.50 per share or $118,095 was added to the capital stock account and $3,306,657 was transferred to capital surplus.

"Capital Stock and Surplus accounts at March 31, 1952 amounted to $81,927,752, an increase of $9,878,981 during the year. The number of common shares outstanding at the end of the year increased to 4,963,896 as a result of the common stock dividend. The book value of these shares was $14.44 per share as compared with $13.07 at March 31, 1951 for the 4,727,709 shares then outstanding."

The Standard Oil Company (Ohio)
CR.—$75,730 .... *Capital Surplus*
"Portion of common stock dividend in excess of par value of shares issued." [1950 Distribution.]

Struthers Wells Corporation
DR.—$204,257 .... Retained Earnings
"Dividends—In common stock (5%—10,900 shares) at an assigned value of $18 per share plus $8,057 in lieu of fractional shares."
CR.—$168,950 .... *Capital Surplus*
"Excess of assigned value of common shares issued as stock dividend over par value thereof."
"*To Our Stockholders*: Quarterly dividends of 35 cents per share were paid on the Common Capital Stock of the Corporation. In addition to the $1.40 paid in cash the Board of Directors on October 18, 1951 declared a stock dividend of 5% in Common Stock of the Corporation payable to Common shareholders of record on November 8, 1951. As a result of this action the outstanding shares of Common Stock of the Corporation were increased from 226,158 shares to 237,058 shares. A value of $18.00 per share, based on the average market value of the preceding year, was assigned to each share issued; of this amount $2.50 per share, representing the par value, was included in the Common Capital Stock and $15.50 per share was transferred to Additional Capital. This resulted in a reduction in Earnings Retained of $196,200 and an increase of $27,250 and $168,950 in the Capital Stock and Additional Capital accounts, respectively. Fractional shares resulting from the stock dividend were paid for in cash by the Corporation and amounted to $8,057."

United Aircraft Corporation
DR.—$15,158,589 .... Retained Earnings
"20% stock dividend (see page 11)."
CR.—$12,422,171 .... *Capital Surplus*
(Balance Sheet): "Capital in excess of par value (Capital Surplus) (see page 11)."
To the Stockholders: (Page 11). "A stock dividend of 528,603 shares of common stock of the Corporation was paid on May 25, 1951, to holders of common stock of record on May 4, 1951, at the rate of one share for each five shares held on that date. In connection therewith, $15,065,186 was transferred from earned surplus, of which $2,643,015 was credited to common stock capital account, representing the aggregate par value of the stock issued, and the remainder, $12,422,171, was transferred to capital surplus. This transfer from earned surplus was at the rate of $28.50 for each share issued, which rate was approximately equivalent to the weighted average market price of a share of the common stock on the New York Stock Exchange for the twelve-months period preceding the date of the declaration of the dividend, adjusted to give effect to the additional shares of common stock outstanding after payment of the dividend. Cash payments aggregating $93,403 were made in lieu of the issuance of fractional shares, which amount was also charged to earned surplus."

STOCK SPLIT-UPS

Charges and Credits to Retained Earnings and Capital Surplus

The Champion Paper and Fibre Company
DR.—$66,740: "Expenses in connection with common stock split."
"*To Our Shareholders*: The common stock was split on a two-for-one basis on August 1, 1951."

Freeport Sulphur Company
DR.—$14,538,282 .... Retained Earnings
"Transferred to capital stock account (Note 1)."
DR.—$1,461,718 .... Capital Surplus
"Transferred to capital stock account (Note 1)."
Note 1: "On September 21, 1951, the authorized common stock was increased from 850,000 shares, par value $10 per share, to 3,000,000 shares, par value $10 per share, and the 800,000 shares then issued and outstanding were split into 2,400,000 shares. In this connection the capital stock account was increased from $8,000,000 to $24,000,000 by transfers of $1,461,718 from paid-in surplus (the entire balance therein) and $14,538,282 from earnings retained in the business."

Jones & Laughlin Steel Corporation
CR.—$51,930,000 .... *Capital Surplus*
"Excess of stated value of 2,600,327 shares of common stock without par value over the par value of 5,200,654 shares of the par value of $10 per share issued in exchange (Note F)."
CR.—$13,807,000 .... *Capital Surplus*
"Excess of proceeds from sale of 1,000,000 shares of $10 par value common stock over the par value (Note F)."
Note F: "On January 17,1951, the shareholders approved an increase in the authorized common stock from 3,500,000 shares without par value to 7,000,000 shares with a par value of $10 per share, and a change in the common stock outstanding from 2,600,327 shares without par value to 5,200,654 shares of the par value of $10 per share, effective January 22, 1951. On March 27, 1951, the Corporation

sold 1,000,000 shares of common stock of the par value of $10 per share for $25.25 per share, or a total of $25,250,000 less underwriting discounts and commissions and other expenses of $1,443,000 or $23,807,000. These transactions resulted in the following changes in the number of shares and stated value applicable to common stock outstanding and amounts paid in by common shareholders: [Tabulation deleted herein.]"

Lehigh Portland Cement Company
DR.—$13,923,421 .... Retained Earnings
DR.—$9,846,079 .... Capital Surplus

"Transfers to common capital stock account in connection with two-for-one split (see page 7 of President's report)."

"Report of the President: At the last annual meeting held April 18, 1951 the stockholders, after approving an amendment to the Articles of Incorporation to increase the authorized number of shares of common stock from 1,455,602½ shares to 2,406,382½ shares, voted in favor of the proposal to split the common stock two-for-one and to recapitalize the Company so as to double the 950,780 shares outstanding. Since the par value of $25 per share remained unchanged, the sum of $23,769,500 including, first, all capital surplus and, second, such part of earned surplus as was necessary to increase the common capital stock account from $23,769,500 to $47,539,000, was thereafter from surplus to capital."

Link-Belt Company
CR.—$8,217,957.86 .... Capital Surplus

"Excess of stated value of 824,972 shares of no par value common stock over the par value of 1,649,944 shares of $5 par value common stock issued in exchange."

"To the Stockholders: Stock Split. At the Annual Stockholders' Meeting on March 27, 1951, the number of authorized shares of the company was increased from 900,000 to 1,800,000 and the par value changed from no par to a par of $5 per share. Two of the new shares were exchanged for one of the old shares. This action was effective immediately and dividends have been paid on the new stock beginning June 1, 1951."

Lockheed Aircraft Corporation
DR.—$1,130,524 .... Capital Surplus

"Amount transferred to capital stock account to maintain the $1 par value on the additional shares of capital stock issued in connection with the stock split on June 29, 1951."

"The President's Report to Stockholders: Our shareholders increased in number by almost 15 per cent during the year. Responsible in part, we believe, was the split in stock that brought the market price to a lower level within the purchasing range of a large share of the public."

The May Department Stores Company
DR.—$14,552,330 .... Capital Surplus

"Amount transferred to common stock ($5 a share) upon issuance of one additional share of common stock for each of the 2,910,466 shares outstanding, pursuant to a Plan of Recapitalization adopted by the stockholders on June 5, 1951."

"To the Stockholders: In June, 1951, the stockholders approved an increase in authorized common stock from 5,000,000 shares to 10,000,000 shares and the issuance of one additional share of common stock for each share outstanding, thus increasing the number of outstanding common shares to 5,820,928."

A. E. Staley Manufacturing Company
DR.—$8,465,060 .... Retained Earnings

(Balance Sheet): "Profits retained in the business less amounts transferred to capital stock account—Note B."

Note B: "During the year 1951, an amount of $8,465,060 was transferred from profits retained in the business to the common stock account in connection with a stock split on the basis of one share for each share held."

"To our Stockholders and Employees: At the annual stockholders' meeting on May 8, 1951, an amendment to the Certificate of Incorporation of the Company was approved. This amendment increased the authorized number of shares of Common Stock from 1,000,000 to 2,500,000. The stockholders also voted to eliminate their pre-emptive rights to any Common Stock the Company may issue in the future.

"Following the action of the stockholders, your Board of Directors approved a share for share stock split, effective June 6, 1951, to holders of record as of May 23, 1951. This action increased the number of shares outstanding from 846,506 to 1,693,012 and, of course, proportionately reduced the book value of each share. The remaining authorized by unissued shares are available for future issuance in the event conditions or opportunities make such action desirable."

National Lead Company
DR.—$7,520,381 .... Retained Earnings

"Transfer to common capital stock account in connection with reduction in par value and split of the common stock."

DR.—$9,410,244 .... Capital Surplus

"Transfer to common capital stock account in connection with reduction in par value and split of the common stock."

"To the Stockholders and Employees: At a special meeting of the stockholders held on October 16, 1951, there was approved the proposal of the Board of Directors that each $10 par Common share outstanding be exchanged for three Common shares of $5.00 par each. To effect the resultant change in total par value of the Common stock outstanding, $16,930,625 was transferred to Capital Stock account, of which $9,410,244 represented Capital Surplus and the balance Earned Surplus. The stockholders also approved an increase in the authorized number of Common shares from 5,000,000 to 20,000,000, and an appropriate adjustment of the voting rights of the Preferred stocks.

"The Company's stockholders numbered 21,365 at December 31, 1951 as compared with 19,129 at the close of 1950."

Standard Oil Company (New Jersey)
DR.—$1,888,203 .... Retained Earnings
DR.—$149,539,527 .... Capital Surplus

"Adjustment arising from stock split (see page 10)."

"Financial Review (Page 10): At the annual meeting on June 8, 1951, the shareholders approved an amendment to the Certificate of Incorporation providing for a two-for-one 'split-up' of Jersey's stock. Effective June 12, 1951, the number of authorized shares was increased from 35,000,000 to 70,000,000. Each old share of $25 par value was changed into two new shares of $15 par value.

"This transaction resulted in doubling the outstanding shares from 30,285,546 to 60,571,092. In connection with this 'split-up,' $151,427,730 was added to capital stock account through the transfer of the entire capital surplus of $149,539,527 and $1,888,203 from earned surplus.

"At the close of 1951, Jersey had outstanding 60,571,092 shares of the new $15 par value stock."

The Texas Company
DR.—$211,837,243 .... Retained Earnings

"Amount transferred to capital stock account in connection with two-for-one stock split in 1951."

CR.—$133,103,357 .... Capital Surplus

(Balance Sheet): "Additional amounts paid in (balance at December 31, 1950 transferred to capital stock account in connection with two-for-one stock split in 1951)."

Stock Split-Ups Increasing Number of Shares Only

Douglas Aircraft Company, Inc.
Balance Sheet
Capital Stock and Surplus:
Capital stock—no par value:
Authorized 2,000,000 shares; issued and
outstanding 1,200,000 shares—Note C. $30,000,000
Note C: "Authorized capital was increased during 1951 to 2,000,000 and the outstanding shares on May 9, 1951, were doubled by a two-for-one stock split."

Fairbanks, Morse & Co.
To the Shareholders: "At a special meeting held on December 12, 1951, the shareholders voted to increase the authorized Common Shares of the Company from 700,000 to 1,400,000, and the 599,595 shares then outstanding were reclassified at the rate of 2 for 1, effective December 14, 1951, without any change in the stated capital or surplus accounts of the Company. New certificates representing the additional shares were mailed to all shareholders on December 21."

Lone Star Cement Corporation
To the Shareholders: "The shareholders approved, at the Annual Meeting of May 18, 1951, the split-up of the then outstanding shares of common stock at the rate of three shares for one, and the change of the common stock from no par value to a par value of $10.00 per share."

Standard Oil Company of California
Consolidated Balance Sheet
Capital Stock and Surplus:
Capital stock—no par value (Note 5) . . . $358,414,900
Note 5: "At a special meeting on February 1, 1951 the stockholders approved an increase in the authorized capital stock from 20,000,000 to 40,000,000 shares of no par value and a two-for-one stock split. No change in the aggregate amount of capital represented by the outstanding shares of capital stock of the Company and no change in the Company's surplus accounts resulted from the stock split."

DIVIDENDS IN KIND

Charge to Retained Earnings

Standard Oil Company (Indiana)
DR.—$10,563,892 .... Retained Earnings
"Extra dividends paid in capital stock of Standard Oil Company (New Jersey)—339,160 shares in 1951 and 165,325 shares in 1950 at average carrying value—together with equalizing cash payments in lieu of fractional shares. Market values on dates of distribution were equivalent to $1.7037 in 1951 and $1.1353 in 1950 per share on Standard Oil Company (Indiana) stock."

APPROPRIATION OF RETAINED EARNINGS—

Contingency Purposes

Charges to Retained Earnings

Anderson, Clayton & Co.
DR.—$2,515,100.36: "Appropriation of Surplus to Reserve for Contingencies (Note 4)."
Note 4: "The Company and its subsidiaries have made full provision as of July 31, 1951 for all known liabilities in respect of U.S. and local foreign income taxes to which they are subject. In addition, there is included in Reserve for Contingencies a reserve for theoretical tax liability which would have been incurred by the Company had it received in dividends during the year the distributable earned surplus of all subsidiaries. Such reserve has been provided from, and is adjusted annually through, Earned Surplus. As of July 31, 1951, this reserve for theoretical tax liability amounted to $6,968,553.10 as compared with $4,453,452.74 as of July 31, 1950, an increase of $2,515,100.36 during the current year. However, no such tax liability has been incurred; it may never be incurred, depending on the needs of the particular subsidiary; and the amount, if ever incurred, is presently indeterminable, being dependent upon income tax rates in effect at the actual time of transfer.
"In addition to the reserve for theoretical tax liability of $6,968,553.10 referred to above, the Reserve for Contingencies includes as of July 31, 1951, reserves for tax claims, fire losses, lawsuits, etc. aggregating $1,104,087.12 provided by foreign subsidiaries."

The Curtis Publishing Company
DR.—$1,920,587.79: "From Surplus Account."
DR.—$10,478,002.21: "From Contingent Reserve (Earned)."
"Amount transferred to Stated Capital in accordance with resolution of Board of Directors adopted October 29, 1951."
"*Report to Stockholders*: On October 29, 1951, the Board of Directors unanimously approved transfer to the Capital Account of the entire amounts in the items of 'Contingent Reserve (earned) and Undivided Profits to December 31, 1940' and 'Capital Surplus' together with an amount from 'Undivided Profits after December 31, 1940' sufficient to bring the Capital Account to $35,500,000. This better reflects the capital permanently invested in the business and will simplify the structure of future financial statements."

The Quaker Oats Company
DR.—$50,000: "Transfer to Earnings Reserved for Insurance and Other Contingencies."

Universal Match Corporation
DR.—$100,000.00: "To establish a Reserve for Contingencies."

Credits to Retained Earnings

The American Agricultural Chemical Company
CR.—$300,000.00 (Balance Sheet): "Transferred from Reserve for Other Contingencies."

American Locomotive Company
CR.—$550,000: "Transferred from reserve for contingencies."

Arden Farms Co.
CR.—$210,000.00: "Restoration of reserve for contingencies."

City Stores Company
CR.—$1,091,646: "Transfer from surplus appropriated for contingencies."

The Colorado Milling & Elevator Company
CR.—$350,000: "Transfer of reserve for contingencies."
To the Stockholders: "In the fiscal year ended May 31, 1946, the Company set up on its books a Reserve for Contingencies in the amount of $350,000. The contingencies originally contemplated, which arose mainly out of the War, have disappeared or have declined to negligible importance so that in the judgment of the officers and directors of the Company the Reserve is no longer required. Accordingly, the Reserve has been eliminated by a direct credit to Earned Surplus. This entry had no effect on the amount of consolidated net income for the fiscal year ended May 31, 1951."

Commercial Solvents Corporation
CR.—$489,652: "Reversal of reserve for contingencies provided in prior years."

Deere & Company
CR.—$10,000,000: "Transfers of earned surplus previously appropriated for (see Note 4)."

Note 4: "During 1951 amounts previously treated as appropriations from Earned Surplus of $10,000,000 for Contingencies and $22,000,000 for Possible Future Price Declines and Obsolescence in Inventories were transferred to Unappropriated Earned Surplus. The transfer of these amounts from Appropriated to Unappropriated Earned Surplus was made because this segregation of Surplus is not necessary at the present time."

The Dobeckmun Company
CR.—$20,111.01: "Reserve for contingencies restored as no longer required."

Doehler-Jarvis Corporation
CR.—$300,000: "Restoration of Portion of Reserve for Contingencies."

The Fairbanks Company
CR.—$250,000.00: "Amount transferred from reserve for contingencies."

"To the Stockholders: The reserve for contingencies amounted to $50,000 as of December 31, 1951, a reduction of $250,000, the latter amount having been transferred from the reserve for contingencies to earned surplus during the year."

The Firestone Tire & Rubber Company
CR.—$13,686,339: "Transfer from Reserve for Contingencies."

Freeport Sulphur Company
CR.—$2,865,000: "Transferred from reserve for contingencies."

Hudson Motor Car Company
CR.—$816,314.13: "Reserve for contingencies, discontinued."

Iron Fireman Manufacturing Company
CR.—$40,027.00: "Reserves for product guarantees and contingencies are no longer considered necessary."

The Kendall Company
CR.—$1,471,847: "Balance in reserve for contingencies at December 31, 1950."

"To the Stockholders: Discontinuance of Special Reserve. In accordance with a decision by the Board of Directors, the balance of $1,471,847 heretofore segregated as Reserve for Contingencies was transferred to Consolidated Earned Surplus during the year."

Lear, Incorporated
CR.—$100,000: "Return of amount previously appropriated for general contingencies."

Lukens Steel Company
CR.—$763,000: "Restoration to surplus of provision for contingencies."

Oscar Mayer & Co., Inc.
CR.—$400,000.00: "Reserve for contingencies restored."

The National Sugar Refining Company
CR.—$150,000: "Transfer of Remaining Portion of Reserve for Contingencies."

The Oliver Corporation
CR.—$2,700,000: "Transfer from contingency reserves."

Remington Rand Inc.
CR.—$64,530: "Statutory reserves of foreign subsidiaries transferred from former reserve for contingencies."

Raybestos-Manhattan, Inc.
CR.—$3,079,502.86 (Unsegregated Surplus): "Reserve for Contingencies restored to surplus."

"To the Stockholders: Upon the authorization of the Board of Directors, the reserves for inventory adjustments and contingences amounting to $4,579,502, which had been created during the years 1941 through 1947, were transferred to surplus."

Socony-Vacuum Oil Company, Inc.
CR.—$31,000,000: "Cancellation of reserves no longer required—provided from earnings reinvested (earned surplus) in prior years." [For general contingencies—$15,000,000; and, reduction in reserves applicable to "Other Companies"—$16,000,000.]

Spencer Kellogg and Sons, Inc.
CR.—$2,572,516: "Reserve for Contingencies Restored to Earned Surplus."

Stahl-Meyer, Inc.
CR.—$150,000: "Restored from Reserve for contingencies, taxes, etc."

Westinghouse Air Brake Company
CR.—$2,914,960: "Balance in reserve for contingencies (appropriated from income in prior years) transferred to surplus."

The Yale and Towne Manufacturing Company
CR.—$4,991,522.37: "Portion of Surplus Reserves for Foreign Contingencies and for Inventory and Other Contingencies transferred to Earned Surplus as of March 31, 1951 by action of the Board of Directors. (The remaining portion [$768,192.37] of the Surplus Reserve for Foreign Contingencies was transferred to Capital Surplus as of the same date.)"

Credits to Retained Earnings and Capital Surplus

The Ohio Match Company
CR.—$4,200,000 . . . . *Retained Earnings*

"Restoration of amounts appropriated to reserves in prior years."

CR.—$150,000 . . . . *Capital Surplus*

"Restoration of amounts appropriated to contingencies reserve in previous years."

"To the Stockholders: The dividend in preferred stock was made possible by the return to Earned Surplus of the Reserves for Contingencies, Replacement of Standing Timber, and Inventory Price Decline. These reserves, which had been created during the war years and the period of adjustment following the peace, were no longer so necessary as formerly because of the negotiation of substantial timber commitments in 1951. However, since the 1951 logging volume was the largest in Company history and the outlook is for continued substantial output, it is essential that an extensive program of timber replacement must be followed."

CATERPILLAR TRACTOR CO. *statement 7*

Ownership Equities

CAPITAL STOCK, PREFERRED

Year			
1949	Issued 250,000 shares for cash (underwriting fee and expense deducted from profit employed in the business)	$25,000,000	
1951	Retired 5,000 shares through operation of sinking fund (see note 4 on page 22)	500,000	
			$ 24,500,000

CAPITAL STOCK, COMMON

Year		Number of shares	Amount	
1925	Issued at incorporation for net assets of predecessor companies	1,625,000 (1)	$12,320,380	
1928	Issued for net assets of Russell Grader Manufacturing Company	86,127	2,518,416	
1929	Issued for cash at $50.00 per share (less underwriting fees)	171,113	8,305,981	
		1,882,240	$23,144,777	
1949	Issued additional shares by exchange of two shares of $10 par value common for each share of no par common (an amount sufficient to bring previous stated value up to new par value was transferred from profit employed in the business)	1,882,240	14,500,023	
1951	Issued for entire capital stock of Trackson Company	54,000	540,000	
		3,818,480		38,184,800

CAPITAL IN EXCESS OF PAR VALUE

Year			
1951	Net assets of Trackson Company	$ 2,202,000	
	Less: Par value of common stock issued therefor	540,000	
			1,662,000

PROFIT EMPLOYED IN THE BUSINESS

Year	Profit	Dividends	Other changes	Net change for year	Amount at end of year	
1925	$ 3,263,669	$ 649,874	$ –	$ 2,613,795	$ 2,613,795	
1926	4,318,095	1,624,976	–	2,693,119	5,306,914	
1927	5,731,423	2,681,249	–	3,050,174	8,357,088	
1928	8,717,838	4,225,000	–	4,492,838	12,849,926	
1929	12,413,446	5,646,720	–	6,766,726	19,616,652	
1930	9,094,018	7,528,960	–	1,565,058	21,181,710	
1931	1,569,200	5,646,720	–	(4,077,520)	17,104,190	
1932	(1,621,448)	1,176,489	–	(2,797,937)	14,306,253	
1933	353,717	235,306	–	118,411	14,424,664	
1934	3,799,190	2,352,849	–	1,446,341	15,871,005	
1935	6,249,307	3,764,480	–	2,484,827	18,355,832	
1936	10,229,592	10,352,320	–	(122,728)	18,233,104	
1937	10,564,690	9,705,959	–	858,731	19,091,835	
1938	3,235,710	4,339,448	–	(1,103,738)	17,988,097	
1939	6,004,890	4,337,337	–	1,667,553	19,655,650	
1940	7,827,183	3,764,480	–	4,062,703	23,718,353	
1941	7,746,827	3,764,480	–	3,982,347	27,700,700	
1942	7,006,660	3,764,480	–	3,242,180	30,942,880	
1943	7,565,946	3,764,480	–	3,801,466	34,744,346	
1944	7,329,313	3,764,480	–	3,564,833	38,309,179	
1945	6,511,895	4,705,600	–	1,806,295	40,115,474	
1946	6,111,591	5,646,720	–	464,871	40,580,345	
1947	13,476,060	5,646,720	–	7,829,340	48,409,685	
1948	17,450,013	5,646,720	–	11,803,293	60,212,978	
1949	17,948,177	7,010,757	(15,269,651) (2)	(4,332,231)	55,880,747	
1950	29,264,285	9,520,080	–	19,744,205	75,624,952	
1951	15,732,141	12,338,190	–	3,393,951	79,018,903	
	$227,893,428	$133,604,874	$(15,269,651)			79,018,903

Net assets (statement 5) $143,365,703

(1) At incorporation, 260,000 shares were issued. In February 1926, those shares were increased by a 25% stock dividend to 325,000 shares. In December, 1926, a conversion of five shares for one share increased the issued shares to 1,625,000.

(2) Underwriting fee and expense on preferred stock issue, $769,628, and transfer to common stock in connection with issuance of two shares of $10 par value common for each share of no par common, $14,500,023.

APPROPRIATION OF RETAINED EARNINGS—
Insurance Purposes

Charge to Retained Earnings

The Quaker Oats Company
DR.—$50,000: "Transfer to Earnings Reserved for Insurance and Other Contingencies."

Credits to Retained Earnings

American Can Company
CR.—$5,000,000: "Amount transferred from reserve provided in prior years—Compensation insurance."

Goebel Brewing Company
CR.—$3,474.77: "Amount transferred from Compensation Insurance Reserve, representing amounts accumulated from January 1, 1948 to December 31, 1948, no cases being pending prior to that date. Remaining balance in reserve accumulated since January 1, 1949 appears ample to provide for all possible contingencies."

APPROPRIATION OF RETAINED EARNINGS—
Inventory Purposes

Charges to Retained Earnings

Canada Dry Ginger Ale, Incorporated
DR.—$130,027.17: "Adjustment of reserve for cases, for balance sheet purposes, to amount equal to 50% of ledger value of cases."

Endicott Johnson
DR.—$814,000: "Additional provision for the year to give effect to the normal base stock method of inventory in an amount equivalent to approximate federal taxes on income at current rates applicable thereto."

Note 1: "... The normal base stock method is designed to eliminate from earnings most of the inventory price increases or declines. Prices increased during the year, and earnings have been reduced by an addition [$803,539] to the provision accumulated in prior years. However, since the increase also resulted in an increase in 1951 federal taxes on income, such charge to earnings has been reduced by $814,000, an amount approximately equivalent to the tax increase, and this has been provided directly from 'Accumulated retained earnings.'"

The Firestone Tire & Rubber Company
DR.—$2,772,000: "Provision for Rubber Inventory Replacement for the year 1950, less Federal taxes."

United States Smelting Refining and Mining Company
DR.—$810,145.92: "Amount appropriated to Reserve for Metal Price Fluctuations equal to the above gain [Income credit—'Gain resulting from fluctuations of metal prices subsequent to production or purchase of ores $810,145.92'] from fluctuation of metal prices subsequent to production or purchase of ores."

Credits to Retained Earnings

Allis-Chalmers Manufacturing Company
CR.—$5,000,000: "Transferred from appropriated surplus." [Inventory and Contingencies.]

American Can Company
CR.—$7,870,000: "Amount transferred from reserve provided in prior years—Tinplate inventory (Note 1)."

Note 1: "... The tinplate inventory reserve of $7,870,000 provided in prior years was restored in 1951 to earnings reinvested in the business in accordance with U. S. Treasury tax regulations relating to the lifo inventory method...."

American Can Company
CR.—$9,500,000: "Amount transferred from reserve provided in prior years—Possible future inventory price declines and other contingencies."

Deere & Company
CR.—$22,000,000: "Transfer of earned surplus previously appropriated for (see Note 4)."

Note 4: "During 1951 amounts previously treated as appropriations from Earned Surplus of $10,000,000 for Contingencies and $22,000,000 for Possible Future Price Declines and Obsolescence in Inventories were transferred to Unappropriated Earned Surplus. The transfer of these amounts from Appropriated to Unappropriated Earned Surplus was made because this segregation of Surplus is not necessary at the present time."

Harbison-Walker Refractories Company
CR.—$2,008,109: *"Consolidated Income Retained in the Business*: Balance at beginning of year (including $2,008,109 appropriated until January 1, 1951 for future inventory price decline and risks not covered by insurance)."

S. S. Kresge Company
CR.—$2,927,821 (Footnote): "The $2,927,821 appropriated in prior years for possible adjustments of merchandise values was returned in 1951 to unappropriated income retained for use in the business. This adjustment has been made retroactively to January 1, 1950 in the financial statements."

Pillsbury Mills, Inc.
CR.—$475,000: "Transfer of Reserve for Inventory Valuation, May 31, 1950."

Note 3: "Inventories. The company has discontined the use of a reserve for inventory valuation to reduce inventories of unhedged commodities to May 31, 1946 prices and has transferred the May 31, 1950 balance in that reserve to accumulated earnings. It had been the expectation of officers of the company that the high prices of unhedged commodities at May 31, 1947 would recede to the May 31, 1946 level. Information available during the fall of 1950, when the reserve was discontinued, indicated that the downward movement of prices had been completed as far as it was going and that these prices would not recede below the May 31, 1950 level in the forseeable future. Under these circumstances, it appeared that the purpose for which this reserve was created had been accomplished. If the reserve had not been in use during the previous year ended May 31, 1950, the net earnings for that year would have been $125,000 less than reported."

Piper Aircraft Corporation
CR.—$147,249: "Reduction in Reserve for Inventory Valuation to Estimated Requirement (Note 1)."

Note 1: "... Realization on obsolete and surplus inventories has exceeded expectations and at September 30, 1951 the reserve for inventory valuation was reduced by $147,249 which has been restored to earned surplus. The balance of $290,000 remaining in the reserve is believed to be adequate to reduce the non-current portion of inventories to an amount eventually realizable. However ... the adequacy of the reserve may be affected by future market conditions, possible governmental restrictions and controls, etc."

Raybestos-Manhattan, Inc.
CR.—$1,500,000.00 (Unsegregated Surplus): "Reserve for possible decline in inventory value restored to surplus."

"To the Stockholders: Upon the authorization of the Board of Directors, the reserves for inventory adjustments and contingencies amounting to $4,579,502, which had

been created during the years 1941 through 1947, were transferred to surplus."

Jacob Ruppert
CR.—$52,000: "Restoration to surplus from specific reserve for bottles and cases with trade."

APPROPRIATION OF RETAINED EARNINGS—
Property Purposes

Charges to Retained Earnings

Armstrong Cork Company
DR.—$2,809,000: "Additional provision for replacement of building and machinery."

Bates Manufacturing Company
DR.—$112,025: "Reserved for Property Replacement."

Bristol-Myers Company
DR.—$441,370: "Set aside for estimated increase in replacement cost of fixed assets."

Pittsburgh Plate Glass Company
DR.—$5,140,474: "Appropriations to increase charges for wear and exhaustion of facilities to a replacement cost rather than an original cost basis."

Saco-Lowell Shops
DR.—$300,000: "Amount appropriated for addition to reserve for excess of replacement cost over original cost of plant property."

United Fruit Company
DR.—$7,000,000: "Appropriated during year for abnormal construction and increased replacement costs."

Credits to Retained Earnings

Endicott Johnson Corporation
CR.—$875,000: "Restoration of appropriation of prior year [Construction of new plant facilities]."

Liggett & Myers Tobacco Co.
CR.—$3,383,581: "Transferred from Surplus Reserves." [Special reserves, $1,383,581; Appropriation for excessive costs of fixed assets, $2,000,000.]

Panhandle Producing & Refining Company
CR.—$200,000: "Appropriated for exploration and acquisition of oil reserves (after transferring $200,000.00 to unappropriated surplus) . . . $800,000.00."

Pittsburgh Steel Company
CR.—$1,601,043: "Reserves for relining and rebuilding furnaces and workmen's compensation and other insurance eliminated as of January 1, 1951 (see page 19)."

(Page 19): *"Supplementary Financial Information. Reserves.* For federal income tax purposes, the cost of new blast furnace linings is added to fixed assets and depreciated by charges to income over their productive lives and the cost of open-hearth and soaking pit linings is charged to expense. Effective January 1, 1951, the company changed its accounting practice to conform to that followed for tax purposes. Formerly, expenditures for these relinings were charged to reserves which had been provided from income as a part of the cost of maintenance and repairs. As a result of the change, the balance of $1,318,543 in these reserves at January 1, 1951, is no longer required and has been transferred to accumulated earnings. The effect of the change on net income for the year was not material. The reserves for workmen's compensation and other insurance contingencies, with a fixed balance of $282,500, have also been transferred to accumulated earnings."

APPROPRIATION OF RETAINED EARNINGS—
Tax Purposes

Charges and Credits to Retained Earnings

American Viscose Corporation
CR.—$6,000,000: "Reduction in War-time taxes on income."

"To the Stockholders: In December 1951 the Corporation signed an agreement consenting to a determination under Section 722 of the Internal Revenue Code of constructive average base period net income for the taxable years 1940-1945. Following formal action by appropriate government agencies, the Corporation will receive a net tax refund of about $4,800,000. This amount, with a tax reserve of $1,200,000 not now required, has been added to retained earnings and estimated interest on the refund [$1,300,000] has been taken up in 1951 income."

The Cuneo Press, Inc.
DR.—$450,000: "Prior year adjustment—Amount appropriated for bad debt reserve."
CR.—$450,000: "Prior year adjustment—Reduction of Federal income tax reserve."

Note 3: "The proposed assessments of additional Federal income taxes for the years 1941 and 1942 were settled in 1951 by payment of taxes and interest of approximately $400,000, which was charged to tax reserves carried in the accounts. An examination of the Federal income tax returns for the years 1943 through 1949, which is now being made by the Government, indicates that the company will be entitled to a tax refund of approximately $100,000 for those years. Based on the theory that the same method of determining bad debt provisions, which is being applied by the Government in its examination of the company's tax returns through 1949, will be applied in subsequent years, the company has claimed and proposes to claim deductions for its tax returns for the years 1950 and 1951, bad debt provisions substantially in excess of those reflected in its accounts. On the assumption that such claims will be allowed, the company (a) has reduced its tax reserve for prior years by $450,000 (with a corresponding credit to bad debt reserve), (b) expects to receive a refund of taxes paid for 1950 of approximately $270,000 (which refund is not reflected in its accounts), and (c), expects to pay taxes for 1951 of approximately $485,000 less than the provision for taxes reflected in its accounts for that year."

Note 4: "If the additional bad debt provisions claimed for tax purposes mentioned in Note (3) were reflected in the accounts, the effect thereof (net after tax benefits if allowed as claimed) would be to reduce earned surplus at December 31, 1951, by approximately $1,500,000, of which $470,000 would result in a reduction of the net profit for the year 1951, and the balance would be applicable to prior years. If the losses covered by such additional bad debt provisions are not ultimately realized, there will be a Federal income tax liability (computed at present rates) of an amount of approximately $450,000 more than the tax reserve now reflected in the accounts."

General Electric Company
CR.—$29,500,000: "Other additions (Note 5)."

Note 5: "Other additions to Reinvested Earnings represented principally provisions during World War II and earlier years for taxes and possible losses on investments which it has now been determined will not be required."

National Cylinder Gas Company
DR.—$531,000: "Provision for federal taxes on income for prior years."

Note 4: "With one exception, the federal income tax liability of all subsidiary companies has been finally determined for the years through 1945 (through later years as to four subsidiaries), and an informal agreement has been reached with the office of the Internal Revenue Agent in Charge in Chicago as to the returns filed by the parent company for the years through 1945. The Companies have paid all taxes shown to be owing by the returns filed, together with all formally agreed amounts of additional assessments and a substantial portion of that informally agreed to, and have made liberal provision (including $531,000 appropriated from reinvested earnings in 1951) for any amounts which may be assessed for all prior years. Such provision is not intended to cover interest accruing on amounts not yet paid."

APPROPRIATION OF RETAINED EARNINGS—
Various Purposes

Charges to Retained Earnings

McGraw-Hill Publishing Company, Inc.
DR.—$325,329: "Increase in reserve for unexpired subscriptions."

O'Sullivan Rubber Corporation
DR.—$4,389.98: "Reserve for retirement of preferred stock."

Pathé Industries, Inc.
DR.—$300,000 (Statement of Consolidated Deficit): "Provision for claims and guarantees (Note 17)."

Note 17: "Contingent Liabilities. The companies are contingently liable as follows:

(a) As guarantor of the bank loan of a non-affiliated company approximately $405,000 for which a reserve of $200,000 has been provided by a charge to surplus.
(b) Litigation in respect of substantial amounts, as to which counsel advises there will probably be some liability in an amount which cannot be presently anticipated for which a reserve of $100,000 has been provided by a charge to surplus.
(c) Litigation in respect of various anti-trust actions; the extent of the liability, if any, is not determinable at the present time. The companies in turn are suing for substantial amounts in other litigation but the amounts, if any, which may be recovered cannot be predicted at this time."

Standard Oil Company (New Jersey)
DR.—$1,853,253: "Adjustment of restricted earnings from pipeline operations."

United Merchants and Manufacturers Inc.
DR.—$46,373: "Appropriation to statutory reserves."

Credits to Retained Earnings

Anderson, Clayton & Co.
CR.—$7,030,757.32: "Reserves previously established from Earned Surplus no longer required."

Armstrong Cork Company
CR.—$750,000: "Restoration of reserve for wage earners' unemployment benefits."

Climax Molybdenum Company
CR.—$802,559: "General reserve no longer required."

To Climax Stockholders: "Since there is no prospective need for continuing the 'General Reserve' of $802,559 which has appeared on the statement of financial position for several years, this amount has been transferred to accumulated earnings retained in the business."

Cutler-Hammer Inc.
CR.—$268,414: "Elimination and reduction of reserves (Note 2)."

Note 2: "During 1951, the company eliminated, by a credit to earned surplus, the unused balances of the miscellaneous reserves aggregating $235,311 and reduced the reserve for bad debts by $33,103, all provided in previous years."

Gillette Safety Razor Company
CR.—$33,374: "Realization of undistributed foreign earnings transferred to reserve January 1, 1949."

International Business Machines Corporation
CR.—$305,489.84: "Transfer from Reserve for General Company Welfare."

National Cylinder Gas Company
CR.—$175,000: "Restoration of reserve for research and development expenses."

Westinghouse Electric Corporation
CR.—$2,378,893: "Cancellation of unused reserves set up in prior years."

ADJUSTMENTS FOR PRIOR YEARS—
Fixed Assets and Depreciation

Charge to Retained Earnings

Pittsburgh Brewing Company
DR.—$2,642.93: "Additional depreciation 1950."

Credits to Retained Earnings

American Maize-Products Company
CR.—$468,348: "Net adjustment, principally to fixed assets and accumulated depreciation, incident to settlement of taxes on income of prior years (Note D)."

Note D: "The adjustment incident to settlement of Federal taxes on income of prior years are summarized below:

Reduction of depreciation	$320,339
Reduction of allowance for doubtful accounts	103,856
Maintenance and repair charges, etc. added to fixed assets	143,471
	$567,666
Less: Excess of additional taxes (net) over amount of $268,121 previously provided	$ 33,921
Less: Interest on additional taxes, less tax benefit applicable thereto	65,397
	$ 99,318
Net adjustments	$468,348"

Air Reduction Company, Incorporated
DR.—$2,535,381: "Estimated net adjustments applicable to proposed settlement of 1938 Federal income tax suit and net deficiencies for other years arising therefrom (less related estimated reduction in Federal income taxes—$999,300)—(see Note A)."
CR.—$1,257,541: "Adjustments of depreciation and Federal income taxes in connection with rate redeterminations (including related estimated reduction in Federal income taxes due to interest expense—$86,369) (see Note A)."
DR.—$1,196,297 (Charge against Income): "Portion of interest on net Federal income tax adjustments and preferred stock issue expenses equal to estimated related re-

duction in Federal income taxes (including $444,445 excess profits tax)—(see Note A)."

Note A: "The Company has made an offer of settlement to the Federal Government with respect to deficiencies in Federal income and excess profits taxes of Air Reduction Company, Incorporated and certain wholly-owned subsidiaries (now merged) for the years 1938 to 1942 inclusive, contingent upon approval by the Government of certain overassessments for the same years and the offsetting of said overassessments against the aforementioned deficiencies. Provision has been made in the accompanying statements for estimated net deficiency of Federal income and excess profits taxes of Air Reduction Company, Incorporated and certain wholly-owned subsidiaries (now merged) for the year 1938 together with interest, less tax benefit therefrom, to December 31, 1951. Similar net deficiencies for the years 1939 to 1942 inclusive were paid during 1951, based upon assessment notices received from the Collector of Internal Revenue on November 23, 1951; such payment was subject to the right to claim refund thereof if the Company's said offer of settlement was not accepted by the Government in its entirety. If the Company's said offer of settlement is finally rejected by the Government, counsel is of the opinion that the Tax Court of the United States will be required to pass upon certain questions as to the proper determination of the amounts of tax deficiencies. The results of any such action by the Tax Court are not presently determinable.

"During December 1951 an agreement was reached with the Engineering Section of the Bureau of Internal Revenue with respect to adjustment of certain depreciation rates used by the Company during the years 1943 to 1950 inclusive. Adjustment of Company records to the revised rates resulted in a credit, net of estimated additional Federal income taxes and interest thereon, which is reflected in the accompanying statements."

Anchor Hocking Glass Corporation
CR.—$428,910: "Adjustment of certain depreciation for prior years."

Buffalo-Eclipse Corporation
CR.—$2,009.60: "Adjustment of depreciation by Internal Revenue Department 1948 and 1949."

Consolidated Paper Company
CR.—$120,663.15 (net): "Adjustments incident to additional liability for Federal Taxes on Profits for the years 1949 and 1950: Capitalization of Repair Items previously expensed, less allowable Depreciation thereon, in accordance with the settlement with the Bureau of Internal Revenue—*$184,338.64*; Less: Additional Federal Taxes on Profits—$63,675.49."

Fairchild Engine and Airplane Corporation
CR.—$119,124: "Reduction of accumulated depreciation to amounts allowed as federal income tax deductions."

Marshall Field & Company
CR.—$1,552,268: "Adjustment to reflect the retroactive effect of conforming the basis of certain fixed asset and depreciation reserve accounts to that agreed upon for Federal income tax purposes, less applicable Federal income taxes ($965,374)."

The Mead Corporation
CR.—$887,394: "Adjustments of accumulated depreciation, etc., of prior years, less related federal taxes on income of $531,095, based on agreement reached with the Bureau of Internal Revenue."

Mid-Continent Petroleum Corporation
CR.—$953,921—"Expenses capitalized by the Treasury Department for the six years ended December 31, 1948, less depreciation thereon to December 31, 1950."

Motor Products Corporation
CR.—$303,769.70: "Adjustment of property, plant and equipment and accumulated depreciation accounts to an income tax basis as of July 1, 1950 (Note 3)."

Note 3: "As of July 1, 1950 property, plant and equipment and accumulated depreciation accounts were adjusted to an income tax basis (with a resulting credit of $303,770 to earned surplus) and subsequent depreciation has been recorded on a corresponding basis. The effect of this adjustment on depreciation expense for the year ended June 30, 1951 is not significant."

The Ohio Match Company
CR.—$451,249: "Adjustment of property, timber, and woods facilities to Federal tax basis."

The Safety Car Heating and Lighting Company, Inc.
CR.—$293,251.89: "Transfer from accumulated depreciation amount required to restate plant and equipment written off in 1932 and 1933, at its depreciated value as of January 1, 1951."

"To the Stockholders: By approval of the stockholders at their annual meeting in 1933, Buildings, Machinery and Factory Equipment were written down as at December 31, 1932 to $1.00 through credits to Reserve for Depreciation. This same practice was followed as to assets acquired in 1933. Since January 1, 1934 all additions to these items have been capitalized and properly depreciated in subsequent years. As at December 31, 1950 $293,251.89 of the cost of the assets written off as at December 31, 1933 remained undepreciated on the basis used to depreciate subsequent additions. On the recommendation of our accountants, this item of $293,251.89 was restated as at January 1, 1951, thereby increasing 'Property, Plant and Equipment' from $1,189,576.62 to $1,482,828.51, and increasing 'Accumulated Earnings—unappropriated' by the same amount. This adjustment results in our net income from operations being reduced by the annual amount of depreciation required to fully depreciate these assets by December 31, 1971. This item amounts to approximately $15,000. for each of the years 1951 and 1952, and will be slightly reduced in subsequent years."

Sprague Electric Company
CR.—$230,572.26: "Net adjustment of fixed assets and accumulated depreciation for prior years per report of engineer from Bureau of Internal Revenue. (No tax adjustments determinable until final settlement of all issues in tax case.)"

ADJUSTMENTS FOR PRIOR YEARS—
Fixed Assets and Depreciation

Charges and Credits to Retained Earnings and Capital Surplus

Bigelow-Sanford Carpet Company, Inc.
DR.—$2,953,443 .... Capital Surplus
CR.—$3,512,515 (Net) .... *Retained Earnings*

Note 2: "As of March 31, 1951, the Company recorded certain adjustments of its property and depreciation accounts in order to conform to the tax basis agreed upon with the Treasury Department following an examination of its Federal income tax returns for the years 1944 to 1949, inclusive. The net effect of such adjustments was to increase Earnings Retained and Employed in the Business by $3,512,515 (after providing additional reserves of $400,-

000 for prior years' Federal income taxes and interest charges thereon) and to increase Capital Surplus by $2,953,443. Surplus Reserves of $1,800,000 were also transferred to Earnings Retained. In the accompanying financial statements such adjustments have been applied retroactively to the accounts affected as at the beginning of the years 1950 and 1951."

The Federal Machine and Welder Company
DR.—$33,039.36 (9-30-51 Report) .... Capital Surplus
DR.—$34,243.38 (9-30-50 Report) .... Capital Surplus
CR.—$33,039.36 (9-30-51 Report) .. Retained Earnings
CR.—$34,243.38 (9-30-50 Report) .. Retained Earnings
"Transfer of depreciation on war emergency facilities from Capital Surplus."
DR.—$ 4,601.31 (9-30-51 Report) .... Capital Surplus
DR.—$12,438.69 (9-30-50 Report) .... Capital Surplus
CR.—$ 4,601.31 (9-30-51 Report) .. Retained Earnings
CR.—$12,438.69 (9-30-50 Report) .. Retained Earnings
"Transfer of gain on sale of war emergency facilities from capital surplus."
Note C (9-30-49 Report): "Emergency facilities acquired during the years 1941, 1942 and 1943, which had been fully amortized, and carried at no net value, in the amount of $1,125,072.24 have been reinstated at cost less estimated depreciation to date, creating a capital surplus in the amounts of $870,967.51."

ADJUSTMENTS FOR PRIOR YEARS—Taxes

Charges to Retained Earnings

The Billings & Spencer Company
DR.—$902.74: "Net Adjustments of Prior Year's Federal and State Tax Liabilities."

Botany Mills, Inc.
DR.—$7,407.74: "Adjustment of Federal income taxes of prior years."

Brown Shoe Company, Inc.
DR.—$164,620: "Excess profits tax paid for the year ended October 31, 1950, under the Act of 1950, approved January 3, 1951."

Buffalo-Eclipse Corporation
DR.—$13,175.67: "Adjustment of prior year taxes; 1948—$281.48; 1949—$281.48; 1950—$12,612.71."

Burlington Mills Corporation
DR.—$835,000: "Provision for 1950 Federal excess profits taxes (based on law passed in January, 1951). Adjustment to Earned Surplus as previously reported."

M. H. Fishman Co.
DR.—$3,833.60: "Adjustment of New York State Franchise Tax."

Marchant Calculating Machine Company
DR.—$267,895.74: "Additional Federal income taxes for prior years ($275,264.07), less related income adjustments."

Nash-Kelvinator Corporation
DR.—$1,700,000: "Excess profits tax for 1950 under the retroactive provisions of the Excess Profits Tax Act of 1950, as reported with the annual report."

Naumkeag Steam Cotton Company
DR.—$12,397.89: "Net prior year adjustments resulting from Revenue Agent's examination."

Stokely-Van Camp, Inc.
DR.—$967,863: "Additional prior years' Federal taxes on income of a subsidiary and portion of related interest (see note to statement of profit and loss) $979,172, Less minority interest $11,309."
Note: "Interest applicable to prior years on additional Federal taxes on income was paid during the current year. The tax reduction resulting from the deductibility for tax purposes of such interest amounted to approximately $204,000. Prior years' interest in an amount equivalent to such reduction has been charged to income [$640,022] and the remainder has been charged to earned surplus."

Universal Match Corporation
DR.—$11,200.67: "Prior years' income tax adjustments."

Credits to Retained Earnings

Alaska Pacific Salmon Company
CR.—$30,096.26: "Adjustments of federal and Alaska taxes on income of prior years."

The Artloom Carpet Co., Inc.
CR.—$22,803.58 (Net): "Prior Year Federal Income Tax Adjustments Refund Claim Section #722 of Internal Revenue Code—Years 1940-45, Inclusive, *$68,130.84; Less*—Refund Claim Year 1946, $45,327.26."

The Autocar Company
CR.—$271,521: "Credit for portion of interest on prior years' taxes, etc., settled in 1951, equivalent to reduction in taxes on income after providing for taxes on interest to be received in 1952 in connection with the 1951 settlement (Note D (c))."
Note D (c): "The interest payable, accrued by the companies in prior years and assessed by the Treasury Department in 1951 on additional 1942 to 1945 Federal excess profits taxes, and the amount of reserve at December 31, 1950, for intercompany profit in inventory previously taxed, are deductible in computing the 1951 Federal income taxes, and reduce those taxes charged against income by an estimated $525,661.
"The interest receivable, accrued by the companies in prior years but not credited by the Treasury Department until 1952, on the overassessments of Federal income taxes in the 1951 settlement for the years 1942 to 1946, appears to be taxable in 1952, with a resulting increase in taxes for that year of an estimated $254,140.
"To present the 1951 net income fairly, the $525,661 reduction in 1951 taxes has been offset in the income account by a special charge of like amount, $380,553 of which is attributable to interest and $145,108 to realized intercompany profits previously taxed, with contra increases of $254,140 in accrued taxes (included under 'Other Liabilities' because payable after 1952) and of $271,521 in earned surplus."

Bell Aircraft Corporation
CR.—$500,000: "Reversal of accrual for Federal taxes on income, arising prior to 1948."

The Byrndun Corporation
CR.—$157.37: "Federal, State and New York City tax adjustments for prior years."

Central Soya Company, Inc.
CR.—$217,763: "Refund of prior years Federal income and excess profits taxes."

Columbia River Packers Association, Inc.
CR.—$115,817.84: "Federal income tax refund applicable to year 1945."
"To the Stockholders: During the year your company

obtained a recovery of $115,817 on Federal Income Taxes paid for the year 1945. This amount represents an addition to surplus."

Eastman Kodak Company
CR.—$6,012,598: "Settlement of 1941-45 excess-profits taxes."

"Finances: References have been made in earlier reports to claims for refunds of 1941-45 excess-profits tax by Tennessee Eastman Corporation. On January 15, 1952, government checks were received in final settlement of these claims. This settlement and related accounting adjustments have been included in the 1951 accounts, resulting in a net addition to income of $6,012,598. This item has been shown separately in the earnings statement."

The Firestone Tire & Rubber Company
CR.—$5,044,000: "Reduction of 1950 Federal Taxes Resulting from adoption of Lifo."

M. H. Fishman Co.
CR.—$5,123.14: "Refund of Federal Taxes, 1943 to 1948."

Gillette Safety Razor Company
CR.—$655,478: "Increase in investment in foreign subsidiaries resulting from capitalization of postwar refund of excess profits taxes on books of a foreign subsidiary."

The Haloid Company
CR.—$166,936.72: "Refund of prior years excess profits Taxes received under Section 722 of the Internal Revenue Code."

The Oliver Corporation
CR.—$897,152: "Adjustment of accrual for income taxes for prior years."

Park & Tilford Distillers Corporation
CR.—$13,206: "Refunds of Federal income and excess profits taxes, prior years."

Pepsi-Cola Company
CR.—$1,831,385: "Surplus Credit—Refunds (net) of United States income and excess profits taxes (principally under Section 722 of Internal Revenue Code) less net of expenses, prior years' interest, and related tax reduction."

Note 3: "The Federal income and excess profits tax returns of the Company and domestic subsidiaries have been examined and settled through the year 1944; the tax returns for the years 1945 to 1948, inclusive, are under examination."

Charges and Credits to Retained Earnings and Capital Surplus

Jones & Lamson Machine Company
CR.—$254,686.07 (Unclassified Surplus): "Refundable Federal income and excess profits taxes under Section 721, and interest thereon, less legal fees."
CR.—$14,040.83 (Unclassified Surplus): "Tax adjustments applicable to prior years."
DR.—$44,274.10 (Unclassified Surplus): "Provision for Federal and State taxes on the taxable portion ($63,927.45) of the above additions to surplus."

"Report to Stockholders: During 1951 an understanding was reached with the Internal Revenue Department which successfully concludes our claims under Section 721. Settlements for the years 1940 and 1941 were made in 1950, as reported. The recent settlement covering the years 1942 and 1943, while not yet formally allowed, added to Surplus an estimated tax-free rebate of $190,854, plus taxable interest figured to December 31, 1951, of $79,038."

Pittsburgh Brewing Company
DR.—$52,471.04 .... Retained Earnings
"Additional income tax year ended October 31, 1950."
DR.—$66,283.88 .... Capital Surplus
"Additional income taxes year ended October 31, 1949."

ADJUSTMENTS FOR PRIOR YEARS—Miscellaneous

Charges to Retained Earnings

Alaska Pacific Salmon Company
DR.—$3,250.00: "Adjustments affecting prior year's surplus of subsidiary."

The Billings & Spencer Company
DR.—$1,239.34: "Adjustment of Prior Years' Renegotiation Rebate Claim."

Cutler-Hammer Inc.
DR.—$544,133: "Adjustment of vacation pay applicable to prior year, less refund of Federal taxes on income in connection therewith (Note 1)."

Note 1: "As at December 31, 1951 the company adopted the practice of accruing the expense for vacation pay to be paid in the ensuing year to conform to the method established for income tax purposes. The effect of this change in method was to charge $988,000 to operations in 1951 and the similar expense for the previous year, aggregating $813,798, was eliminated from current operations and charged to earned surplus, less a refund of $269,665 for Federal taxes on income in connection therewith."

The Super-Cold Corporation
DR.—$11,815: "Adjustment of December 31, 1950 inventory, less bonus and tax reductions."

Credits to Retained Earnings and Capital Surplus

Beech Aircraft Corporation
CR.—$1,940: "Sundry adjustments to Prior Year's Income."

Byron Jackson Co.
CR.—$400,000: "Add reinstatement of cost of patent rights acquired and charged to earned surplus in 1950."

Pittsburgh Brewing Company
CR.—$71,570.96 .... *Retained Earnings*
"Adjustment of package accounts, year ended October 31, 1950."
CR.—$167,283.16 .... *Capital Surplus*
"Adjustment of package accounts to October 31, 1949."

ADJUSTMENTS INCIDENT TO LIFO VALUATION

Charge and Credits to Retained Earnings

First National Stores Inc.
DR.—$4,650,000: "Adjustment, as at March 31, 1951, of all inventories, representing reduction to last-in, first-out method of valuation determined by 'dollar value' basis of computation (merchandise in retail stores having previously been valued at approximate cost on the basis of first-in, first-out)."
CR.—$4,400,000: "Amount previously appropriated for future price declines of inventories in retail stores."

To the Stockholders: "At the close of the year, cash was $12,114,572 as compared with $9,437,003 in the prior year. Working capital was $10,372,639 as compared with $13,653,690 at March 31, 1951. This decline in working capital was occasioned principally by the change to valuing the retail store inventories on the Lifo method. The $4,400,000 previously appropriated for retail store inventory price declines, was used in adjusting store inventories to the Lifo basis."

Phelps Dodge Corporation
CR.—$2,724,335.20 (Unsegregated Surplus): "Adjustment of copper inventories incident to adoption of last-in, first-out valuation method—note B."

Note B: "During the year 1951 the Company adopted the last-in, first-out (LIFO) method of valuation with respect to the major portion of copper carried in consolidated inventories and intends to elect such method in the computation of taxable income. Part of the copper inventories have heretofore been considered as normal working stocks and have been valued at a fixed price, but in conjunction with the adoption of LIFO such inventories, as of January 1, 1951, have been adjusted to the income tax basis. This has resulted in increasing inventories at that date by $2,724,335.20 with a corresponding credit to Surplus. The above change has not materially affected Net Income of the year."

EXTRAORDINARY LOSSES

Charges to Retained Earnings

American-LaFrance-Foamite Corporation
DR.—$283,887: "Loss on investment in and advances to International Meters, Inc., liquidated in 1951, less $276,000 applicable reduction in federal income and state franchise taxes."

"*To the Stockholders*: Over some five years there is an accumulated loss amounting to $559,887 including a capital investment of $50,000 in International Meters, Inc., the sales subsidiary, which was dissolved and completely liquidated in 1951, and the balance consisting of advances to finance the development, sales and manufacturing activities. There is an estimated tax savings of $276,000 to partially offset this loss. Thus Alfco closes an unprofitable venture, with the termination enabling us to use both our Staff and facilities for more profitable operations."

American Locomotive Company
DR.—$526,500: "Net cost of settlement of Gyro Process Company and Chemical Research Corporation lawsuits after deducting tax saving of $2,211,000."

To the Shareholders: "Shareholders were advised by letter on December 21, 1951 of the settlement of suits brought against the Company by Gyro Process Company and the Chemical Research Corporation involving our operations for some years under a contract granting us the exclusive right to sell the Gyro process for cracking petroleum.

"The suits, brought in 1940 and involving claims aggregating $42,285,000, were settled by the payment of $2,737,500, representing a net cost to your Company, after income and excess profits tax credit, of approximately $526,000. The Board of Directors, after consideration of all the circumstances and upon the advice of counsel, decided that the best interests of your Company would be served by such settlement.

"The settlement did not affect net income for 1951 because it concerned operations prior to 1940 and therefore the costs were charged to earned surplus. Concurrently, earned surplus was credited with $550,000, representing a portion of reserve for contingencies created from prior years' income and no longer required."

General Box Company
DR.—$58,927.69: "Loss from Kansas City flood and St. Louis flood protection expense, ($291,899.44) less applicable reduction of Federal taxes on income ($232,291.75)."

Armour and Company
DR.—$3,006,900: "Estimated Kansas City flood loss—$6,000,000, less Federal income tax credit of $2,993,100."

Cities Service Company
DR.—$1,449,977: "Loss on sale of investment in a public utility subsidiary (excluding its undistributed surplus)."

The Cudahy Packing Company
DR.—$2,420,360: "Kansas City Flood Loss and costs incident to closing of the Kansas City plant ($4,481,117), less resulting reduction in Federal income taxes for 1951 ($839,278) and refundable portion of 1950 Federal income taxes due to loss carryback ($1,221,479)."

Hygrade Food Products Corporation
DR.—$159,095.91: "Loss on disposal of plants not required in operations."

The New York Air Brake Company
DR.—$412,439: "Excess of carrying amount of interest in Beebee Island Corporation, Water-Power Rights and Development over proceeds from sale thereof and resultant reduction in income taxes."

Pathé Industries, Inc.
DR.—$313,591 ...... Statement of Consolidated Deficit

"Losses in connection with liquidation of subsidiaries:

Eagle Lion Classics, Inc.	
Liquidation expenses	$483,940
Less profit on sale	337,500
	$146,440
Pictorial Films, Inc.	
Loss on sale	167,151
	$313,591"

Square D Company
DR.—$49,127*: "Gain resulting from sale of Kollsman Instrument Division on December 30, 1950, less applicable federal income taxes. (*Indicates Reduction.)"

Westinghouse Electric Corporation
DR.—$1,873,282: "Valuation of investments to lower of cost or market-net."

Wilson & Co., Inc.
DR.—$1,034,879: "Extraordinary losses and expenses resulting from sale of old Kansas City plant in December 1950 ($1,055,817) and from Kansas City flood ($956,842), less applicable reduction in federal income tax ($977,780)."

"*To the Shareowners*: At Kansas City, Kansas, we were operating our beef plant acquired a year ago and constructing an adjoining pork plant when the Kansas River flooded the industrial district of the city on July 13, 1951. . . . We were fortunate that our operations in Kansas City were being conducted on a reduced basis at the time of the flood. Our losses of inventories and damage to property would have been much greater if we had not disposed of our old plant in December, 1950. Our flood damage and loss on the sale of the old Kansas City plant amounted to $1,034,879, net after taxes. These extraordinary, non-recurring losses and expenses have been charged against our retained earnings account."

EXTRAORDINARY GAINS

Credits to Retained Earnings

J. D. Adams Manufacturing Company
CR.—$41,752.59: "Net increase from conversion of Canadian funds."

American Cyanamid Company
CR.:—$13,410,075: "Excess of amount realized on sale of investment in capital stock of Southern Alkali Corporation over original cost of investment therein (less Federal taxes, $4,470,025)—(Note 3)."

Note 3: "... The investment (49% interest) in the capital stock of Southern Alkali Corporation was sold in 1951 and the gain, less Federal taxes, from the sale of the investment has been credited directly to earnings employed in the business."

Butler Brothers
CR.—$1,702,337: "Profit on sale of real estate after deducting Federal income tax of $574,106 applicable thereto."

McGraw-Hill Publishing Company, Inc.
CR.—$847,660 (Net):

"Proceeds from sale of real estate and securities, less book value thereof	$1,000,784
"Adjustment of prior years' depreciation.	273,876
	$1,274,660
"Federal taxes ($387,000) and other taxes ($40,000) applicable to above additions to surplus	427,000
	$ 847,660"

Weyerhaeuser Timber Company
CR.—$1,058,794: "Realization in 1951 of March 1, 1913 increase in timber value—see statement below." [Statement not shown herein.]

SALE OF LIQUIDATED SUBSIDIARY ASSETS

Charges and Credits to Retained Earnings and Capital Surplus

Marmon-Herrington Company, Inc.
DR.—$50,333.40 .... Capital Surplus
"Excess of net assets of subsidiary at date of acquisition over cost of investment."
CR.—$50,333.40 .... *Retained Earnings*
"Excess of net assets of subsidiary at date of acquisition over cost of investment, realized through liquidation of subsidiary."

"*To the Stockholders*: The wholly-owned subsidiary, M. L., Inc. was dissolved in a non-taxable liquidation on December 29, 1951 and its net assets of $153,416.16 were transferred to this company as a liquidating dividend."

H. K. Porter Company, Inc.
DR.—$3,892,777.59 .... Capital Surplus
"Transfer to earned surplus of parent company of amount representing excess of net asset value of a former subsidiary (since absorbed) over cost of acquisition; such amount has subsequently been realized as earned surplus through sale of these assets."
CR.—$3,892,777.59 .... *Retained Earnings*
"Transfer from capital surplus of parent company of amount representing excess of net asset value of a former subsidiary (since absorbed) over cost of acquisition; such amount has subsequently been realized as earned surplus through sale of these assets."

MISCELLANEOUS TRANSACTIONS

Charges to Retained Earnings

The Creamery Package Mfg. Company
DR.—$2,000.00: "Other charges."

The Mengel Company
DR.—$65,862: "Earnings retained for use in the business at the beginning of the year (Balance for 1951 decreased $65,862 from balance at end of 1950 because of exclusion of subsidiary from consolidation, Note 2)."

Note 2: "During the year 1951 the Company discontinued consolidation of the subsidiary operating abroad and will take into income only cash income when received in United States currency. Neither the difference between the investment and the Company's equity nor the subsidiary's earnings for 1951 are significant in relation to the consolidated net assets and current earnings."

Nash-Kelvinator Corporation
DR.—$161,586: "Wisconsin privilege dividend tax paid for stockholders."

O'Sullivan Rubber Corporation
DR.—$56,000.00: "Charge off discount on preferred stock." [Deducted from preferred stock in 1950 report—lump-sum write-off in 1951.]

Pennsylvania Coal and Coke Corporation
DR.—$20,000.00: "Elimination of Amounts Included in Balance of January 1, 1951, but Transferred to Lessor During 1951."

Westinghouse Electric Corporation
DR.—$120,192: "Miscellaneous—net."

Credits to Retained Earnings

American Home Products Corporation
CR.—$71,436: "Adjustment of intangible assets."

City Stores Company
CR.—$1,074: "Sundry credits (net)."

The Coca-Cola Company
CR.—$24,135.00: "Dividends on 4,827 shares owned by Company during year." [Deducted from total of "dividends paid in cash."]

E. I. du Pont de Nemours & Company
CR.—$67,000,000 [Unsegregated Surplus]: "Adjustment resulting from revaluation of Investment in General Motors Corporation (Note 1-d)."

Note 1-d: "Investment in General Motors Corporation common stock, in accordance with a practice followed since 1925, has been revalued annually to an amount which closely corresponds to the equity indicated by the consolidated balance sheet of General Motors Corporation at December 31 of the preceding year. The net additions to Surplus as a result of all such revaluations amounted to $419,378,242 at December 31, 1951, and $352,378,242 at December 31, 1950."

M. H. Fishman Co.
CR.—$56.80: "Sundry."

General Electric Company
CR.—$2,417,231: "Net undistributed earnings of nonconsolidated affiliates (Note 4 ...)."

Note 4: "Undistributed earnings represented the differences between the equity of the Consolidated Group in the net earnings or losses of, and the dividends from, the Nonconsolidated Affiliates for each respective year."

The Gruen Watch Company
CR.—$24,852.58: "Unrealized gain arising from conversion of foreign net assets to dollars."

Charges and Credits to Retained Earnings and Capital Surplus

Art Metal Construction Company
DR.—$10,246.73 .... Appreciation Surplus
"Transfer to earned surplus."
CR.—$10,246.73 .... Retained Earnings
"Transfer from 'Appreciation Surplus.'"

National Container Corporation
DR.—$12,216 .... Appreciation Surplus
"Transfer to earned surplus (Surplus from Appreciation of Land and Buildings of Wholly Owned Subsidiary)."
CR.—$12,216 .... Retained Earnings
"Transfer from 'Surplus from appreciation of land and buildings of wholly owned subsidiary' included in statement of income under caption 'Net income from rentals.'"

Pepsi-Cola Company
DR.—$670,037 .... Retained Earnings
CR.—$335,575 .... Capital Surplus
"Adjustment—To exclude surplus (*deficit*) of the British and Netherlands subsidiaries from the consolidated statements for 1951."
Note 2: "The accounts of the British and Netherlands subsidiaries are excluded from the financial statements for 1951 because of continuing stringent foreign exchange restrictions. In previous years the acounts of these subsidiaries were included in the consolidated statements; for purposes of comparison the figures shown for 1950 have been restated and similarly exclude these subsidiaries."

Charges and Credits To Capital Surplus

Throughout the past five years, capital stock transactions constituted the great majority of the items recorded in the capital surplus account. Table 6 presents a classification of the various transactions recorded in the capital surplus account as disclosed by the 600 annual reports included in the survey.

The following examples, taken from the 600 reports in the survey show all of the charges and credits therein which affect only the capital surplus account. Examples of all of the entries which affect both the retained earnings account and the capital surplus account are set forth hereinabove under "Charges and Credits to Retained Earnings."

TABLE 6: CAPITAL SURPLUS

Charges to Capital Surplus

Nature of Entry	1951	1950	1949	1948	1947
Retirement of capital stock	25	30	24	31	49
Treasury stock transactions	6	0	0	4	3
Other capital stock transactions	11	15	6	12	5
Stock dividends and split-ups	6	6	0	0	1
Various other charges	15	24	28	23	38
Unexplained dollar increase	2	—	—	—	—
Total charges	65	75	58	70	96

Credits to Capital Surplus

Nature of Entry	1951	1950	1949	1948	1947
Conversion to common stock	40	24	18	20	20
Premium on issuance of capital stock	34	22	24	56	50
Retirement of capital stock	22	7	10	7	4
Treasury stock transactions	30	49	58	51	41
Other capital stock transactions	8	4	7	4	12
Stock dividends and split-ups	36	23	16	23	11
Acquisition of interest in subsidiary by payment in capital stock	18	10	11	3	7
Negative goodwill arising on acquisition of subsidiary	8	15	8	7	11
Other consolidation and merger adjustments	10	3	6	10	10
Employee stock plans	26	16	8	7	6
Transfer from appropriations	7	8	5	9	5
Various other credits	14	19	12	30	21
Unexplained dollar increase	7	—	—	—	—
Total *credits*	260	200	183	227	198
Number of Companies					
Presenting:					
Capital Surplus	433	427	423	430	428
Unclassified Surplus	15	16	16	18	20
Neither Capital Surplus nor Unclassified Surplus	152	157	161	152	152
	600	600	600	600	600

RETIREMENT OF PREFERRED STOCK

Charges to Capital Surplus

Bristol-Myers Company
DR.—$2,242: "Original premium applicable to preferred stock retired during the year."

Burlington Mills Corporation
DR.—$4,064: "Redemption price paid in excess of par on second preferred stock redeemed February 26, 1951."

Copperweld Steel Company
DR.—$459 (Balance Sheet): "Paid-In Surplus—Amount Received (Net) for Capital Stock in excess of Par Value—Note 4."
Note 4: "The decrease in paid-in surplus during 1951 represents the net premium on shares of preferred capital stock purchased for retirement."

The Cuneo Press, Inc.
DR.—$2,000: "Paid-in surplus applicable to preferred shares redeemed."

Macfadden Publications, Inc.
DR.—$84,567 (Balance Sheet): "Capital Surplus—reduced in 1951 by the excess of cost over par value of 4,125 shares of Participating Preference Stock retired in 1951."
"*Report of the President*: In 1951, the company retired . . . 4,125-2/3 shares of its Participating Preferred stock at a cost of $88,700.00, an average price of $21.50 per share. . . ."

Marathon Corporation
DR.—$2,250 (Balance Sheet): "Capital paid in in excess

of par value of stock issued, etc. (decreased $2,250 in each of the years for premium on preferred stock retired)."

The Parkersburg Rig and Reel Company
DR.—$2,283 (Balance Sheet): "Capital—Donated and paid in (Note 3)."

Note 3: "During the year capital surplus . . . was charged with $2,283 representing the excess of the cost to retire 830 shares of the outstanding preferred stock over the stated value of such shares."

Paramount Pictures Corporation
DR.—$6,989,114: "Cost in excess of par value of 342,694 shares of common stock retired, and 117 single shares of stock of Paramount Pictures Inc."

"*The President's Report*: During 1951, the Corporation acquired 153,084 shares of its common stock for retirement, at a cost of $3,296,469. Adding to these acquisitions the 808,076 shares acquired in 1950, makes an aggregate of acquired shares of 961,160 at an aggregate cost of $20,227,432. By approval of the stockholders at the 1950 and 1951 Annual Meetings, 957,488 shares were eliminated from the authorized capital stock, reducing the same from 4,000,000 shares to 3,042,512 shares as of December 29, 1951. At that date the Corporation held in its Treasury 600 shares of its common stock."

Philip Morris & Co. Ltd., Incorporated
DR.—$4,434: "Adjustments due to redemption of preferred stock."

Piper Aircraft Corporation
DR.—$6,895: "Excess of cost ($26,395) over the par value of 3,900 shares of Convertible Preferred Stock reacquired and retired."

Union Oil Company of California
DR.—$7,300: "Excess of cost of 2,500 Preferred Shares retired in 1951 over stated value thereof."

United Merchants and Manufacturers Inc.
DR.—$2,920,717: "Adjustment arising from sales and retirements of the Corporation's Common Stock."

Warner Bros. Pictures, Inc.
DR.—$4,051,323 (Balance Sheet): "Capital surplus (Note F)."

Note F: "During the year ending August 31, 1951, capital surplus was reduced by $4,051,323 being the excess of cost over par value of 523,000 shares of common stock retired."

Credits to Capital Surplus

Alan Wood Steel Company
CR.—$39,392: "Excess of par value over cost of shares of 5% Cumulative Preferred Stock retired."

Avon Products, Inc.
CR.—$2,361: "Excess of Par Value over Cost of 4% Cumulative Preferred Stock retired."

Borg-Warner Corporation
CR.—$7,810.53: "Excess of par value of 4,200 shares of preferred stock retired over cost thereof."

A. S. Campbell Co. Inc.
CR.—$15,004: "Discount on preferred stock purchased and retired."

Capitol Records, Inc.
CR.—$369,220.00 (Balance Sheet): "Surplus Paid-in (including gain on retirement of preferred stock—Note 3)."

Note 3: ". . . During the year ended December 31, 1951, the Company purchased and retired 15,080 shares of its preferred stock. The gain of $369,220 on retirement of these shares (excess of par value of $754,000 over the cost thereof, $384,780) has been included in the balance sheet with paid-in surplus . . . "

Carrier Corporation
CR.—$34,597: "Excess of par value of shares of Preferred Stock (Cumulative), 4% Series retired over the cost thereof (1951, 3,700 shares) and difference in par values on conversion of 48 shares of Preferred Stock into Common Stock."

Colonial Stores Incorporated
CR.—$4,666: "Net excess of par value over cost of cumulative preferred stock retired through sinking funds (4% series: 1,200 in each year; 5% series: 1,044 shares in 1951 . . .)."

Walt Disney Productions
CR.—$78 (Balance Sheet): "Other paid in capital (Note 7)."

Note 7: "All outstanding preferred stock was redeemed on January 1, 1951 at par plus accrued dividends.

"During the fiscal year and prior to the redemption, 325 shares of preferred stock were purchased and retired; the $78 excess of par value over cost of acquisition was credited to Other Paid In Capital."

Food Machinery and Chemical Corporation
CR.—$20,448: "Discount on 4,070 shares of 3-3/4% preferred stock purchased for retirement."

The General Tire & Rubber Company
CR.—$53,942: "1,875 shares of 4¼% series."
CR.—$16,254: "625 shares of 3-3/4% series (portion)."

"Excess of par value over cost of cumulative preferred stock retired."

Interchemical Corporation
CR.—$3,806 (Balance Sheet): "Capital Surplus (Note 4)."

Note 4: "In 1951, capital surplus was increased by (a) the excess ($3,806) of the aggregate par value over the aggregate cost of 1,300 preferred shares purchased pursuant to the sinking fund provisions of the Articles of Incorporation. . . ."

Le Roi Company
CR.—$16,766: "Excess of par value of 1,960 shares of preferred stock retired over the purchase price thereof."

R. G. LeTourneau, Inc.
CR.—$30,090 (Balance Sheet): "Excess of stated value of 1,000 shares of preferred stock purchased and retired in 1951 over cost thereof."

Midwest Rubber Reclaiming Company
CR.—$16,103: "Difference between aggregate par value ($240,000) and cost ($201,944) of 4,800 shares of preferred stock retired through sinking fund to October 31, 1951." [1,200 shares in 1951.]

The National Supply Company
CR.—$138,464 (Balance Sheet): "Capital surplus (increase of $138,464 since December 31, 1950 resulted from acquisition, at a discount, of 9,680 preferred shares for the sinking fund.)"

Scovill Manufacturing Company
CR.—$24,130 (Unclassified Surplus): "Excess of par value

over cost of 2,397 shares of 3.65% Cumulative Preferred Stock purchased and retired during year."

Servel, Inc.
CR.—$8,193.17: "Excess of aggregate minimum liquidation, value over cost of preferred stock purchased and retired, and to be retired, through sinking fund."

Signode Steel Strapping Company
CR.—$4,653 (Balance Sheet): "Paid in for stock in excess of par value (Note 3)."

Note 3: "The increase during 1951, in the amount 'paid in for stock in excess of par value' resulted from . . . (b) $4,653 excess of par value of 1,173 shares of preferred stock retired over the cost therof."

Spiegel, Inc.
CR.—$29,886: "Excess of stated value over cost of 1,000 shares of preferred capital stock retired."

Struthers Wells Corporation
CR.—$16,231: "Excess of stated value over cost of preferred stock retired."

Thompson Products, Inc.
CR.—$5,116: "Difference between par value of 4% cumulative preferred stock redeemed and cost thereof (1951—1,700 shares . . .)."

Willys-Overland Motors, Inc.
CR.—$341,956: "Discount on preferred stock acquired for sinking fund."

Charges and Credit to Capital Surplus

Twentieth Century-Fox Film Corporation
DR.—$6,990,056: "Cost of shares of preferred stock redeemed or repurchased—Prior preferred—69,657 shares."
DR.—$4,397,666: "Cost of shares of preferred stock redeemed or repurchased—Cumulative preferred—125,545 shares."
CR.—$6,985,700: "Reduction of capital stock account for the stated value of 69,857 shares of prior preferred stock (including 200 shares repurchased in 1950)."

"*To the Stockholders*: In preparation for the divorcement of our theatre holdings, the Corporation on July 13, 1951 retired in full all of its outstanding prior preferred and convertible preferred stocks. This required about $11,400,000 in cash and reduced working capital accordingly. The capitalization of the Corporation now consists solely of common stock outstanding in the amount of 2,769,485 shares at December 29, 1951."

CONVERSION TO COMMON STOCK

Credits to Capital Surplus

Allegheny Ludlum Steel Corporation
CR.—$8,046,045: "$4.50 cumulative preferred stock."
CR.—$88: "$4.375 cumulative preferred stock."

"Amounts transferred from stated capital in connection with conversion of preferred stocks into common stock."

American Box Board Company
CR.—$639,812: "Excess of amount ($18.00 per share) at which common stock was issued in excess of $1 par value per share, upon conversion of 4½% convertible debentures."
CR.—$270,579: "Sales proceeds ($20.19 per share) of 14,100 shares in excess of $1 par value per share."

American Cyanamid Company
CR.—$32,941,720: "Excess of par value of Cumulative Preferred Stock (21,729 shares of Series A and 363,252 shares of Series B) converted over par value of 555,638 shares of Common Stock issued upon conversion."

Atlas Powder Company
CR.—$140: "Credit arising from conversion of Preferred Stock."

Avco Manufacturing Corporation
CR.—$825,220: "Excess of stated value of $2.25 Cumulative Convertible Preferred Stock converted into Common Stock over par value of latter (1951—25,934 shares of Preferred Stock converted into 157,160 shares of Common Stock)."

Beatrice Foods Co.
CR.—$186,580.00: "Excess of conversion price over par value of 7,856 shares of common stock issued in exchange for 3-3/8% cumulative convertible preferred stock."

Burlington Mills Corporation
CR.—$8,110,848: "Par value of second preferred stock converted into common stock over the par value of the common stock issued therefor."

City Stores Company
CR.—[Net] $46,353: "Conversion of preferred stock into common stock, less premium of $428 paid on preferred stock reacquired."

Clinton Foods Inc.
CR.—$2,425: "Credit arising from conversion of 25 shares of Preferred Stock into 75 shares of Common Stock."

Continental Can Company, Inc.
CR.—$47,271 (Balance Sheet): "Capital Surplus (Note C)."

Note C: "Capital surplus has been reduced during 1951 by a net amount of $49,357, having been charged with $96,628, representing the excess of the stated value of the second preferred stock over the net proceeds received on sale thereof, and credited with $47,271 premiums relating to common stock sold or issued in conversion of second preferred stock."

Crucible Steel Company of America
CR.—$48,089: "Amount transferred from preferred capital stock upon conversion of 985 shares of preferred stock into common stock."

The Dow Chemical Company
CR.—$7,857,715: "Excess of conversion price over par value of Common Stock issued on conversion of Second Preferred Stock."

Elliott Company
CR.—$301,606: "Excess of par value of preferred stock converted or redeemed over par value of common stock issued, or cash cost, respectively."

Food Machinery and Chemical Corporation
CR.—$11,931: "Excess of par value over conversion value of 150 shares of 3¼% preferred stock, converted during 1951 into 306—93/100 shares of common stock."

Foremost Dairies, Inc.
CR.—$852,749: "Excess of par value of 4% preferred stock over par value of common stock issued therefor through conversion."

The Glidden Company
CR.—$9,143,538.01: "Add credit arising from conversion

of convertible preferred 4½% cumulative $50.00 par value shares, to common shares without par value."

General Cable Corporation
CR.—$246,374: "Add surplus arising from conversion of 5,242 shares Second Preferred stock into 15,726 shares Common stock."

The General Tire & Rubber Company
CR.—$457,273: "Excess of par value of 4,927 shares of 3¼% second preferred stock over par value of 7,082 common shares issued in conversion."

Hathaway Bakeries, Inc.
CR.—$5: "Adjustment of capital stock liability for fractional shares arising from the conversion of Class B shares of Hathaway Bakeries, Inc. (Massachusetts)."

Hooker Electrochemical Company
CR.—$2,297,670 (Balance Sheet): "Capital arising from conversion of Cumulative Second Preferred Stock, Series A, 1951—$4,181,670; 1950—$1,884,000."

"Report of Operations: The number of common shares outstanding has increased, and preferred dividend requirements have decreased, in each of the last two years. This resulted from conversion of Cumulative Second Preferred Stock, Series A, to Common Stock. On November 29, 1950 our directors authorized a call for the redemption of this issue by December 29, 1950. On that date, all but 82 of the outstanding shares had been converted to common stock. The 82 shares were then redeemed by the Company, making our total capitalization as follows:

$4.25 Cumulative Preferred Stock.....	50,000 shares.
Common Stock....................	971,470 shares."

The Mengel Company
CR.—$299,343: "Excess of par value of shares of convertible first preferred stock over par value of shares of common stock issued in conversion."

Merck & Co., Inc.
CR.—$4,478: "Excess of stated value of $4.00 convertible second preferred stock converted over the par value of common stock issued therefor."

Miller Manufacturing Co.
CR.—$2,352.62 (Balance Sheet): "Additional paid in capital, including $2,352.62 excess of par value of 943 shares of Class 'A' stock over amount paid for fractional shares and par value of 2,356 shares of common stock issued during the year in conversion thereof."

Moore Drop Forging Company
CR.—$138,629: "Surplus arising from conversion of 2,992 shares of 4¾% cumulative convertible preferred stock into 10,969 shares of common stock."

Monsanto Chemical Company
CR.—$8,608,602: "Excess of stated value at $100 a share of preference stock without par value over the par value of common stock into which it was converted—Series B: 94,615 shares of preference stock converted into 163,973 shares of common stock, less cash adjustment in lieu of issuance of fractional shares."

Sutherland Paper Company
CR.—$2,541,041: "Increase arising from conversion of preferred stock."

Textron Incorporated
CR.—$1,562,145: "Addition—Arising from conversion of $1.25 convertible preferred stock."

The New York Air Brake Company
CR.—$9,069,200: "Transfer from capital account of the excess of stated value of no par value common shares over par value of common shares issued in exchange on May 28, 1951."

Scovill Manufacturing Company
CR.—$147,067 (Unclassified Surplus): "Excess of par value of 4.30% Cumulative Preferred Stock converted over par value of Common Stock issued upon conversion during year."

Sonotone Corporation
CR.—$15,362.43: "Excess of par value of Preferred Stocks surrendered for conversion over par value of Common Stock issued in exchange therefor."

United Aircraft Corporation
CR.—$199,135 (Balance Sheet): "Capital in excess of par value (Capital Surplus) (see page 11)."

"To the Stockholders (Page 11): There were 256,530 shares of the 5% cumulative preferred stock outstanding at the end of 1951, the reduction of 2,335 shares during the year being accounted for by the conversion of that number of shares into common stock. The excess of the par value of the preferred shares converted over the par value of the common stock issued, together with a similar adjustment on 4 shares of preferred converted in a prior year, $199,135 in the aggregate, has been credited to capital surplus account. This amount, plus the amount of $12,422,171 transferred from earned surplus in connection with the stock dividend, accounts for the increase of $12,621,306 in capital surplus during the year."

Westinghouse Electric Corporation
CR.—$24,394,888: "Conversion of 2.65% debentures into common stock (1951; 1,186,020 shares . . .)."

PREMIUM ON ISSUANCE OF CAPITAL STOCK

Credits to Capital Surplus

Alan Wood Steel Company
CR.—$159,525: "Excess of price received over par value of Common Stock issued on exercise of warrants."

American Cyanamid Company
CR.—$945,000: "Excess of value ascribed to 15,000 shares of Common Stock issued for patents and related properties over the par value of such stock."

Arden Farms Co.
CR.—$281,618.00: "Premium received on sale of preferred stock."

Armco Steel Corporation
CR.—$24,345,599: "Amount Arising from Sale of Common Stock."

"A Review of 1951: As mentioned in last year's annual report, in order to obtain funds needed for plant expansion and the ore development program, the Company, on February 27, 1951, sold a new issue of 819,737 shares of common stock, the net proceeds of which amounted to approximately $32,500,000."

The Autocar Company
CR.—$57,280: Add excess of market value over par value of 6,400 shares of common stock issued on December 31, 1951."

Carrier Corporation
CR.—$1,854,915: "Excess of proceeds from sale of

216,504 shares of Common Stock over par value thereof, less applicable expenses of $201,873."

J. I. Case Company
CR.—$1,622,562 (Balance Sheet): "Capital Contributed by Stockholders in Excess of Par Value of Securities. (Increase in 1951 of $1,622,562 represents excess of value assigned to 85,398 shares of common stock issued during year over par value of such stock)."

Crane Co.
CR.—$180,823: "Premium on 11,666 shares of Crane Co. common shares issued during 1951."

The Dayton Rubber Company
CR.—$52,238.00: "Excess of proceeds from sale of 3,000 shares of common stock over par value thereof."

The Dobeckmun Company
CR.—$2,668,356.06: "Excess of net proceeds over par value of 95,945 shares of the Company's common stock issued during the year."

"To the Shareholders: *Finances*—In June 1951, 5,000 shares of $5.25 cumulative Preferred Stock, par value $100 per share, were sold to Investors Diversified Services, Inc., thereby providing $500,000 in working capital.

"In November 1951, 90,000 shares of the company's authorized common stock were sold. The net proceeds from this transaction were $2,647,600 making a total of $3,147,600. $500,000 was used to repay a short-term bank loan. The balance was added to working capital. The added money will be used to finance larger inventories and accounts receivables, for new equipment, and for other needs to support a growing business. This financing, combined with 1951 earnings have placed the company in a strong financial condition."

The Dow Chemical Company
CR.—$5,228,350: "Excess of sales price over par value of Common Stock sold to holders of Common Stock."

Dresser Industries, Inc.
Consolidated Balance Sheets:
Shareholders' Equity—
Common shareholders' equity—Note D. . . $43,605,885"

Note D: "Includes Common Stock, authorized 2,400,000 shares with a par value of 50c a share, of which 1,300,000 shares ($650,000) at October 31, 1951, and 1,112,500 shares ($556,250) at October 31, 1950, were outstanding; plus

"(1) $17,721,869 (including the net amount of $4,319,590 from the sale during the year of 187,500 shares at $23.75 a share, less expenses) at October 31, 1951, and $13,402,279 at October 31, 1950, representing principally the excess over par value of the amounts either paid in for capital stock or assigned to assets or stock of other companies acquire in exchange for capital stock, and

"(2) $25,234,016 at October 31, 1951, and $21,886,813 at October 31, 1950, of income retained for use in the business.

"A total of 140,750 authorized common shares are reserved for conversion of the preferred shares."

The Federal Machine and Welder Company
CR.—$209,360: "To the Shareholders: The increases in the Common Stock and Paid-in Surplus accounts from the previous years are the result of the issue of 52,340 shares of Common Stock to unsecured creditors as previously explained, $1 for each such share having been credited to the Common Stock account and $4 to Paid-in Surplus."

Federated Department Stores, Inc.
CR.—$8,293,750: "Excess of net proceeds from sale of common stock over par value."

General American Transportation Corporation
CR.—$248,019.79: "Add excess of proceeds over par value of 5,466 shares of common stock issued under subscription agreements."

Jantzen Knitting Mills Inc.
CR.—$785,760 (Consolidated Surplus): "Premium on common stock issued."

Kimberly-Clark Corporation
CR.—$1,180,335: "In December 1951, 50,000 shares of common stock of the Corporation were sold; the excess, $1,180,335, of net proceeds from the sale over the stated value of the stock sold ($20 per share) was credited to additional paid-in capital."

Le Roi Company
CR.—$118,762: "Excess of sales price of 58,300 shares of common stock over par value, less expenses of issuance $4,397."

Merck & Co., Inc.
CR.—$389,556: "Proceeds in excess of $100 stated value per share arising from sale of 244,500 shares of $4.00 convertible second preferred stock, less underwriting commissions and other expenses of $588,444."

Metal & Thermit Corporation
CR.—$74,685 (Balance Sheet): "Paid-in surplus (increased during year ended December 31, 1951 by $74,685, representing the excess of proceeds from sale of common stock over stated value)."

The New York Air Brake Company
CR.—$2,788,695: "Excess of cash proceeds over par value of 200,000 common shares sold in 1951."

Philadelphia Dairy Products Company, Inc.
CR.—$4,318.75 (Balance Sheet): "Additional paid-in capital (note 4)."

Note 4: "The increase in additional paid-in capital of $4,318.75 represents the excess of proceeds from sale of 1,573 common shares over the par value thereof, $45,223.75, less the excess of stated value over proceeds from sale of 2,727 first preferred shares, $40,905.00."

Ralston Purina Company
CR.—$7,657 (Balance Sheet): "Premium received on capital stock in excess of par value (including $7,657 during year)."

Sharon Steel Corporation
CR.—$5,111,564 . . . . *Capital Surplus*
"Excess received for capital stock sold (174,137 shares) over stated value ($10 per share) of such shares."

"Report to Shareholders: *New Financing.* In October 1951, Sharon Steel Corporation sold to the public through underwriters, 174,137 shares of its common stock. Net proceeds from the sale, amounting to $6,852,933, were added to the general funds of the Corporation to replenish funds expended in connection with the property acquisition and improvement program and to provide for future capital expenditures and increased working capital. The sale of this additional stock brought into the Company more than 2,500 new shareholders, to whom we extend a most cordial welcome."

Sonotone Corporation
CR.—$58,372.36: "Excess of net proceeds over par value

of $1.55 Convertible Preferred Stock sold—less expenses of issuance $41,627.64."

Sprague Electric Company
CR.—$352,747.50: "Premium on sale of 10,845 shares of $2.50 par value common stock."

Sutherland Paper Company
CR.—$33,806: "Premium on sale of common stock."

Thompson Products, Inc.
CR.—$3,339,725: "Excess of proceeds from sale of 131,190 shares of common capital stock (par value $5 per share) over par value thereof."

Ward Baking Company
CR.—$132,621: "Excess of proceeds over par value of common stock issued upon exercise of warrants."

The Yale and Towne Manufacturing Company
CR.—$1,187,742.56 (Balance Sheet): "Capital surplus (Note 5)."

Note 5: "At December 31, 1951 Capital Surplus of $1,955,934.93 is composed of the net amount of cash received in excess of the par value of the 102,197 additional Shares sold in 1951 ($1,187,742.56), and transfer during the year from Surplus Reserve for Foreign Contingencies ($768,192.37)."

PREMIUM ON ISSUANCE OF CAPITAL STOCK

Charges and Credits to Capital Surplus

Granite City Steel Company
DR.—$1,406,907 .... Capital Surplus

"Transfer to common stock account prior to change of stock to $12.50 par value."

CR.—$2,475,064 .... Capital Surplus

"Excess of net proceeds from sale of common stock in April, 1951 over par value thereof."

"The President's Review of the Year to the Stockholders: In April, 1951, the Company sold 284,060 shares of common stock. The aggregate net proceeds from the sale of this stock amounted to approximately $6,022,000.

"Previously, in March, 1951, the stockholders had approved an increase in the total authorized common stock to 3,000,000 shares, at the same time approving a 2 for 1 split which increased the common stock outstanding from 497,201 to 994,402 shares. (Adding to this the 284,060 shares of common stock sold in April, 1951, resulted in a total number of common shares outstanding on December 31, 1951, of 1,278,462 shares.)"

The Standard Oil Company (Ohio)
DR.—$450,911 .... Capital Surplus

"Commissions and expenses for common stock issued."

CR.—$10,417,150 .... Capital Surplus

"Cash received in excess of par value of common stock issued."

"Financial Review: Changes in Capital Structure. In November, 1951 the Company offered for subscription to the Common stockholders a new issue of Common Stock at a price of $38.50 per share. Subscription Warrants were issued on the basis of one new share for each 10 shares held on the record date. Sale of the stock was completed on November 21, 1951 with 341,866 shares, representing 94% of the total offering, purchased through exercise of Subscription Warrants, and 22,670 unsubscribed shares purchased by the underwriters. The net proceeds after deducting expenses of the offering were $13,611,599."

TREASURY STOCK TRANSACTIONS

Charges to Capital Surplus

American Writing Paper Corporation
DR.—$81,366.10: "Excess of cost over par value of common stock reacquired."

Armco Steel Corporation
DR.—$44,980: "Excess of cost over par value of common stock acquired for treasury."

Associated Dry Goods Corporation
DR.—$4,175: "Excess of cost over par of 200 shares of common stock purchased and held in treasury."

Booth Fisheries Corporation
DR.—$6,685: "Discount on 240 shares of Preferred Stock purchased."

Cherry-Burrell Corporation
DR.—$1,000: "Premium on purchase of 4% preferred stock—1947 series."

Federated Department Stores, Inc.
DR.—$395,601: "Excess of cost over par value of preferred and common stock purchased for treasury."

Remington Rand Inc.
DR.—$14,171: "Excess of cost over par value of Preferred Stock reacquired."

Stewart-Warner Corporation
DR.—$193,450: "Cost of 10,000 shares of capital stock acquired during year."

Ward Baking Company
DR.—$92: "Difference between par value or principal amount and cost of stock and debentures acquired—net."

Credits to Capital Surplus

Allied Stores Corporation
CR.—$32,987: "Discount on repurchase of cumulative preferred stock during year."

The American Agricultural Chemical Company
CR.—$7,491.75 (Balance Sheet): "Capital Surplus after Adjustment on Account of Acquired Stock."

American Hide and Leather Company
CR.—$3,822.50 (Balance Sheet): "Capital surplus (Note 1)."

Note 1: "The capital surplus resulted from conversions of preferred stock into common stock and purchases of preferred stock for amounts, in the aggregate, less than par value. During the year ending June 30, 1951, 2,200 shares of preferred stock were purchased by the company at prices which amounted to the aggregate of $3,822.50 less than par value; these 2,200 shares were converted into 11,000 shares of common stock."

Anchor Hocking Glass Corporation
CR.—$7,984: "Discount on purchase of $4 cumulative preferred stock."

Avco Manufacturing Corporation
CR.—$18,253: "Excess of stated value of $2.25 Cumulative Convertible Preferred Stock purchased over cost thereof (1951—3,900 shares)."

Burlington Mills Corporation
CR.—$14,897: "Par value over cost of cumulative preferred stock reacquired."

Century Electric Company
CR.—$5,664: "Excess of par value over cost of 2,220 shares of Capital Stock previously held in treasury."

Chain Belt Company
CR.—$12,863 (Balance Sheet): "Paid-in surplus, including in 1951, $12,863 arising from issuance of 400 shares of treasury stock."

Cherry-Burrell Corporation
CR.—$23,466: "Discount on purchase of 4% preferred stock—1946 series."

Colt's Manufacturing Company
CR.—$91,680 (Statement of Stockholders Ownership): "Capital Surplus—Changes During 1951—$91,680."
"Report of the President: During the year, as you were informed in our forty-week report, we acquired all manufacturing, sales and patent rights for the 'Rite-Size' Box Machine and accessories, a completely new development in the corrugated box-making industry. This transaction, which involved a cash outlay of $50,000 and the transfer of 8,927 shares of reacquired Treasury Stock, is shown in the Statement of Financial Position under the caption of 'Patents and License Agreements' and the excess of market value of these shares on July 18 over cost, is reflected as Capital Surplus in Statement of Stockholders Ownership."

Crucible Steel Company of America
CR.—$46,746: "Capital stock purchase discounts and adjustments."

Crucible Steel Company of America
CR.—$20,080: "Amount received in excess of $25 per share on sale of 1,515 shares of treasury common stock."

Devoe & Raynolds Company, Inc.
CR.—$1,956 (Balance Sheet): "Capital Surplus (increased during year by ...... and $1,956 gain on sale of treasury stock.)"

Falstaff Brewing Corporation
CR.—$209: "Difference between par value and cost of 135 shares in 1951 of 4½% cumulative preferred stock purchased."

Fruehauf Trailer Company
CR.—$35,414: "Excess of par value over purchase price of 2,600 shares of 4% Preferred Stock acquired."

General Electric Company
CR.—$1,388,841 (Balance Sheet): "Investment in excess of stated value of common stock (Note 13)."
Note 13: "Represents profits realized on treasury stock disposed of and premiums received on original sales of common stock."

General Shoe Corporation
CR.—$594,362: "Amount realized through sale and purchase of preference and common shares."

Gimbel Brothers, Inc.
CR.—$68,449: "Excess of stated value over cost of cumulative preferred stock repurchased."

Holly Sugar Corporation
CR.—$13,016.78: "Excess of par value over cost of reacquired preferred stock."

Motor Products Corporation
CR.—$5,002.56: "Excess of proceeds over cost of treasury stock sold during the year."

National Lead Company
CR.—$224,791: "Excess of amount based on market quotation over cost of 7,785 shares of Preferred Class B treasury stock issued for capital stock of another company."

National Paper and Type Company
CR.—$9,826.00: "Adjustment for difference between acquisition cost and par value of 734 shares of Preferred Stock held in Treasury."

Rexall Drug, Inc.
CR.—$387: "Excess, over average cost, of consideration received from exercise of options on Rexall Drug, Inc. capital stock held by a subsidiary—400 shares in 1951 . . ."

Servel, Inc.
CR.—$4,393.73: "Excess of proceeds over cost of common treasury shares sold."

The United Piece Dye Works
CR.—$63,772.31: "Excess of par value of preferred stock acquired during year over cost thereof."

Vanadium-Alloys Steel Company
CR.—$35,044.27 (Balance Sheet): "Paid-in surplus (Note 4)."
Note 4: "Net profit of $35,044.27 from sale of treasury stock was added to paid-in surplus during the fiscal year."

OTHER CAPITAL STOCK TRANSACTIONS

Charges to Capital Surplus

Arden Farms Co.
DR.—$106,983.50: "Preferred stock selling expense."
"To the Stockholders: An additional 55,000 shares of Preferred Stock were offered by the company during the summer of 1951. Of this amount, 48,382 shares were sold through the exercise of warrants at $45 per share and 6,618 shares were sold through the subsequent offering at $46 per share for an aggregate gross sale of $2,481,618.00."

Armour and Company
DR.—$705,348: "Dividends paid to parent company. (Foreign subsidiaries)."

Beaunit Mills, Inc.
DR.—$450,000: "Excess of liquidation price of the $5 cumulative preferred stock over sales price, transferred to capital."
DR.—$13,825: "Expenses of issue."

Continental Can Company, Inc.
DR.—$96,628 (Balance Sheet): "Capital Surplus (Note C)."
Note C: "Capital surplus has been reduced during 1951 by a net amount of $49,357, having been charged with $96,628, representing the excess of the stated value of the second preferred stock over the net proceeds received on sale thereof, and credited with $47,271 premiums relating to common stock sold or issued in conversion of second preferred stock."

Granite City Steel Company
DR.—$485,889 .... Capital Surplus
"Expenses in connection with issue and offering of preferred stock in December, 1951."
"The President's Review of the Year to the Stockholders: On November 21, 1951, the stockholders authorized issuance of cumulative convertible preferred stock. In December, 1951, 102,265 shares of 5½% cumulative

preferred stock were sold. Net proceeds from the sale of the stock totalled approximately $9,741,000. The preferred stock is convertible into common stock at the conversion price of $23 per share of common stock (subject to adjustment) at any time prior to December 31, 1961. The preferred stock is also subject to sinking fund and call provisions."

Houdaille-Hershey Corporation
DR.—$1,069,894 .... Capital Surplus
(Balance Sheet): "Capital contributed in excess of stated value of capital stock (decrease represents transfer to common stock due to changing shares to $3.00 par value)."

"Report of Operations: At the annual shareholders' meeting on May 17, 1951, the Articles of Incorporation of the Corporation were amended to change the common shares from no par value to $3.00 par value per share. As a result of this action $1,315,753 was transferred from Capital Contributed in Excess of Stated Value of Capital Stock to the Common Stock account."

Kimberly-Clark Corporation
DR.—$97,527: "The expenses in connection with, and the excess of the purchase and sales price over the par value of, the preferred stocks redeemed, exchanged, and sold during the year, in the net amount of $97,527, were charged to additional paid-in capital."

The Oliver Corporation
DR.—$3,566,346 (Balance Sheet): "Paid-in surplus (transferred to common stock account in 1951)."

"To the Shareholders: Net Worth. Paid-in surplus of $3,566,346, which represents a portion of the common shareholders' equity, was transferred to the common stock account as of October 31, 1951, to simplify the statement presentation."

Credits to Capital Surplus

A. P. W. Products Company, Inc.
CR.—$163: "Surplus arising from exercise of rights to subscribe to common stock."

Armstrong Cork Company
CR.—$1,500,158 (Balance Sheet): "Note 4."

"Note 4: The increase of $1,500,158 in the amount paid in or assigned to outstanding shares in excess of stated capital arose through the restoration thereto of the remainder of the 1933 revaluation adjustment, $1,291,468; and the conversion of 2,036 shares of $4.00 cumulative preferred stock into common stock, $208,690."

Geo. E. Keith Company
CR.—$10,432.84 (Unsegregated Surplus): "Surplus acquired through change in stock ownership."

The Pittston Company
CR.—$74,284.10: "Increase in equity in The Davis Coal and Coke Company arising from acquisition by that company of 3,831 shares of its own stock formerly held by minority interests."

The Quaker Oats Company
CR.—$2,577,315 (Balance Sheet): "Amount in excess of par value."

"Report to Stockholders: In accordance with action taken at the stockholders' meeting on November 3, 1950, the common stock of the Company was changed from 800,000 authorized shares of no par value stock to 4,000,000 shares of $5.00 par value stock and each outstanding share of the no par value common stock was changed into four shares of $5.00 par value common stock . . . The Company's common stock has been carried at the price received for it or assigned to it in previous years. It is now carried at its par value and the difference of $2,557,315 at June 30, 1951, is shown as a separate item on the Balance Sheet."

Stokely-Van Camp, Inc.
CR.—$10,567: "Adjustment for minority shares acquired during the year."

York Corporation
CR.—$20,519—(Balance Sheet): "Capital in Excess of Amounts Shown for Capital Stocks Above (principally paid-in):

Portion of explanatory note shown directly below above caption: "Increase during year ended September 30, 1951, resulted from Conversion of 435 shares of preferred capital stock into 1,207 shares of common capital stock, less cash paid in lieu of fractional shares."

Charge and Credit to Capital Surplus

Minneapolis-Honeywell Regulator Company
DR.—$59,222 .... Capital Surplus
"Expenses and premium in connection with the redemption of 3.20% preference stock."
CR.—$10,329,012 .... Capital Surplus
"Excess of the par value of 3.20% preference stock converted into common stock over the par value of such common stock and the related cash adjustments."

"To the Shareholders: Financing. On May 2, 1951, the Company called for redemption its outstanding 3.20% Convertible Preference Stock, Series A. Of the 110,000 shares originally outstanding all but 120 shares were converted into Common Stock."

Credits to Retained Earnings and Capital Surplus

Paramount Pictures Corporation
CR.—$ 1,932 .... Retained Earnings
CR.—$ 24,696 .... Capital Surplus
"Proceeds from termination of rights of stockholders to exchange old shares for 966 shares and accumulated dividends and claims."
CR.—$460,000 .... Capital Surplus
"Proceeds in excess of par value of 40,000 shares of common stock issued on exercise of option warrants."

ACQUISITION OF SUBSIDIARY BY ISSUANCE OF CAPITAL STOCK

Credits to Capital Surplus

Allied Stores Corporation
CR.—$3,949,610 .... Capital Surplus
"Addition in connection with shares issued for acquisition of capital stock of Stern Brothers."

"To the Stockholders: Stern Brothers, New York City, became a subsidiary of the Company on April 10, 1951, by an exchange of 87,962 shares of Common Stock of Allied Stores Corporation for more than 95% of the Capital Stock of Stern Brothers."

Avco Manufacturing Corporation
CR.—$1,629,763: "Excess, over par value, of value assigned ($7.50 per share) to 366,615 shares of Common Stock issued for acquisition of minority interest in Bendix Home Appliances, Inc. (less applicable expenses of $20,000) (Note 6)."

Note 6: "Control of Bendix Home Appliances, Inc. was acquired by Avco in September, 1950 and the remaining minority interest therein was acquired on December 18, 1950. Accordingly, the operations of the Bendix Home Appliances business are included in the accompanying statements of consolidated income for the last quarter of the 1950 fiscal year and the entire 1951 fiscal year."

Baldwin-Lima-Hamilton Corporation
CR.—$214,247 (1951)—*$6,889,321* (1950): "Excess of net assets acquired from Lima-Hamilton Corporation over par value of common stock issued in exchange therefor."

Note 2: "As of November 30, 1950, the Company acquired all of the assets subject to the liabilities of Lima-Hamilton Corporation, except cash and accounts receivable aggregating $1,101,840 which were retained by Lima-Hamilton Corporation to meet the claims of those of its stockholders who dissented from the sale of its assets, and to pay its expenses incident to the consummation of the transaction. Any portion of the aforementioned amount not required for such purposes will revert to the Company. During 1951, 21,981 shares held by stockholders who had previously dissented to the above mentioned sale were surrendered for exchange for shares of Baldwin-Lima-Hamilton Corporation and $500,000 was released to the Company under the aforementioned condition. At December 31, 1951, certificates for 19,040 shares of common stock of Lima-Hamilton Corporation were held by persons who dissented to the sale and the balance in the above described fund was $537,085. This amount is adequate for payment of the 'fair cash value' of the shares as determined by court-appointed appraisers in accordance with the procedure prescribed by law for such determinations and remaining expenses incident to the consummation of the transaction. The determination of the appraisers was confirmed by the Court upon review, but the period within which an appeal can be taken has not expired."

Brown Shoe Company, Inc.
CR.—$5,031,216: "Excess of net assets received over the par value of 124,187 shares of Common Stock issued in the acquisition of Wohl Shoe Company, less applicable expense."

Caterpillar Tractor Co.
CR.—$1,662,000 (Balance Sheet): "Capital in excess of par value."

"Trackson Company Acquired: The initial investment in Trackson has been recorded on the books of Caterpillar at $2,202,000, the book value of Trackson's net assets at December 31, 1951. The difference between this amount and the par value of $540,000 for the 54,000 shares of Caterpillar stock issued is carried as 'capital in excess of par value' under 'ownership equities' in the Consolidated Financial Position, page 21."

City Stores Company
CR.—$2,386,964: "Acquisition of Capital Stock of Lansburgh & Bro., less $1,449,348 write off of appreciation included in its property accounts—Note I."

Note I: "In August 1951, the Company acquired all of the outstanding capital stock of Lansburgh & Bro. in consideration for 20,000 shares of 4¼% Convertible Preferred Stock and 182,628 shares of Common Stock of the Company. The excess ($2,739,420) of the aggregate value ascribed to the Preferred and Common shares so issued over the par value of such shares ($2,913,140) was credited to capital surplus. The net tangible assets of Lansburgh & Bro. exceeded the amount at which the investment was recorded by $1,096,891, which amount has been added to consolidated capital surplus."

Federated Department Stores, Inc.
CR.—$3,060,838: "Excess of consideration received over par value of common stock issued for acquisition of the business of Sanger's."

Gaylord Container Corporation
CR.—$4,717,231: "Amount recorded in excess of the aggregate par value of 230,030 shares of Common Stock issued in exchange for the outstanding capital stocks of The Fairfield Paper and Container Company and The Dresden Paper Mills Company."

McGraw Electric Company
CR.—$682,000: "Excess over par value of the value assigned to 15,500 shares of common stock issued on December 28, 1951, in acquisition of Jeffery-Dewitt Insulator Corporation."

"To the Stockholders: On December 28, 1951 acquisition was made of all the outstanding capital stock of Jeffery-Dewitt Insulator Corporation, manufacturer of wet-process electric porcelain for high-voltage use, for a net of 13,500 shares of our common stock. Jeffery-Dewitt has been one of the major suppliers of porcelain to our Line Material Division."

National Gypsum Company
CR.—$1,235,736 .... *Capital Surplus*

"Excess of approximate quoted market price ($19 per share) over par value of 68,652 shares of Common Stock issued in acquisition of subsidiary."

The Pittston Company
CR.—$572,010.74: "Value (approximate market), as fixed by the board of directors, of 26,000 shares of capital stock issued in exchange for part of the capital stock of two subsidiaries acquired during the year, less amount credited to capital, $1 per share."

Rheem Manufacturing Company
CR.—$1,466,379 (Balance Sheet): "Capital in excess of par value of shares; change during year—$1,447,500 net (Note 6)."

Note 6: "The net addition of $1,447,500 during the year represents principally the excess of value assigned by Board of Directors to the common stock issued (49,000 shares) in acquisition of James Graham Manufacturing Company over par value of the shares (less expense of issue)—$1,466,379 and a portion of the premium on retirement of preferred stock—$19,850 (Note 5)."

Servel, Inc.
CR.—$297,045.16: "Excess of aggregate amount at market quotations over par value of common treasury shares issued in the acquisition of wholly owned subsidiary."

The Studebaker Corporation
CR.—$1.00: "Capital Surplus arising in connection with the issuance of Common Stock in exchange for securities of predecessor corporation."

The Wayne Pump Company
CR.—$2,201,693.21: "Capital surplus—Note 1."

Note 1: "As of November 14, 1951 Martin & Schwartz, Inc., a Maryland corporation engaged in the manufacture of gasoline dispensing pumps, was merged into The Wayne Pump Company. In connection therewith, capital surplus of the Company was credited with $2,201,693.21, representing the excess of the book value of the net assets of Martin & Schwartz, Inc. at the date of the merger over the par value of the 138,499-2/5 shares of capital stock of the Company issued therefor."

NEGATIVE GOOD WILL ARISING FROM ACQUISITION OF SUBSIDIARY

Credits to Capital Surplus

Beaunit Mills, Inc.
CR.—$238,297: "Excess of book amount or of par over cost of subsidiary companies' capital stock acquired during year."

Burlington Mills Corporation
CR.—$388,023: "Book value of subsidiary companies over cost of investments therein as of date of acquisition."

City Products Corporation
CR.—$7,222: "Excess of book amount over cost of minority interests acquired."

Clinton Foods Inc.
CR.—$38,654: "Excess of the net assets of a subsidiary, as shown by its records at date of acquisition, over the cost of 896 shares of Common Stock previously held in treasury issued in exchange therefor."

Foremost Dairies, Inc.
CR.—$59,260: "Excess of net assets of subsidiary over cash payment and par value of common stock issued in connection with acquisition."

H. K. Porter Company, Inc.
CR.—$181,201.57: "Add Excess of book value of subsidiaries acquired over costs of investments to company."

Textron Incorporated
CR.—$111,611: "Excess of book value of assets acquired over cost of investments in subsidiaries."

William Whitman Company, Inc.
CR.—$15,145: "Credit arising from acquisition of capital stock of consolidated subsidiary, representing excess of equity in net assets of subsidiary, as shown by its books, over cost of the capital stock acquired."

CONSOLIDATION OR MERGER

Credits to Capital Surplus

Byron Jackson Co.
CR.—$168,734 (Balance Sheet): "Capital surplus arising from consolidation."

City Stores Company
CR.—$134,340: "Acquisitions of additional equities in subsidiaries, including acquisition of its preferred stock by a consolidated subsidiary."

City Stores Company
CR.—$1,278,351: "Merger of former subsidiary (Lit Brothers) into City Stores Company—Note D."

Note D: "Pursuant to a Joint Plan and Agreement of Merger, Lit Brothers (a former subsidiary) was merged into City Stores Company on March 31, 1951, and in connection therewith, the latter issued 40,301 3/7 shares of its 4½% Convertible Preferred Stock to minority shareholders of Lit Brothers, on the basis of 1 share of such Preferred Stock for each 7 shares of Lit Brothers common stock. At February 2, 1952, 663 shares of Preferred Stock (included in outstanding shares at that date) were issuable on surrender by shareholders of 4,641 shares of the common stock of Lit Brothers. Shareholders owning 16,660 of the common stock of Lit Brothers dissented to the Plan and have made demand upon the Company for payment of the fair value of their shares, the estimated liability of which, in the opinion of counsel for the Company is $249,900. Since February 2, 1952, 3,500 of such shares have been acquired for cash."

Columbia Broadcasting System, Inc.
CR.—$3,596,118 (*Balance Sheet*): "Capital surplus (Note 5)."

Note 5: "The increase in capital surplus of $3,596,118 represents the capital surplus of Hytron Radio & Electronics Corp. at date of merger, June 15, 1951, and related adjustments, less the excess ($574,170) of the cost to the Company of the treasury stock delivered in connection with the merger over the par value thereof."

Crane Co.
CR.—$18,448: "Surplus of subsidiary company at date of acquisition, November 30, 1951."

"*To Our Shareholders*: Late in 1951 a newly organized subsidiary of Crane Co. purchased the assets of Hydro-Aire, Incorporated, Burbank, California, and is carrying on the business of that company under the name of Hydro-Aire, Inc."

General Shoe Corporation
CR.—$657: "Amount arising through acquisition of W. L. Douglas Shoe Company."

National Distillers Products Corporation
CR.—$4,298,773 .... *Capital Surplus*

"Capital Surplus arising in connection with merger in 1951 of U. S. Industrial Chemicals, Inc. into the Corporation, representing the book value of net tangible assets acquired, Less: (1) the cost of common stock of Industrial purchased prior to the merger, (2) the amount credited to common stock capital account to reflect a stated value of $9 per share on the 8,589,439 shares issued, and (3) expenses in connection with merger."

"*To the Stockholders*: Under a Joint Agreement of Merger made in April with U. S. Industrial Chemicals, Inc., that company was merged into National Distillers. The Joint Agreement also provided for an authorized capital for National Distillers of 500,000 shares of preferred stock and 15,000,000 shares of common stock and further provided for the exchange of two shares of the common stock for each share of common stock of U. S. Industrial Chemicals, Inc. The Joint Agreement of Merger was approved at a special meeting of stockholders held in June and became effective on July 31."

Pratt & Lambert, Inc.
CR.—$5,434.06 (Balance Sheet): "Capital surplus (see note)."

Note: "During the year 1951 the Company acquired all of the stock of the minority interests of one of its subsidiaries, resulting in a credit to consolidated capital surplus of $5,434.06."

York Corporation
CR.—$231,038—(Balance Sheet): "Capital in Excess of Amounts Shown for Capital Stocks Above (principally paid-in)." "Increase during year ended September 30, 1951, resulted from . . . inclusion in consolidation of a subsidiary becoming wholly owned during year." [Explanatory note shown under caption.]

EMPLOYEE STOCK PLANS

Credits to Capital Surplus

American Cyanamid Company
CR.—$15,160: "Premium on 3,790 shares of Cumulative Preferred Stock, Series A, issued under employees' stock purchase contracts."

Atlas Powder Company
CR.—$15,380: "Excess of Proceeds over par value of Common Stock sold to employes."

Atlas Powder Company
CR.—$37,742: "Excess of market value over cost of reacquired Common Stock awarded as a bonus to employes, less applicable Federal tax."

Avco Manufacturing Corporation
CR.—$173,131: "Excess, over par value, of proceeds received on Common Stock issued on exercise of options (1951—64,375 shares; 1950—3,633 shares) (Note 7)."

Note 7: "At November 30, 1951 there were outstanding options on 304,967 shares of Common Stock at prices varying between $4.25 per share and $8.39 per share and expiring at varying dates from December 31, 1951 to June 29, 1956. In addition 45,834 shares of Common Stock were reserved for options which may be granted hereafter by the Board of Directors.

"During the 1951 fiscal year Avco received $366,256 in payment for 64,375 shares of Common Stock issued on exercise of options and during the 1950 fiscal year received $25,660 for 3,633 shares issued on exercise of options.

"During the month of December, 1951 $340,997 was received for 56,782 shares of Common Stock issued on exercise of options and options on 143,560 shares expired and became reserved for options which may be granted hereafter."

Bell Aircraft Corporation
CR.—$107,516 (Balance Sheet): "Capital surplus: Excess of quoted market amounts over par value of 3,600 shares of capital stock issued under employes' stock purchase plan."

Brown Shoe Company, Inc.
CR.—$85,700: "Excess of option price over par value of 8,300 shares of Common Stock issued under stock option plan."

Burlington Mills Corporation
CR.—$250,927: "Market value over par value of treasury shares issued to the Employees' Profit Sharing (Retirement) Plan, less excess of cost over par value of common stock acquired for treasury."

A. S. Campbell Co. Inc.
CR.—$7,000: "Excess of market value of 500 shares of common stock issued as compensation over par value."

Certain-Teed Products Corporation
CR.—$853 (Balance Sheet): "Capital in excess of par value."

Note 3: "Pursuant to an incentive plan, options to purchase 45,600 shares of the Company's Common Stock (granted to officers and key employees) were outstanding at December 31, 1951 at option prices of $13.90 a share for 37,900 shares, $14.14 a share for 7,550 shares (granted June 22, 1951) and $13.75 a share for 150 shares. During the year, 50 shares were issued under the plan resulting in an increase of $853 in capital in excess of par value."

Colonial Stores Incorporated
CR.—$43,560: "Excess of fair market value over par value of 1,320 shares of common stock issued to certain executive employees upon exercise of options (note 2)."
Balance Sheet:

"Stockholders' equity: Common stock of $2.50 par value per share—Authorized 1,000,000 shares (note 2)."

Note 2: "Pursuant to authorization by the Board of Directors, options were granted in 1950 to certain executive employees of the company to purchase an aggregate of 16,500 shares of the authorized but unissued common stock of the company at $30.25 per share. The quoted market value of the common stock at the date the options were granted was approximately $35 per share. During the year 1951, options relating to 1,320 shares were exercised, leaving 15,180 shares under option at December 29, 1951 which expire after December 31, 1960."

Consolidated Vultee Aircraft Corporation
CR.—$206,630: "Excess of proceeds from issue of 21,277 shares of common stock under the stock purchase plan over the par value thereof."

Crown Zellerbach Corporation
CR.—$20,138: "Proceeds in excess of par value of common stock sold under Selected Employees Stock Option Plan."

The Dow Chemical Company
CR.—$3,273,625: "Excess of market value at dates of delivery over par value of Common Stock sold to employees."

E. I. du Pont de Nemours & Company
CR.—$11,072,754 [Unsegregated Surplus]: "Excess of issue price over par value of Common Stock issued to employees (Note 7)."

Note 7: "Common Stock Issued to Employees. Under authorization of the Board of Directors, and in accordance with provisions of the Company's Charter, 143,802 shares of Common Stock were issued in 1951 at $82 per share in the names of employees who were recipients of 1950 awards under Bonus Plan 'B' or awards of extra compensation (for which the Company is reimbursed) for work under contract with the Atomic Energy Commission; 197,696 shares were issued in 1950 at $60 per share under Bonus Plan 'B.' The par value of the shares so issued was added to the Common Capital Stock account and the excess of issue price over par value ($77 per share in 1951 and $55 per share in 1950) was added to Surplus."

Hercules Powder Company
CR.—$351,557: "Excess of market value over cost of reacquired common stock awarded as bonus, less U. S. capital gains tax: 1951—$116,314 . . .)."

"To the Stockholders: . . . The common stock outstanding increased by 7,953 shares, representing awards to 1,150 employes under the company's bonus plan."

Johnson & Johnson
CR.—$130: "Excess of market quotations over cost of acquired capital stock distributed to employees, less provision for income tax." [Amount expressed in thousands of dollars.]

Libbey-Owens-Ford Glass Company
CR.—$236,790.06: "Add credits resulting from 1951 transactions under employe stock plan."

Link-Belt Company
CR.—$250,989.08: "Excess of market over par value of 6,159 shares of $5 par value common stock sold to officers and employees."

Lockheed Aircraft Corporation
CR.—$360,310: "Excess of amount realized over par value of capital stock issued upon exercise of employees' stock options."
CR.—$399,000: "Amount of compensation recognized in connection with employees' stock options."

National Lead Company
CR.—$1,082,488: "Excess of aggregate subscription

amount over aggregate par vaue of common stock issued under Stock Purchase Plan, 19,050 shares (Note 4)."

Note 4: "Under the company's Stock Purchase Plan for Officers and Other Key Employees adopted in 1950 certain officers and employees contracted to purchase common stock of the company. The purchase prices (markets at the dates of execution of the purchase contracts) are evidenced by promissory notes bearing interest at 3 per cent payable within 10 years from dates thereof, the shares serving as collateral. Payments against interest and principal of the notes shall be not less than fifty per cent of the dividends paid on such collateral shares. The employees have the option to, and the company may require that they, withdraw the collateral in hundred-share lots as payments become equal to the purchase price thereof.

"Upon death or retirement of an employee the company shall, if requested, repurchase at the original sales price shares not then fully paid for. Under other circumstances if the employee shall not complete payments the company shall have the option of so repurchasing shares not then fully paid for but may exercise any legal right to compel completion of the contract.

"Shares issued in accordance with the plan aggregated 19,050 in 1951 and 113,850 in 1950. Shares held as collateral aggregated 333,100 at December 31, 1951, after giving effect to the split of common stock, and 111,150 at December 31, 1950.

"No further purchases may be made under the plan."

Pitney-Bowes, Inc.
CR.—$685,230 and *CR.—$119,765* (Balance Sheet): "Amount received in excess of par value of shares outstanding."

Note 2: "During 1951, 59,585 shares of common stock were issued upon conversion of 16,088 shares of this preferred stock and, pursuant to the Employees' Stock Purchase Plan, an additional 11,141 shares of common stock were issued to employees for $142,047. The respective amounts in excess of par value of common stock so issued were $685,230 and $119,765."

Signode Steel Strapping Company
CR.—$189,000 (Balance Sheet): "Paid in for stock in excess of par value (Note 3)."

Note 3: "The increase during 1951, in the amount 'paid in for stock in excess of par value' resulted from (a) $189,000 excess of market over par value of 9,900 shares of common stock contributed to the Employees' Profit Sharing Fund, and . . . . "

Standard Oil Company (Indiana)
CR.—$1,289,781 (Balance Sheet): "Capital in excess of par value."

"To the Stockholders: During the year, 35,477 shares, taken from authorized but unissued stock, were distributed to 28,379 employees under the provisions of the Savings and Stock Bonus Plan. This increased the number of shares issued to 15,320,249, compared with 15,284,772 at the end of 1950. The capital stock issued was recorded on the books at the weighted average market values when the employees became entitled to receive the stock. The total par value of $886,925 was credited to 'Capital stock.' The excess of $1,289,781 of market value over par value was credited to 'Capital in excess of par value.' "

Stewart-Warner Corporation
CR.—$27,043: "Proceeds from sale of 1,500 shares of treasury stock to key employees."

Textron Incorporated
CR.—$9,200: "Expiration of stock purchase options not exercised ($8,000) and sundry additions."

Union Bag & Paper Corporation
CR.—$337,481 (Balance Sheet): "Capital Surplus."

Notes to Financial Statements: "The increase in capital surplus for 1951 of $337,841 is the excess of the net consideration for 8,900 shares of capital stock issued under the executives' stock purchase plan and 1,000 shares sold from the treasury during the year over the assigned value thereof."

Universal Match Corporation
CR.—$2,040.00: "Premium on 1,020 shares of Capital Stock sold to employees under stock option plan."

"To the Stockholders: A limited stock option plan for the benefit of employees who had made notable contributions to the welfare of the Company was approved by the stockholders at their last annual meeting. It met with such splendid response that another limited stock option plan for employees, including officers, has been voted by the directors, and this will be submitted to the stockholders for confirmation at their annual meeting."

Westinghouse Electric Corporation
CR.—$3,908,372: "Sale of common stock to employes (1951, 173,023 shares)."

Willys-Overland Motors, Inc.
CR.—$43,750: "Premium on common shares issued under options."

APPROPRIATIONS RESTORED

Credits to Capital Surplus

American Radiator & Standard Sanitary Corporation
CR.—$806,199: "Paid-in Surplus (1951 includes restoration of a portion of Reserve for Investment in German subsidiary $806,199)."

City Stores Company
CR.—$32,837: "Cancellation of reserves for inventory shrinkage, markdowns, etc. on books of subsidiaries prior to date of acquisition or prior to February 1, 1935."

Hamilton Watch Company
CR.—$235,239 (Balance Sheet): "Capital resulting from a reduction of the amount assigned to common shares (Note)."

Note: "Increase of $235,239, occurring in 1951, represented by cancellation of excess reserves provided at December 31, 1932, for revaluation of investments, etc."

Interchemical Corporation
CR.—$26,910 (Balance Sheet): "Capital Surplus (Note 4)."

Note 4: "In 1951, capital surplus was increased by . . . (b) the net difference ($26,910) between amounts set aside out of, and restored to, capital surplus, in connection with the purchase of preferred shares under said sinking fund provisions."

Koppers Company, Inc.
CR.—$143,595: "Adjustment of operating reserves provided by predecessor companies."

The Yale and Towne Manufacturing Company
CR.—$768,192.37 (Balance Sheet): "Capital surplus (Note 5)."

Note 5: "At December 31, 1951 Capital Surplus of $1,955,934.93 is composed of the net amount of cash received in excess of the par value of the 102,197 additional Shares sold in 1951 ($1,187,742.56), and transfer during the year from Surplus Reserve for Foreign Contingencies ($768,192.37)."

VARIOUS OTHER TRANSACTIONS

Charges to Capital Surplus

Capitol Records, Inc.
DR.—$29,587.81 (Balance Sheet): "Surplus Paid-in (including gain on retirement of preferred stock—Note 3)."
Note 3: " . . . Paid-in surplus was also charged during the year with additional assessments of Federal taxes on income aggregating $29,587.81 applicable to a former subsidiary prior to date of acquisition."

The Mengel Company
DR.—$10,102: "Miscellaneous."

United Engineering and Foundry Company
DR.—$114,795: "Elimination of Amount Arising from Revaluation of Fixed Assets in 1917." [Land.]

Universal Match Corporation
DR.—$28,247.55: "Amortization—Schutter appreciation —1947."

Credits to Capital Surplus

Armour & Company
CR.—$854,322: "Earnings." [Foreign Subsidiaries.]

The Borden Company
CR.—$5,868 (Balance Sheet): "Capital Surplus (Note 5)."
Note 5: "During the year, $5,868 was credited to Capital Surplus representing proceeds from disposal of properties previously written off to this account."

Brown Shoe Company, Inc.
CR.—$70,000: "Contribution received from community group."

Consolidated Vultee Aircraft Corporation
CR.—$284,449: "Net amount received from former stockholder."

Geo. E. Keith Company
CR.—$112,651.44 (Unsegregated Surplus): "Excess of fair value of distribution in kind of land and buildings received from subsidiary over book value."

Charges and Credits to Retained Earnings and Capital Surplus

American Home Products Corporation
CR.—$71,436 .... *Retained Earnings*
"Adjustment of intangible assets."
CR.—$125,051 .... *Capital Surplus*
"Adjustment of intangible assets."

The Billings & Spencer Company
DR.—$461,812.42 .... Retained Earnings
"Dividend Paid in Cash on Common Stock applied against Earned Surplus."
DR.—$279,939.58 .... Capital Surplus

"Dividend Paid in Cash on Common Stock during the year ($4.00 per Share)	$741,752.00
Less—Applied Against Earned Surplus	461,812.42
Balance applied against Capital Surplus	$279,939.58"

"To the Stockholders: During the year a dividend of $4.00 per share, which amounted to $741,752.00, was paid. The tentative split-up, subject to Treasury Department verification, on the aforementioned dividend is as follows:

Payment out of earnings	$2.4904 per share
Payment out of capital	1.5096 per share
Total	$4.0000 per share"

Piper Aircraft Corporation
DR.—$12,040 .... Retained Earnings
CR.—$12,040 .... *Capital Surplus*
"To restore to paid-in surplus and charge earned surplus with an amount equal to the dividend on Convertible Preferred Stock declared and charged to paid-in surplus in the preceding fiscal year."

Section 5: ACCOUNTANT'S REPORT

Recommended Short-Form Accountant's Report

The "Codification of Statement on Auditing Procedure," issued in 1951 by the Committee on Auditing Procedure of the American Institute of Accountants, presents the short-form of accountant's report, originally adopted in 1948, which reads as follows:

> "We have examined the balance sheet of X Company as of December 31, 19— and the related statement(s) of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
>
> "In our opinion, the accompanying balance sheet and statement(s) of income and surplus present fairly the financial position of X Company at December 31, 19—, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year."

Adoption of Recommended Short-Form

The "Codification of Statements on Auditing Procedure," in commenting on the desirability of uniformity in the accountant's report, points out that,

> Because of the weight which the independent certified public accountant's opinion accompanying financial statements carries with the investing and lending public and the responsibilities he assumes in expressing it, the importance of a reasonable uniformity in the manner of stating the opinion, both to him and to those who rely on his findings, is apparent.

As shown by Table 1, based on the 600 companies included in the survey, the accounting profession has very generally adopted the recommended short-form of report. The only significant changes during the past three years are the continued decrease in the number of such reports containing minor wording variations and the continued increase in the adoption of a single paragraph form with the "opinion" stated in the opening sentence.

TABLE 1: ACCOUNTANT'S REPORT

Recommended Short-Form	1951	1950	1949
Adopted in full	358	268	179
Adopted with minor wording variations	152	241	349
Modified by stating the "opinion" in the opening sentence of a single paragraph form	78	71	48
Not adopted	12	20	24
Total	600	600	600

Single Paragraph Form

The following is a typical example of the single paragraph form of accountant's report:

> In our opinion, the accompanying statement of financial position and related statements of income and of earnings retained in the business, together with notes appended thereto, present fairly the financial position of American Maize-Products Company and subsidiary as of December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The single paragraph form of report usually embodies all of the elements of the recommended short-form. The most significant difference is that in the single paragraph form the "opinion" is stated in the opening sentence.

Minor Wording Variations

As shown by the above tabulation, minor wording variations in the recommended short-form of report have decreased markedly during the past three years. Such wording variations, which appeared in the 1951 reports analyzed, have been summarized as follows:

48 reports amplified the clause "in conformity with generally accepted accounting principles." The most common wording used was *"and were prepared* in conformity with generally accepted accounting principles." (See Company Appendix Nos. *91, 110, 151, 268, 363, 420, 564, 600*)
23 reports shortened the last clause in the opinion paragraph. A majority used the wording, "accounting principles applied on a *consistent* basis." (See Company Appendix Nos. *27, 83, 180, 424, 579*)
18 reports modified the phrase "for the year then ended," the more common modifications being "for the year" and "for the year *ended that date."* (See Company Appendix Nos. *108, 275, 473, 522, 531*)
11 reports omitted the adjective "financial" in the phrase "financial position." (See Company Appendix Nos. *89, 121, 150, 590*)
9 reports changed the last clause in the opinion paragraph, the most common wording being "which *have been* applied on a basis consistent with that of the preceding year." (See Company Appendix Nos. *409, 507, 535*)
43 reports had miscellaneous wording variations. Two examples are "consistent *in all material respects*" and "accounting records *of the company."* (See Company Appendix Nos. *22, 72, 185, 285, 387, 443, 485, 594*)

'Generally Accepted Auditing Standards'

The widespread use of both the recommended short-form report and the single paragraph form has resulted in the corresponding adoption of the prescribed representation that the examination has been made "in accordance with generally accepted auditing standards." The review of the 600 reports discloses that over a three year period only three reports omitted any reference to such standards (See Company Appendix Nos. 398, 457, 562). In 1951, nine of the reports included reference to a "detailed audit of the transactions" or to the examination of the "system of internal control" even though the 1948 revision of the recommended short-form report eliminated the reference to such standards (See Company Appendix Nos. 28, 212, 233, 295, 397, 398, 457, 462, 562). Table 2 summarizes the points discussed above.

TABLE 2: AUDITING STANDARDS

Accountant's Report	1951	1950	1949
States that the examination was made in accordance with "generally accepted auditing standards"	597	597	597
Omits reference to "generally accepted auditing standards"	3	3	3
	600	600	600
Includes reference to a "detailed audit of the transactions"	8	8	14
Includes reference to the "examination of the system of internal control"	7	7	13

TABLE 3: AUDITING PROCEDURES

Accountant's Report	1951	1950	1949
States "examination included such other auditing procedures" (or phrase similar in meaning) as was considered necessary in the circumstances.	598	599	599
Omits reference to "such other auditing procedures" (or similar phrase).	2	1	1
Total	600	600	600
Discloses omission of certain auditing procedures.	46	37	32
States alternate procedures were employed for certain auditing procedures omitted.	44	32	28
Includes an explanation of certain auditing procedures followed.	18	19	23

'SUCH OTHER AUDITING PROCEDURES'

Table 3 discloses that the great majority of accountant's reports included in the survey state that the examination included "such other auditing procedures" as were considered necessary in the circumstances. In 1951, two of the 600 reports omitted reference to such procedures (See Company Appendix Nos. 320 and 562). The omission of certain auditing procedures was disclosed in 46 of the reports with the employment of alternate procedures indicated in 44 reports.

AUDITING PROCEDURES OMITTED

Table 4 shows the nature of the various auditing procedures omitted, as disclosed in the accountant's reports for the past three years.

Representative examples of accountant's reports for 1951 disclosing the omission of certain auditing procedures are set forth below:

Confirmation of Accounts Receivable— U. S. Government

Electric Boat Company—*To the Stockholders and the Board of Directors*: We have examined the consolidated balance sheet of Electric Boat Company (a New Jersey corporation) and subsidiary as of December 31, 1951, and the related consolidated statements of income and surplus for the year then ended. Except that it was not practicable to confirm United States and Canadian Government receivables, as to which we have satisfied ourselves by means of other auditing procedures, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Fairchild Engine and Airplane Corporation—*Board of Directors and Stockholders*: We have examined the balance sheet of Fairchild Engine and Airplane Corporation as of December 31, 1951, and the related statements of earnings and accumulated earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; although we were unable to obtain confirmation of accounts receivable from the Government, we satisfied ourselves as to these accounts by other means.

Mullins Manufacturing Corporation—*To the Board of Directors*: We have examined the balance sheet of Mullins Manufacturing Corporation as at December 31, 1951 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

It was not practicable to confirm the amounts due from the United States Government as at December 31, 1951, as to which we have satisfied ourselves by means of other auditing procedures.

The Sperry Corporation—*To the Stockholders and Board of Directors:* We have examined the consolidated balance sheet of The Sperry Corporation and its Subsidiaries Consolidated as of December 31, 1951 and 1950 and the related consolidated statement of income and earned surplus for the years then ended. Confirmations of certain accounts with United States Government Departments and Agencies were not obtainable, but we followed such other auditing procedures as we deemed appropriate in respect of such accounts. We were furnished with financial statements and reports on certain domestic and Canadian subsidiaries and divisions by other firms of certified public or chartered accountants. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

TABLE 4: AUDITING PROCEDURES OMITTED

Nature of Procedure Omitted	1951	1950	1949
Confirmation of Accounts Receivable—			
U. S. Government	46	23	21
Various other debtors	8	6	5
Observation and test of Inventories	7	5	5
Examination of Unconsolidated Subsidiaries	2	3	4
Various Other	1	3	0
Total Procedures	64	40	35

Stokely-Van Camp, Inc.—*To the Board of Directors*: We have examined the consolidated balance sheet of Stokely-Van Camp, Inc. as of May 31, 1951, and the related statements of profit and loss and earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It is not the general practice of the United States Government to confirm accounts receivable or payable; in the absence of confirmation, we followed such other audit procedures as we deemed appropriate.

Confirmation of Accounts Receivable—Various Other Debtors

Adams-Millis Corporation—*Board of Directors*: We have examined the statement of financial position of Adams-Millis Corporation as of December 31, 1951, and the related statements of earnings and of earnings retained for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Certain chain-store companies, in reply to our requests for confirmation of accounts receivable, reported that they could not verify balances owing by them at any specific date. As to these balances, however, we satisfied ourselves by means of other auditing procedures.

American Bank Note Company—*To the Board of Directors and the Stockholders:* In our opinion, the accompanying balance sheets and statements of profit and loss and earned surplus present fairly the financial position of American Bank Note Company and of the Company and its subsidiary companies at December 31, 1951, and the results of their operations for the year 1951, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of the financial statements was made in accordance with generally accepted auditing standards except that owing to special conditions no confirmations were obtained from customers in certain foreign countries; however, our test check of the records supporting these balances indicated that they were stated properly. The examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Avon Products, Inc.—*To the Stockholders and the Board of Directors*: We have examined the consolidated balance sheet of Avon Products, Inc. and its subsidiaries as of December 31, 1951, and the consolidated statements of earnings, capital surplus, and earnings retained in business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other procedures as we considered necessary in the circumstances. We made a similar examination for the year ended December 31, 1950.

We did not confirm accounts receivable from sales representatives of Avon Products, Inc. and Avon Products of Canada, Limited, by correspondence with the individual debtors of those companies. These accounts, aggregating approximately 99% of the total consolidated trade accounts receivable, consist of a large number of small balances, and it was not considered practicable or reasonable to verify balances by direct correspondence. However, we satisfied ourselves by other auditing procedures as to their substantial correctness.

Knott Hotels Corporation—*To the Board of Directors*: We have examined the consolidated balance sheet of Knott

Hotels Corporation and Subsidiaries as at December 31, 1951 and the statements of consolidated net income and surplus accounts for the year then ended. Except that it was not practicable to confirm by direct communication with the debtors, the current accounts due from hotel guests, as to which we have satisfied ourselves by other auditing procedures, our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Observation and Test of Inventories

Alaska Pacific Salmon Company—*To the Board of Directors*: We have examined the consolidated balance sheet of Alaska Pacific Salmon Company (a Nevada corporation) and its subsidiaries Bristol Bay Packing Company (a California corporation) and North Coast Packing Company (a Washington corporation) as at December 31, 1951, and the related consolidated statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except that it was not practicable for us to make physical tests of inventories of materials and supplies located in Alaska amounting to $853,052.93, but we examined the accounts and records relative thereto.

American Seating Company—: Inventory quantities and pricing were independently determined and certified by The American Appraisal Company in respect to inventories totaling $4,491,941 at the beginning of the year and $6,966,792 at the end of the year. We did not deem it reasonable or practical to duplicate the work of The American Appraisal Company and, therefore, limited our examination of that part of the inventories to a review of the related perpetual inventory records and their underlying control procedures. As to the remainder of the inventories totaling $1,578,784 at the beginning of the year and $2,158,697 at the end of the year, our examination included observation of inventory-taking procedures and tests of inventory quantities and pricing.

Crown Central Petroleum Corporation—*To the Stockholders*: Physical inventories of crude oils, finished products and work in process other than those located in independent pipe line transportation systems were taken by E. W. Saybolt and Company and Chas. Martin and Company, independent petroleum inspectors, and the quantities thereof were certified directly to and accepted by us. Quantities in independent pipe line transportation systems were confirmed to us directly. We have tested the clerical accuracy of the inventory records and reviewed the basis of inventory pricing.

Elastic Stop Nut Corporation of America—*To the Board of Directors*: We have examined the balance sheet of the Elastic Stop Nut Corporation of America as of November 30, 1951, and the related statement of income and retained earnings for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except that, the Company not having taken a physical inventory at November 30, 1951, our examination in respect of inventories was restricted accordingly.

In our opinion, subject to the exception in respect of inventories, the accompanying balance sheet and statement of income and retained earnings, together with notes thereto, fairly present the financial position of Elastic Stop Nut Corporation of America at November 30, 1951, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles which were applied on a basis consistent with that of the preceding year.

Examination of Unconsolidated Subsidiaries

Gillette Safety Razor Company—*To the Board of Directors*: We have examined the consolidated balance sheet of Gillette Safety Razor Company and subsidiary companies as of December 31, 1951 and the related statement of income and earned surplus for the year then ended, in which are incorporated the accounts of certain foreign subsidiary companies for the year ended November 30, 1951. Except as to the subsidiary companies indicated in the succeeding paragraph, our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

We have not examined the accounts of the German subsidiary companies, the investments in which have been segregated in the consolidated balance sheet.

In our opinion, subject to the exception indicated in the preceding paragraph regarding the accounts of subsidiary companies not examined by us, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus present fairly the financial position of Gillette Safety Razor Company and subsidiary companies at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Explanation of Auditing Procedures

With regard to explanations in the accountant's report as to auditing procedures followed, the Committee on Auditing Procedure of the American Institute of Accountants has stated in the "Codification of Statements on Auditing Procedure" that:

> Delineation of auditing procedures followed may be included where believed to be in the interest of clear disclosure of material fact, or where it is desired to comply with the client's request for amplification; explanations may be included, preferably in a separate paragraph, of essential matters which the client is unwilling to include in the financial statements; but where any such disclosures are made by reason of any reservation or desire to qualify the opinion they become exceptions and should be expressly stated or referred to as such in the opinion paragraph.

Table 5 summarizes the nature of auditing procedures explained in accountant's reports during the years 1949 through 1951.

Set forth below are examples from selected reports which contain explanations of the various procedures

TABLE 5: AUDITING PROCEDURES EXPLAINED

Nature of Auditing Procedure	1951	1950	1949
Accounts receivable confirmation	4	7	16
Inventory observation	13	16	18
Various other assets	3	6	8
Various liabilities	4	4	4
Subsidiary examination	1	6	6
Total	25	39	52

that were employed by the accountants in making the examinations:

Accounts Receivable, Cash, and Inventory Procedures

Amalgamated Clothing Workers of America—*To the General Executive Board*: Cash on hand at General Office was counted and imprest funds in possession of others were confirmed by direct communication. Cash in banks was confirmed by direct communication with the various depositories. The securities on hand and those held in safekeeping were counted. The securities deposited as collateral were confirmed by direct communication. Accounts receivable from Joint Boards and Local Unions were test-checked by direct communication.

The Cleveland-Cliffs Iron Company—*Board of Directors*: We accounted for cash balances and securities owned and tested receivables by communication with certain of the recorded debtors. With reference to inventories we visited representative locations where inventories were stored, reviewed inventory records, and tested computations and the basis of pricing.

Durez Plastics & Chemicals, Inc.—: We have made an examination of the Consolidated Balance Sheet of Durez Plastics & Chemicals, Inc., as at December 31, 1951 and the Consolidated Statement of Income and Expense and Earned Surplus for the year ended on that date. In connection therewith we verified the outstanding accounts receivable by direct confirmations from customers, we made comprehensive tests of the quantities, pricing, and computation of the inventories, we examined or tested accounting records and other supporting evidence and obtained information and explanations from officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of all of the transactions. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures generally recognized as normal or which we deemed necessary.

General Mills, Inc.—*To the Stockholders and the Board of Directors*: The cash was confirmed by certificates obtained from the depositaries and custodians or by count. Tests were made of the validity of receivables by communication with the debtors, except that it was not practicable to so confirm receivables from U. S. Government Departments and Agencies, as to which we satisfied ourselves by means of other auditing procedures. We made test checks of prices and computations of inventories and confirmed by actual inspection the quantities of the principal inventories at locations selected by us; in addition, we made test checks of the grades of grain inspected by obtaining independent confirmation of the grades of samples taken by us.

Expenditures charged to the land, buildings and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate based on the original cost of the properties.

All ascertained liabilities have been included in the accounts.

Verney Corporation—*To the Stockholders*: We were present at the several plants of the Company when the inventories were being checked physically and observed the work of the Company's employees in that connection. We reviewed the methods used in taking and compiling the inventories and made physical tests sufficient to satisfy ourselves as to the substantial accuracy of the inventory quantities. Goods at outside finishing plants and other locations were confirmed by direct correspondence. We made extensive tests of the pricing of the merchandise inventories and satisfied ourselves as to the substantial accuracy thereof.

Accounts Payable and Examination of Subsidiary

Lone Star Cement Corporation—*To the Board of Directors*: We have examined the Consolidated Balance Sheet of Lone Star Cement Corporation and All Subsidiary Companies as of December 31, 1951, and the related Statement of Consolidated Income and Earned Surplus Accounts for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; as to the accounts of the South American subsidiaries, such procedures comprised review of monthly and annual accounting reports received by the Corporation from the subsidiaries and also review of the reports of other independent public accountants on their audits of such accounts. We had previously made a similar examination for the year 1950.

United Shoe Machinery Corporation—*To the Board of Directors*: Outstanding accounts payable on February 29, 1952 have been verified, and the Auditor has certified that all liabilities of the Corporation at the close of the year were entered on the books of the Corporation.

Standards of Reporting

The "Tentative Statement of Auditing Standards" issued in 1947 by the Committee on Auditing Procedure of the American Institute of Accountants sets forth the following standards of reporting:

> 1. The report shall state whether the financial statements are presented in accordance with generally accepted principles of accounting.
> 2. The report shall state whether such principles have been consistently observed in the current period in relation to the preceding period.
> 3. Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.

The analysis of the accountant's reports accompanying the financial statements of the 600 companies included in the survey reveals almost complete adherence to the above standards of reporting. All of the 1951 reports stated that the financial statements were presented in accordance with generally accepted principles of accounting and only one of the reports excluded reference to the consistent application of such principles. Informative disclosures or explanatory remarks were included in 20 of the reports.

The standards of reporting as disclosed by the 600 reports included in the survey are summarized in Table 6.

TABLE 6: STANDARDS OF REPORTING

Accountant's Report	1951	1950	1949
Indicates that financial statements are presented in accordance with generally accepted principles of accounting.	600	600	600
Indicates that generally accepted principles of accounting have been consistently observed in the current period in relation to the preceding period.	535	510	548
Indicates certain exceptions to consistent observation of generally accepted principles of accounting in the current period in relation to the preceding period.	64	89	48
Omits reference to consistent observation of generally accepted principles of accounting.	1	1	4
	600	600	600
Includes informative disclosures or explanatory remarks.	20	20	21
Omits informative disclosures or explanatory remarks.	580	580	579
	600	600	600

Explanatory Matter or Informatory Remarks

With regard to the standard of reporting covering informative disclosures, the Committee on Auditing Procedure has commented as follows:

> Explanatory matter or informatory remarks, preferably given in footnotes to the financial statements, may, however, also be given in the auditor's "certificate."

The following examples have been taken from reports containing explanatory matter or informatory remarks:

Aluminum Goods Manufacturing Company—*The Board of Directors*: Operations were interrupted during 1951 by a strike of the production employees. All costs and expenses resulting from such strike, including depreciation and other fixed charges, have been reflected in the operations for the year and no such costs have been deferred to the future.

Anaconda Copper Mining Company—*To the Board of Directors*: The practice of the Company and its subsid-deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, zinc, lead, silver and gold, and is in agreement with long established and consistently maintained accounting practices and procedures of this Company and its subsidiaries and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

Craddock-Terry Shoe Corporation—: More than seventy-five (75%) per cent of the trade receivables are not yet due for payment and only five (5%) per cent, for which adequate reserves have been provided, are more than thirty days past due.

The pension trust contains no restrictive covenants; the funds and securities so designated are therefore available for general corporate purposes at the pleasure of the Board of Directors.

General Refractories Company—*To the Stockholders*: The inventories of brick finished and in process, amounting to $1,906,249.61 at December 31, 1951, and $1,678,-286.85 at December 31, 1950, are valued at estimated cost calculated by the management on the basis of cost for 1932 with production estimated at seventy per cent of plant capacity. This procedure, which has been consistently followed since January 1, 1933, results in the inventories being valued at less than current cost or market. Raw materials and supplies are stated at cost or market, whichever the lower, cost being computed generally on the first-in, first-out method.

General Shoe Corporation—*To the Board of Directors*: The companies operate at various locations under long term leases, the major portion of which expire successively to 1964. Minimum annual rentals on leases expiring after October 31, 1954 aggregate $2,419,000.

International Shoe Company—*To the Board of Directors*: During the year the International Shoe Company made sales to the United States Government which sales are subject to renegotiation.

McGraw-Hill Publishing Company, Inc.—*To the Board of Directors*: No attempt is made in the balance sheet to reflect actual present value of fixed assets, publication titles, copyrights, subscription lists and goodwill.

Remington Arms Company, Inc.—*To the Board of Directors*: Surplus has been recorded in one account in the books since incorporation of the company in 1920. Lacking a definitive and authoritative basis upon which to make retrospective allocations of the various charges which have been made to surplus, we have not derived separate balances for the respective classes of surplus as of December 31, 1951. We report, however, that in the latter part of 1933, following the acquisition of a controlling interest in the capital stock of the company by E. I. du Pont de Nemours & Company, substantial adjustments were made in asset, reserve and capital accounts. Subsequent thereto, the recorded earnings exceeded by approximately $13,-700,000 the sum of the dividends paid and other charges (not considered significant) to surplus.

Wagner Electric Corporation—*To the Stockholders*: In accordance with the company's practice established in 1939, the appropriation representing the increase of $1,067,340 between the amounts of overhead included in the inventories at the end and beginning of the year has ducted from income for the year.

Classification of Accountant's Opinion

Table 7 contains a classification of the opinions as set forth in the accountant's reports accompanying the financial statements of the 600 companies included in the survey.

TABLE 7: OPINION OF ACCOUNTANTS

Classification	1951	1950	1949
Unqualified opinion	518	491	526
Qualified opinion	82	108	73
Partial disclaimer of opinion	0	1	1
Total	600	600	600

Although no report in the survey for 1951 contained a disclaimer or partial disclaimer of opinion, two examples of partial disclaimer of opinion taken from other 1951 reports and from the December 31, 1950 report of Follansbee Steel Corporation are quoted below:

Partial Disclaimer of Opinion

St. Louis Public Service Company—*Board of Directors*: As explained in Note 1 to the financial statements, the accumulated reserve of $3,292,250 for depreciation and abandonments of certain properties at December 31, 1951, is not adequate, but the management is not presently in a position to estimate the extent of the deficiency.

As explained in Note 3 to the financial statements, no provision has been made for any liability for federal taxes on income for the years 1947 through 1950, and provision has been made for 1951 taxes on income without deducting losses on abandonments and sales of depreciable properties referred to in Note 1, and without deducting net operating loss carryovers, if any, from prior years. The amount of such liability, if any, is subject to final determination.

In our opinion, except for the inadequacy of the accumulated reserve for depreciation and abandonments (as to the extent of which inadequacy we are not in a position to express an opinion), and for the possible effect of the final determination of the company's liability for federal taxes on income for the years 1947 through 1951, referred to in the two preceding paragraphs, the accompanying statements, together with the notes thereto, present fairly the financial position of the St. Louis Public Service Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note 1: The original cost of $838,995 in respect of the property of one streetcar line discontinued during 1951 was charged and salvage of $4,998 therefrom was credited to the reserve for abandonments which was created in 1950 by a transfer from surplus reserve. The original cost of $1,362,649 in respect of depreciable property of two other streetcar lines discontinued during 1951 was charged and salvage of $27,000 therefrom was credited to accumulated depreciation. In addition, the original cost of $469,108 of 53 street and utility cars sold during 1951 was charged to accumulated depreciation.

As in the preceding year, depreciation has been computed on the basis of original cost of the property at group rates prescribed by the Missouri Public Service Commission.

As prescribed by the Commission, the original cost of depreciable property retired has been charged to accumulated depreciation and reserve for abandonments. As substantial amounts of depreciable property were retired in recent years and as the annual rates of depreciation for the current and prior years did not include a provision for retirement of entire units of property prior to the expiration of their estimated service lives, the accumulated depreciation of $3,292,250 at December 31, 1951, with respect to properties other than buses and streamlined streetcars, is not adequate, but the management is not presently in a position to estimate the extent of any such deficiency. The change-over from streetcar to bus operations started several years ago has been substantially completed and no further conversions are contemplated in the foreseeable future, except those which the company may be required to make in conformity with provisions of possible future city plans. These changes in operations have resulted in a substantial amount of streetcar property being devoted to bus operations and in prolonging the expected service lives previously attributed to such property.

Note 3: As the method of computing losses on abandonment of property for these years has not been finally determined, provision has been made for 1951 federal taxes on income without deducting losses on abandonments and sales of depreciable property referred to in Note 1 and without deducting net operating loss carryovers, if any, from prior years.

Follansbee Steel Corporation—*To the Board of Directors*: In view of the circumstances stated in Note G of the notes to accounts, we are unable to express an opinion on the federal and state income tax liabilities of a subsidiary company for certain years prior to 1948.

In our opinion, which is reserved with respect to the liabilities referred to in the preceding paragraph, these consolidated financial statements present fairly the position of Follansbee Steel Corporation and its subsidiary companies at December 31, 1950, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in method of valuing certain inventories (explained in Note B) which has our approval.

Note G: Federal income taxes of Follansbee Steel Corporation have been settled through the year 1949, and the unrequired balances accrued therefor were restored to income. The provisions for 1950 are believed adequate to provide for the income and excess profits taxes for that year.

Federal income tax returns of Federal Enameling & Stamping Company have been settled to and including the year 1941. The income tax returns for the years 1942 to 1944, inclusive, have been examined, and additional liabilities have been asserted. A portion of the additional liabilities asserted has been paid. Pending action on a protest filed in which the full liability is not admitted, provision has been made in the accounts for the major portion of the disputed balance and interest. Concurrently, the estimated portion recoverable under the Indemnification Agreement (obtained upon the acquisition of seventy (70%) percent of common stock of Federal by Follansbee in 1948) has been recorded as a claim against the escrow agent. The escrow fund is substantially in excess of this claim. The years subsequent to 1944 have not yet been subjected to a field examination by the Bureau of Internal Revenue.

Factors Affecting Accountant's Opinion

The reasons for the accountant's opinion being qualified are the various changes in, or deviations from, consistent application of accounting principles, existence of various uncertainties, and scope of examination. The most frequent change in the application of accounting principles has resulted from the adoption of, or modifications in, the use of the last-in, first-out method of inventory valuation.

Table 8 shows a classification of the factors entering into the accountant's opinions of the financial statements of the 600 companies included in the survey.

TABLE 8: ACCOUNTANT'S OPINION QUALIFIED

Reason for Qualification	1951	1950	1949
Change in application of accounting principles:			
LIFO inventory method—initial adoption	23	44	0
LIFO inventory method—modification	7	15	4
Fixed assets and depreciation	6	6	17
Other balance sheet items	10	14	19
Income or cost items	9	12	8
Consolidation principles	9	6	10
Various other changes	6	2	4
	70	99	62
Uncertainties, litigation, contingencies, etc.	12	17	23
Scope of examination	6	2	2
Total	88	118	87

In six reports in 1951 (Company Appendix Nos. 216, 268, 465, 534, 551, 587) and four in 1950 (Company Appendix Nos. 15, 216, 319, 342), it was either stated or indicated in the footnotes to the financial statements that changes in respect to the LIFO inventory method had no material effect upon the financial statements and no qualification of opinion in respect thereto was expressed in the accountant's reports for those companies.

Table 9 shows in summary form the frequency of approval or disapproval by accountants of certain types of changes in the application of generally accepted accounting principles which were revealed during the past three years in the reports of the 600 companies included in the survey.

Various examples of qualifications of opinion, taken from the 1951 reports, grouped according to the nature of the items involved, are given below:

LIFO Inventory Method—Initial Adoption

Brown & Sharpe Manufacturing Company—: As explained in Note 1 to the accompanying consolidated financial statements, the company with our approval adopted in 1951 the LIFO (last-in, first-out) method of costing principal inventories and changed the method of apportioning manufacturing overhead to inventory costs.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and earnings employed in the business present fairly the financial position of Brown & Sharpe Manufacturing Company and consolidated subsidiaries as at December 31, 1951, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied, except for the change noted in the preceding paragraph, on a basis consistent with that of the preceding year.

Note 1: [See Section 2, "Inventories."]

J. I. Case Company—*To the Board of Directors:* In our opinion, the accompanying financial statements present fairly the position of J. I. Case Company at October 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change referred to in the following paragraph, were applied on a basis consistent with that of the preceding year. This opinion is based on an examination of these statements which was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As at November 1, 1950 the company changed its method of valuing its inventories from "average cost or market, whichever lower" to cost determined on the basis of "last-in, first-out." This change, which we approve, reduced the inventories at October 31, 1951 by approximately $5,000,000 and the net income for the fiscal year then ended by approximately $1,250,000.

General Electric Company—*To the Share Owners and the Board of Directors:* In our opinion, the accompanying consolidated balance sheet and related consolidated statement of earnings present fairly the financial position of General Electric Company and affiliates at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting

TABLE 9: ACCOUNTANT'S APPROVAL OR DISAPPROVAL OF CHANGE IN ACCOUNTING PRINCIPLES

Nature of Change	1951	1950	1949
LIFO inventory method:			
Approved	28	54	4
Disapproved	0	0	0
Neither approved nor disapproved	2	5	0
Balance sheet items:			
Approved	12	15	28
Disapproved	1	2	4
Neither approved nor disapproved	3	3	4
Income or cost items:			
Approved	8	11	6
Disapproved	0	0	0
Neither approved nor disapproved	1	1	2
Consolidation principles:			
Approved	8	3	9
Disapproved	0	0	0
Neither approved nor disapproved	1	3	1
Various other changes:			
Approved	3	2	2
Disapproved	0	0	0
Neither approved nor disapproved	3	0	2
Summary:			
Changes approved	59	85	49
Changes disapproved	1	2	4
Changes neither approved nor disapproved	10	12	9
Total	70	99	62

principles. Except with respect to the change, which we approve, in valuing inventories of tungsten metal on a last-in-first-out (LIFO) basis as described in note 7 to the consolidated financial statements, such principles were applied on a basis consistent with that of the preceding year.

Note 7: Effective January 1, 1951 inventories of tungsten metal were valued on a "last in, first out" basis which had the effect of reducing inventories and earnings before taxes by $4,234,000 and net earnings by $865,000.

Harbison-Walker Refractories Company—*To the Shareholders:* In our opinion, the accompanying statement of consolidated financial position and the consolidated statements of income, income retained in the business, and source and disposition of working capital present fairly the financial position of Harbison-Walker Refractories Company and Subsidiaries at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change (which we approve) in the method of determining cost for certain inventories as explained in the accompanying President's Message to shareholders, were applied on a basis consistent with that of the preceding year.

To Our Shareholders: In 1951 the Company adopted the Last-In, First-Out (LIFO) method of determining the cost of its inventories of refractory brick, both finished and in process. At December 31, 1951 these classes of inventories were carried at $5,829,135, and the remaining classes were carried at average cost which was the method used in valuing all classes of inventory at December 31, 1950. The aggregate inventories at each date were below replacement cost. The adoption of the LIFO method in 1951 resulted in a decrease of approximately $1,000,000 in the carrying value of inventories at December 31, 1951 and, accordingly, net income reported for the year 1951 was decreased about $200,000, and provisions for taxes on income were decreased approximately $800,000.

Phelps Dodge Corporation—*To the Board of Directors:* During the year 1951 the Company adopted the last-in, first-out method of valuing certain copper inventories as explained in note B to the financial statements. We approve of this change.

In our opinion, the accompanying Consolidated Balance Sheet and Consolidated Income and Surplus Account, together with the explanatory notes, present fairly the financial position of Phelps Dodge Corporation and its consolidated subsidiaries at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent, except as set forth above, with that of the preceding year.

Note B: [See Section 2, "Inventories."]

Struthers Wells Corporation—*To the Board of Directors:* At November 30, 1951, the Corporation stated certain items of raw materials and work in process at cost under the last-in, first-out inventory method rather than at the lower of cost or market. This change, which has our approval, has the effect of reducing closing inventories by $109,271 and net profits, after income taxes, by approximately $21,800.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss, additional capital and earnings retained present fairly the financial position of Struthers Wells Corporation and subsidiary at November 30, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the appropriate change in the method of valuation of certain inventories as described in the preceding paragraph, have been applied on a basis consistent with that of the preceding year.

LIFO Inventory Method—Extension of Use

Armour and Company—*To the Board of Directors:* In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of earnings and of capital and paid-in surplus and earnings employed in the business present fairly the position of Armour and Company and its domestic subsidiaries at October 27, 1951, and the results of their operations for the fiscal year then ended in conformity with generally accepted accounting principles applied (except for the change referred to in the note on inventories, which we approve) on a basis consistent with that of the preceding year. This opinion is based on an examination of the statements which was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Note: During the 1951 fiscal year the Company extended the "last-in, first-out" method of inventory valuation to certain inventories which had previously been valued at the lower of cost or market. This change reduced the consolidated inventories approximately $1,800,000 at October 27, 1951, and the consolidated earnings approximately $980,000 for the fiscal year then ended.

First National Stores Inc.—*To the Stockholders:* In our opinion, the accompanying balance sheet and the related statements of earnings and unappropriated earnings used in the business fairly present the financial position of First National Stores Inc. at March 29, 1952, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, which we approve, in the basis of inventory valuation as explained in Note (1) to the financial statements. Our examination of such financial statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Note 1: [See Section 2, "Inventories."]

Interchemical Corporation—*To the Board of Directors and Shareholders:* In our opinion, the foregoing financial statements present fairly the position of Interchemical Corporation and subsidiaries at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles. These accounting principles have been applied on a basis consistent with that of the preceding year except for the change to the last-in first-out (LIFO) method of valuing certain work in process and finished goods as set forth in Note 1, which change has our approval.

Our examination of such statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

Note 1: Effective January 1, 1951, the "last-in, first-out, or LIFO, method of valuation was adopted for work-in process and finished goods inventories (other than coated fabrics, inked ribbons and textile colors) and, under that method, such inventories amounted to $4,079,357 at December 31, 1951. If the "first-in, first-out" method had been continued during 1951, as in prior years, in respect of such work-in-process and finished goods inventories, they would have amounted to $4,419,320 and net profit for the year 1951, after taxes, would have been reported at $65,443 more than that shown in the foregoing consolidated statement of profit and loss.

Effective January 1, 1950, the LIFO method of valuation had been adopted for substantially all raw materials, except cotton and cotton fabrics.

Other inventories are based on the "first-in, first-out" method of valuation.

LIFO Inventory Method—Abandonment of Use

Barker Bros. Corporation—*To the Stockholders:* In our opinion the accompanying statements present fairly the consolidated financial position of Barker Bros. Corporation and its subsidiary at December 31, 1951 and the results of their operations for the year in conformity with generally accepted accounting principles. As explained in the note appended to earned surplus account, in 1951 the company reverted to the method of pricing inventories which was used in years prior to 1950; except for this change, which we approve, the accounting principles were applied on a basis consistent with that of the year 1950. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Note: In 1951 the company discontinued the method of pricing inventories on the last-in, first-out ("Lifo") basis which it had adopted in 1950 and reinstated the first-in, first-out method which it had used prior to 1950. These changes affected the statements of profit and loss for 1950 and 1951 by relatively unimportant amounts.

The Sherwin-Williams Company—*Board of Directors:* In our opinion, the accompanying balance sheet and summaries of profit and loss and surplus present fairly the consolidated financial position of The Sherwin-Williams Company and consolidated subsidiaries at August 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change (approved by us) in pricing certain inventories, referred to in Note A to the consolidated balance sheet, have been applied on a basis consistent with that of the preceding year.

Note A: [See Section 2, "Inventories."]

Fixed Assets and Depreciation

Cannon Mills Company—In our opinion, the accompanying consolidated balance sheet and summary of consolidated income and earned surplus present fairly the financial position of Cannon Mills Company and subsidiaries at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year except as to the change, which we approve, in the provision for depreciation and obsolescence as explained in Note 1 to the financial statements.

Note 1: The Company adopted a policy, beginning in 1951, of making provision for accelerated depreciation and obsolescence on the cost of its machinery and equipment, arising from intensive use under present conditions and the anticipated need for replacements resulting from improved design and processes in advance of the end of the heretofore estimated useful lives of existing facilities. The total provision for depreciation and obsolescence of plant property, included above in costs of goods sold, amounted to $2,396,991.23 including $698,631.11 for such accelerated depreciation and obsolescence of machinery and equipment. The provision for accelerated depreciation and obsolescence has not been deducted in computing the provision for Federal and State taxes on income.

Kingan & Co. Incorporated—*To the Board of Directors:* In our opinion, the accompanying balance sheet and statements of income and earnings employed in the business present fairly the financial position of Kingan & Co. Incorporated at October 27, 1951 and the results of its operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year except for the change (with which we concur) referred to in Note 1 of the Notes to Financial Statements.

Note 1: During the current year the rates of depreciation on plants and equipment were reviewed by the engineering department of the Company and revised to state them on the basis established for income tax purposes as approved by the engineering section of the Bureau of Internal Revenue. The net effect of the change was to reduce the depreciation charged against earnings for the fifty-two weeks ended October 27, 1951 by approximately $115,000.

Motor Products Corporation—*To the Board of Directors and Stockholders:* In our opinion, the accompanying statements fairly present the financial position of Motor Products Corporation at June 30, 1951, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. We approve the adjustment of properties and accumulated depreciation to an income tax basis explained in Note 3 to the financial statements. Our examination of the statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Note 3: As of July 1, 1950 property, plant and equipment and accumulated depreciation accounts were adjusted to an income tax basis (with a resulting credit of $303,770 to earned surplus) and subsequent depreciation has been recorded on a corresponding basis. The effect of this adjustment on depreciation expense for the year ended June 30, 1951 is not significant.

Universal-Cyclops Steel Corporation—*To the Shareholders:* As stated on page 7, the company changed its method of computing depreciation, effective January 1, 1951. This change, which we approve, did not materially affect net income for the year 1951.

In our opinion, the accompanying balance sheet and statement of income and accumulated earnings present fairly the financial position of Universal-Cyclops Steel Corporation at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in method of computing depreciation referred to in the preceding paragraph.

Supplementary Financial Information (Page 17): Effective January 1, 1951, the company discontinued the method adopted in 1948 of providing accelerated depreciation on regular buildings, machinery, and equipment. Accordingly, the amount of depreciation for 1951 was provided at fixed rates on the straight-line basis used for income tax purposes.

Intangible Development Costs

The Texas Company—*To the Board of Directors and the Stockholders:* In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and undistributed earnings employed in the business present fairly the financial position of The Texas Company and subsidiary companies at December 31, 1951, and the results of their operations for the year ended that date, and were prepared in conformity with generally accepted accounting principles which, except for the change, which we approve, in treatment of intangible development costs as explained in Note 1 to the consolidated financial statements, were maintained by the companies on a basis consistent with that of the preceding year.

Note 1: [See Section 3, "Depletion."]

The Cleveland-Cliffs Iron Company—*Board of Directors:* In accordance with the companies' previous practice the applicable portions of provisions for depletion have been charged direct to surplus arising from adjustment of properties and investments to amounts established for federal income tax purposes. We do not think that any different practice in regard to such provisions for depletion has crystallized to the point where the companies should be required to deviate from their established procedure in this respect.

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus present fairly the consolidated financial position of The Cleveland-Cliffs Iron Company and its consolidated subsidiaries at December 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change, approved by us, set forth in the second paragraph of Note I to the financial statements, have been applied on a basis consistent with that of the preceding year.

Note I: Total provisions for depletion, depreciation, and amortization for the year were $4,247,435 (including cost depletion and depreciation in the amount of $18,850 applicable to sales of real estate, timber, and equipment) of which the applicable amount of $745,879 was charged to surplus arising from adjustment of properties and investments to amounts established for federal income tax purposes.

In addition to the aforementioned provisions, certain mine development, stripping, and exploration costs incurred during the year were charged against income. In prior years the Company's policy was to capitalize such costs, and to defer charges against income until the year in which the applicable tonnages of ore were sold. This change, which was occasioned by the Revenue Act of 1951, had the effect of reducing consolidated net income for 1951 by approximately $1,700,000.

Kennecott Copper Corporation—*To the Directors and Stockholders:* In our opinion, based upon our examination as outlined above for the year 1951 and similar examination for the preceding year, the accompanying Consolidated Balance Sheet of Kennecott Copper Corporation and its consolidated subsidiaries and related Consolidated Statements of Income, Earned Surplus and Capital Surplus accounts, together with Notes relating thereto, present fairly the consolidated position of these corporations at December 31, 1951 and December 31, 1950 and the results of their operations for the years ended on those dates, in conformity with generally accepted accounting principles appropriately applied to the respective mining, manufacturing, transportation and other enterprises included in the consolidated statements, and (except as to the treatment of current development expenditures referred to in Note 2 to the Consolidated Income Account, in which we concur) applied for each year on a basis consistent with that of the preceding year.

Note 2: Certain expenditures for stripping and mine development, which under prior law would have been treated as "Deferred Charges" to be written off against ore benefited, are now, under the Federal Revenue Act of 1951, allowable as current deductions. Such expenditures made during 1951 are accordingly included directly in "Operating Costs," in addition to the ratable charges with respect to the deferred balances of similar expenditures of prior years. Consolidated Net Income for 1951 is decreased approximately $2,400,000 by reason of this change in accounting method.

Insurance, Pensions, and Vacation Expenses

American Ice Company—*To the Board of Directors:* We believe the charge to reserve for contingencies should have been made to income. Otherwise, in our opinion, the accompanying balance sheet and statement of income and earned surplus present fairly the financial position of American Ice Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

[Charge referred to above: "Expense of defense against extraordinary claims in excess of insurance—$17,055.72."]

Cutler-Hammer, Inc.—*Board of Directors:* In our opinion, the accompanying balance sheet and statements of profit and loss and surplus present fairly the position of Cutler-Hammer, Inc., as at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the changes explained in Notes 1 and 2 to the financial statements which changes have our approval.

Note 1: As at December 31, 1951 the Company adopted the practice of accruing the expense for vacation pay to be paid in the ensuing year to conform to the method established for income tax purposes. The effect of this change in method was to charge $988,000 to operations in 1951 and the similar expense for the previous year, aggregating $813,798, was eliminated from current operations and charged to earned surplus, less a refund of $269,665 for Federal taxes on income in connection therewith.

Note 2: During 1951, the company eliminated by a credit to earned surplus, the unused balances of the miscellaneous reserves aggregating $235,311 and reduced the reserve for bad debts by $33,103, all provided in previous years.

Hercules Powder Company—*To the Board of Directors:* In our opinion, the accompanying consolidated statement of financial conditions and consolidated statement of operations present fairly the financial position of Hercules Powder Company and subsidiary companies consolidated at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which were applied on a basis consistent with that of the preceding year except for the change (which we approve) in the basis of providing insurance and pension reserves and making charges thereto, as explained in Note 4 of the accompanying notes to financial statements.

Note 4: Effective January 1, 1951, a change has been made in accounting method with respect to insurance and pension reserves. Heretofore, the amounts set aside in these reserves have been based on estimated future payments, without allowance for tax credits which will accrue to the company when such future payments are made. Under this method, net income is adversely affected when the set-aside is made, and correspondingly benefited when future payments are charged to the reserve and tax credits accrue. To avoid this distortion, it was decided to make the reserve set-asides and charges on the basis of the net cost to the company after taxes estimated at an average rate of 50%. The effect of this change in 1951 was to increase net income by $864,400.

Stahl-Meyer, Inc.—*To the Board of Directors:* In our opinion, the accompanying consolidated statement of financial position and related statement of earnings present fairly the position, on a consolidated basis, of Stahl-Meyer, Inc. and subsidiaries as of October 26, 1951 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change with respect to prepaid employees' Group Insurance premiums (see Note 2), which change we approve.

Note 2: Prepayments include approximately $55,000 of prepaid premiums on employees' Group Insurance policies. In prior years such insurance premiums were charged to earnings as paid and had this practice been continued, the earnings before Federal taxes on income would have been reduced by the above amount.

Westinghouse Electric Corporation—*To the Stockholders:* In our opinion, the accompanying consolidated statement of ownership and consolidated statement of operations, with the explanatory notes attached thereto, present fairly the financial position of Westinghouse Electric Corporation and its subsidiaries at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent (other than the change, which we approve, described in Note 3 on page 17) with that of the preceding year.

Note 3: In computing its accrual for Federal income and excess profits taxes for 1951, the Corporation deducted vacation expense in conformity with tax regulations, as distinguished from the practice in prior years of deducting vacation expense currently paid. This change had the effect of decreasing the accrual for such taxes and increasing net income for 1951 by $1,600,000.

Income, Costs, and Various Other Factors

Central Soya Company, Inc.—*To the Board of Directors:* In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and earnings retained in the business present fairly the financial position of Central Soya Company, Inc. and its subsidiaries at August 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except that for the year ended August 31, 1951 refinancing expenses of $128,639 applicable to future years was charged against current income.

Commonwealth Edison Company—*To the Board of Directors:* In our opinion, the accompanying balance sheets and related statements of income and retained earnings present fairly the financial position of Commonwealth Edison Company and subsidiary companies as of December 31, 1951 and 1950, and the results of their operations for the years ended those dates, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the write-off, with which we concur, to retained earnings of the unamortized debt discount and expense applicable to refunded issues as of June 30, 1951.

The Cuneo Press, Inc.—*To the Board of Directors*: As stated in Note (1) to the consolidated balance sheet, certain receivables are from debtors having net current asset positions which do not justify classifying such receivables as current. They are, however, included in the balance sheet as current receivables on the basis of the company's opinion that they will be realized within one year. We are not in a position to confirm this opinion. It is not possible to determine the ultimate bad debt losses at this time. Based on our review of the accounts, and on the additional bad debt provisions claimed and proposed to be claimed for Federal income tax purposes for the years 1950 and 1951 stated in Note (3) to the consolidated balance sheet, it is our opinion that generally accepted accounting practice requires substantially larger reserves than those provided for the receivables referred to in Note (1) and for the receivables classified on the balance sheet as noncurrent receivables. If the bad debt provisions claimed for tax purposes were reflected in the accounts, they would affect surplus and 1951 profits by the amounts set forth in Note (4) to the consolidated balance sheet.

In our opinion, except for the effect of the matters mentioned in the preceding paragraph, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus present fairly the financial position of The Cuneo Press, Inc. and subsidiary companies as of December 31, 1951, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note 1: Receivables of $1,233,787 ($757,358 from affiliates and $476,429 from non-affiliates) are from debtors having net current asset positions which do not justify classifying such receivables as current. They are, however, classified as current on the basis of the company's opinion that they will be realized within one year.

Notes 3 and 4: [See Section 4, "Appropriation of Retained Earnings—Tax Purposes."]

The National Sugar Refining Company—: In our opinion, the accompanying statement of financial position and related statements of earnings and earnings retained for general use in the business present fairly the financial position of the Company at December 31, 1951 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles, which were applied on a basis consistent with that of the preceding year except for the change, which we approve, to the base stock method for valuation of a portion of sugar inventories as explained in the accompanying letter to stockholders and employees.

Letter to Stockholders: [See Section 2, "Inventories."]

Otis Elevator Company—*To the Stockholders and Directors:* In our opinion, the accompanying Balance Sheet and Statement of Income and Earned Surplus present fairly the financial position of Otis Elevator Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except that inventories at Yonkers Plant have been stated at book value ($15,916,184) since value based on physical inventories was not available due to strike at that plant during the last quarter of 1951.

Peninsular Telephone Company—*To the Board of Directors:* In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of Peninsular Telephone Company as of December 31, 1951, and 1950, and the results of its operations for the years then ended, and were prepared in conformity with generally accepted accounting principles which (except for adopting in 1951 the policy of capitalizing interest during construction, in which we concur) were applied on a basis consistent with that of the preceding year.

Pullman Incorporated—*To the Board of Directors:* In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and surplus present fairly the financial position of Pullman Incorporated and Subsidiaries at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in the basis of accounting for certain royalties as outlined in Note F, which change we approve.

Note F: Prior to the current year, royalties were taken into income as received. A recent Federal court decision, however, requires that royalties receivable under agreements calling for a fixed aggregate amount, although contractually due and payable in future annual installments, must be taken into taxable income in the year in which the contract becomes effective. The Corporation has changed its accounting procedure to conform with this decision, and this had the effect of increasing the income for the year 1951 in the gross amount of $1,820,000, and the net amount of $1,065,000 after deducting Federal income taxes, over what would have been shown on the former basis of accounting.

Republic Aviation Corporation—*To the Board of Directors:* In our opinion, the accompanying statement of financial condition and statement of income and summary of income reinvested or employed in the business present fairly the financial position of Republic Aviation Corporation at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent (except as to the changes referred to in Note 5 of which we approve) with that of the preceding year.

Note 5: During 1951, the Company adopted the practice of treating certain of its general administrative expenses (amounting to $1,040,311) as directly applicable to production rather than as charges against income of the year, and also changed the accounting treatment of miscellaneous income items (cash discount and sale of scrap) to conform more closely with cost accounting requirements under Government contracts. The net effect of these changes upon net income after provision for Federal taxes on income was not material.

Consolidation of Subsidiaries

Associated Dry Goods Corporation—*To the Board of Directors:* In our opinion, the accompanying balance sheets and statements of income and earned surplus present fairly (a) the financial position of Associated Dry Goods Corporation at January 31, 1952, (b) the combined results of operations for the year then ended of Associated Dry Goods Corporation and its nine subsidiary companies merged with it or dissolved during the year, as explained in Note 1 of Notes to Financial Statements, and (c) the composite financial position of its continuing subsidiaries wholly owned at January 31, 1952 and the composite results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the changes in which we concur, explained in Notes 1 and 2 of Notes to Financial Statements.

Note 1: [See Section 4, "Goodwill Arising on Consolidation" and Note 1 continued herein] In the accompanying statement of income and earned surplus the results of operations of the parent company and the nine subsidiaries which were either consolidated with the parent company or dissolved, as explained above, are shown combined from the beginning of the fiscal year.

Note 2: The continuing wholly owned subsidiaries of the Corporation are companies devoted exclusively to the ownership and operation of real estate. In preceding years the financial statements of these subsidiaries were included in the consolidated statements of the parent company, except for Fifth Fifty-Second Corporation which was then a subsidiary of Lord & Taylor. The Corporation has adopted the policy of presenting separately the financial statements of the retail merchandising business (parent company) and of the subsidiary real estate companies (in composite form).

The amount stated in the balance sheet for investment of the Corporation in the real estate companies includes $1,071,353 of undistributed earnings of the subsidiaries, accumulated from acquisition to January 31, 1951, and forming part of the earned surplus shown in the consolidated balance sheet at that date. The equity of Associated Dry Goods Corporation in net assets as shown by the composite balance sheet of the wholly owned subsidiaries exceeded the book amount of its investment by $151,176 at January 31, 1952. The combined net income of the subsidiaries for the fiscal year was $3,890 in excess of dividends paid to the Corporation.

Bausch & Lomb Optical Company—*To the Stockholders:* In our opinion, the attached financial statements, together with the notes hereto, fairly present the position of Bausch & Lomb Optical Company and its U. S. A. subsidiary at December 29, 1951 and the results of their operations for the fifty-three weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change in basis of consolidating foreign subsidiaries explained in Note 1, which change has our approval. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Receivables from the U. S. Government were not confirmed but we satisfied ourselves by other means as to these accounts.

Note 1: The accounts of the foreign subsidiaries are not included in the financial statements at December 29, 1951. The accounts of the Canadian subsidiary were included in the December 23, 1950 published statements but are eliminated in the attached statements so as to present the 1950 figures on basis comparable to those for 1951. The net effect of omitting the Canadian subsidiary has been to reduce the consolidated earned surplus at the beginning of the year by $37,008.

The Mengel Company—*To the Stockholders and Directors:* In our opinion, the accompanying consolidated balance sheet and consolidated statement of earnings present fairly the consolidated financial position of The Mengel Company and its consolidated subsidiaries at December 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year except for the exclusion in consolidation of a subsidiary as set forth in Note 2, in which change we concur.

Note 2: During the year 1951 the Company discontinued consolidation of the subsidiary operating abroad and will take into income only cash income when received in United States currency. Neither the difference between the investment and the Company's equity nor the subsidiary's earnings for 1951 are significant in relation to the consolidated net assets and current earnings.

National Distillers Products Corporation—*To the Board of Directors and Stockholders:* In our opinion, the accompanying statements present fairly the financial position of National Distillers Products Corporation and domestic subsidiary companies at December 31, 1951 and the results of their operations for the year then ended, in conformiy with generally accepted accounting principles.

The accounting principles followed by the companies have been consistent with those of the preceding year except that, with our approval, the consolidated financial statements at December 31, 1951 include the accounts of majority owned domestic subsidiary companies not previously consolidated. This change in principles of consolidation did not materially affect either the consolidated balance sheet at December 31, 1951 or the consolidated statement of profit and loss for the year then ended.

Pepsi-Cola Company—*The Directors and Stockholders*: We have examined the balance sheet of Pepsi-Cola Company and consolidated subsidiaries as of December 31, 1951, and the related summaries of consolidated income and surplus for the year then ended. As to the companies other than the Canadian subsidiary our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As to the Canadian subsidiary, we examined a report of chartered accountants and the figures for that company included in the accompanying statements are derived from such report. The total assets of this subsidiary amount to approximately 7% of the consolidated total, and its gross profit on sales and net income for the year are approximately 7% and 12%, respectively, of the consolidated totals.

In our opinion, which as to the Canadian subsidiary is based upon the report of other accountants as above mentioned, the accompanying consolidated balance sheet and the related summaries of consolidated income and surplus, with their notes, present fairly the financial position of the companies at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except as to the change described in the first paragraph of Note 2 to the Financial Statements, which change we approve.

Note 2: The accounts of the British and Netherlands subsidiaries are excluded from the financial statements for 1951 because of continuing stringent foreign exchange restrictions. In previous years the accounts of these subsidiaries were included in the consolidated statements; for purposes of comparison the figures shown for 1950 have been restated and similarly exclude these subsidiaries.

Contingencies, Litigation, and Uncertainties

American Woolen Company (Incorporated)—*To the Stockholders:* It is not possible at this time to anticipate what, if any, refund might be required as a result of subsequent renegotiation under Government contracts.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and surplus, with the explanation in the preceding paragraph, present fairly the financial position of American Woolen Company and subsidiary at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

American Wringer Company, Inc.—: The inventories, except defense inventories, were physically taken and valued on a consistent basis to the lower of cost or market. Defense inventories representing book figures ($1,172,402.28) are as stated by the company.

The deferred charges include administrative expenses of $33,481.60 applicable to a specific government contract on which shipments had been delayed through outside conditions.

In our opinion, subject to adjustments as might result from a complete valuation of a physical inventory, and subject to the deferral of administrative expenses, the accompanying consolidated balance sheet and related consolidated statements of income and surplus present fairly the consolidated financial position of American Wringer Company, Inc. and its subsidiaries at December 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Allen B. DuMont Laboratories, Inc.—*To the Board of Directors:* In our opinion, except for the effect of possible renegotiation referred to in note 5 to the financial statements, the accompanying balance sheet and statement of earnings and earnings reinvested in the business present fairly the financial position of Allen B. DuMont Laboratories, Inc. at December 30, 1951 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note 5: Profits derived from certain sales of the Company for the fiscal year ended December 30, 1951 are subject to adjustment under the Renegotiation Acts of 1948 and 1951. The effect, if any, of such renegotiation on the Company's financial position and operating results for the fiscal year ended December 30, 1951 cannot be determined.

Pathé Industries, Inc.—*To the Board of Directors:* The recovery of advances to other producers will depend substantially on residual income from re-release and television rights. While the Company believes adequate reserves have been provided for any losses which may be incurred, it is not possible to determine at this time what the ultimate realization will be.

In our opinion, subject to the qualification in the preceding paragraph and to the explanation with regard to exchange franchises reacquired given in Note 5 to the financial statements, the accompanying consolidated balance sheet and statements of consolidated income and expense and deficit present fairly the financial position of Pathé Industries, Inc. and subsidiaries at December 29, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note 5: [See Section 4, "Intangible Assets."]

J. P. Stevens & Co., Inc.—*To the Board of Directors:* In our opinion, subject to refunds, if any, which may be necessary under the Renegotiation Acts (see Note G) and losses which may be sustained in the disposition of idle mill properties (see Note B), the accompanying consolidated balance sheet and consolidated statements of income and earned surplus, together with their notes, present fairly the consolidated financial position of J. P. Stevens & Co., Inc. and wholly-owned subsidiaries at October 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note B: During the year ended October 31, 1951, the Company discontinued substantially all operations at three of its New England mills. The sale of one of the mill properties was consummated during November 1951 and resulted in a loss of approximately $175,000, provision for which has been made as a special item in the accompanying consolidated statement of income. The other two mill properties, including machinery and equipment, are carried in the accounts at about $2,500,000, after deducting accumulated depreciation. The Company expects to transfer a substantial portion of the machinery and equipment at these two mills to other locations and to dispose of the remaining assets. No provision has been made for losses which may be incurred in the sale of these mill properties, because a final determination has not been made of the machinery and equipment which will be transferred and because it is not practicable at this time to estimate the realizable proceeds from the sale of the remaining assets.

Note G: Approximately 25% of the Company's sales during the year ended October 31, 1951 are subject to the Renegotiation Acts. No provision has been made in the accompanying financial statements for possible refunds, because no basis presently exists for the determination of the Company's liability, if any.

Textron Incorporated—*To the Stockholders:* In our opinion, subject to the determination of the liability for Federal income and excess profits taxes, commented upon in Note F to the Financial Statements, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and surplus, together with notes to the financial statements present fairly the consolidated financial position of Textron Incorporated and its subsidiary companies at December 29, 1951, and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Note F: In determining taxable income during prior years the Company or its subsidiaries claimed certain deductions, the allowability of which has not been passed upon by the United States Treasury Department. The management believes all of said deductions were properly claimed in determining taxable income. Should any disallowances by the Treasury Department of such deductions be made and sustained, additional taxes would be assessed in an amount which cannot be estimated at this time; in consequence, no specific reserve therefor has been provided in the accounts. The reserve for contingencies at the close of the year ($2,500,000) is considered by the management to be more than sufficient to cover possible additional Federal income and excess profits taxes and other contingencies.

United Engineering and Foundry Company—*To the Board of Directors:* As the amount is not presently determinable, no provision has been made with reference to pending litigation relating to the Steckel patent instituted against the company by Cold Metal Process Company.

The companies have not determined the portion of their sales that may be subject to renegotiation. Accordingly, no provision has been made for the return of profits under the Renegotiation Act of 1951.

In our opinion, the accompanying consolidated statement of financial position and consolidated statement of operations, together with the foregoing explanatory comments, present fairly the financial position of United Engineering and Foundry Company and its domestic subsidiaries at December 31, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Reliance Upon Others

There are two pertinent statements dealing with the opinion by an accountant when part of an examination is performed by a person other than the accountant who is to certify to the financial statements or sign the report. Rule 6 of the "Rules of Professional Conduct" of the American Institute of Accountants states:

> A number or an associate shall not sign a report purporting to express his opinion as the result of examination of financial statements unless they have been examined by him, a member or an employee of his firm, a member or an associate of the Institute, a member of a similar association in a foreign country, or a certified public accountant of a state or territory of the United States or the District of Columbia.

Rule 2-05, Article 2, of "Regulation S-X (As Revised)" of the Securities and Exchange Commission reads as follows:

> If, with respect to the certification of the financial statements of any person, the principal accountant relies on an examination made by another independent public accountant of certain of the accounts of such person or its subsidiaries, the certificate of such other accountant shall be filed (and the provisions of Rules 2-01 and 2-02 shall be applicable thereto); however, the certificate of such other accountant need not be filed (a) if no reference is made directly or indirectly to such other accountant's examination in the principal accountant's certificate, or (b) if, having referred to such other accountant's examination, the principal accountant states in his certificate that he assumes responsibility for such other accountant's examination in the same manner as if it had been made by him.

In Table 10 there is summarized and classified the various instances where reference is made in the accountant's reports of the 600 companies to reliance upon work performed by auditors other than the accountant certifying to the financial statements.

The following are representative examples of reports disclosing reliance upon others:

Reference in Scope Paragraph

American Cyanamid Company—*The Board of Directors:* We have examined the consolidated balance sheet of American Cyanamid Company and subsidiaries as of December 31, 1951 and the related statements of earnings, capital surplus and earnings employed in the business for the year then ended. Our examination, which did not include the accounts of five minor foreign subsidiaries, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As to four of such five minor foreign subsidiaries, we have reviewed the reports of the accountants who examined their accounts; as to the other, the statutory audit had not been completed at the date of this report, but we have reviewed the unaudited accounts of such subsidiary, the assets of which amounted to less than 1% of the total consolidated assets and comprised principally plant, equipment and facilities.

Armstrong Cork Company—*To the Board of Directors and Stockholders:* We have examined the consolidated balance sheet of Armstrong Cork Company and domestic subsidiaries as of December 31, 1951 and the related statements of earnings and of earnings reinvested in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have examined for the year the accounts of all foreign subsidiaries except those of the Spanish and Portuguese subsidiaries which have been examined by Messrs. . . . . , Chartered Accountants.

National Container Corporation—*To the Board of Directors:* We have examined the balance sheet of National Container Corporation consolidated with its subsidiary Companies, as at December 31, 1951, and the related statements of income and surplus for the year then ended. We did not, however, examine the balance sheets and related statements of income and surplus, included in the consolidated statements, of certain of the Company's subsidiaries, but accepted in each of those cases, in which we did not make an examination, reports of examinations of other Independent Public Accountants. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedure as we considered necessary in the circumstances.

Pratt & Lambert, Inc.—: We have examined the consolidated balance sheet of Pratt & Lambert, Inc. and subsidiary companies as of December 31, 1951 and the related summary of consolidated income and earned surplus for the year then ended. As to Pratt & Lambert, Inc. and subsidiaries examined by us, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As to certain other subsidiaries not examined by us, we were furnished with reports of other accountants on their examinations of the accounts of those companies for the year; the total assets and net income of the subsidiaries not examined by us represent 5.6% and 6.8%, respectively, of the consolidated totals.

Frank G. Shattuck Company—*To the Stockholders:* We have examined the consolidated balance sheet of Frank G. Shattuck Company and subsidiaries as of December 31, 1951 and the related consolidated income statement for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records of the constituent companies, except W. F. Schrafft & Sons Corporation, and such other auditing procedures as we considered necessary in the circumstances. The accounts of W. F. Schrafft & Sons Corporation, a wholly-owned subsidiary, were examined by another firm of independent public accountants. We have reviewed their report thereon and have accepted the figures in the accounts for inclusion in the accompanying financial statements.

TABLE 10: RELIANCE UPON OTHERS

For Examination of	(A) Scope Paragraph 1951	1950	1949	(B) Scope and Opinion Paragraph 1951	1950	1949
Consolidated domestic subsidiaries. (A: *Nos. *267, 418;* and B: *47, 135, 330*)	7	3	3	14	16	16
Consolidated foreign subsidiaries. (A: *Nos. *42, 106, 559*; and B: *37, 180, 235, 319, 437, 560*)	11	16	19	21	20	22
Unconsolidated domestic subsidiaries or branches. (*Nos. *311;* and B: *410*)	1	0	0	1	2	2
Unconsolidated foreign subsidiaries or branches. (A: *Nos. *40, 394;* and B: *151, 445, 530*)	4	3	5	6	5	7
Total	23	22	27	42	43	47

Number of Accountant's Reports	1951	1950	1949
Indicating reliance upon others	57	59	67
Not indicating reliance upon others	543	541	533
Total	600	600	600

*See Company Appendix Section

Reference in Separate Paragraph

American Telephone and Telegraph Company—*To the Stockholders:* Examinations of similar scope have been made by us of the balance sheets as of December 31, 1951 and of the statements of income and surplus for the year 1951 of the principal nonconsolidated subsidiaries of American Telephone and Telegraph Company, except Western Electric Company, Incorporated, and its subsidiaries, and we have reviewed accounting reports for the year 1951 rendered to American Telephone and Telegraph Company by all other nonconsolidated subsidiaries. The consolidated balance sheet of Western Electric Company, Incorporated, and consolidated subsidiaries as of December 31, 1951 and the related statement of consolidated income of these companies for the year 1951, with certificate of examination thereof by other independent accountants, have been furnished to us.

Columbian Carbon Company—*To the Board of Directors:* The accounting records of the Canadian subsidiary were not examined by us, but we have reviewed its financial statements and the report thereon of other public accountants, and our opinion given below also covers these statements.

Lily-Tulip Cup Corporation—*To the Board of Directors:* The accounts of one of the subsidiaries are included in the accompanying consolidated financial statements on the basis of financial statements examined by other independent public accountants.

Loew's Incorporated—*To the Board of Directors and Stockholders:* The accounts of foreign subsidiaries were examined or tested by Independent Public Accountants in the respective foreign countries as of August 31, 1951 in accordance with program which we prepared. We have reviewed their reports relating to such examinations, have no exceptions to take to the adequacy and sufficiency of the examinations and tests made by such other accountants, have accepted such work in the same manner as if it had been done by us, and have accepted such reports as a proper basis for consolidating the accounts of foreign subsidiaries with the accounts of the domestic companies as of August 31, 1951. Current asset and current liability accounts of foreign subsidiaries and other current accounts in foreign moneys have been included at prevailing exchange rates, at rates lower than nominally quoted, or at rates of current remittances.

Scovill Manufacturing Company—*To the Stockholders:* Statements of the English branch, which were not examined by us, have been incorporated in the accompanying financial statements on the basis reported by . . . . , chartered accountants in England.

F. W. Woolworth Co.—*To the Stockholders:* We accepted, after review, the financial statements of the Canadian subsidiary as certified to by independent auditors and converted the value of the net current assets reported therein into U. S. dollars at the current rate of exchange.

Reference in Scope and Opinion Paragraphs

Cities Service Company—*The President and Board of Directors:* We have examined the balance sheets of Cities Service Company and of certain of its subsidiary companies as of December 31, 1951 and the related statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the other subsidiary companies (some of major importance) whose accounts are incorporated in the accompanying consolidated financial statements, we have been furnished with the reports of other firms of accountants.

In our opinion, based upon our examination and on the accounts and information furnished to us, the accompanying balance sheets and statements of income and surplus present fairly (1) the position of Cities Service Company and Subsidiary Companies (on a consolidated basis) at December 31, 1951 and the results of their operations for the year then ended and (2) the position of Cities Service Company (corporate) at December 31, 1951 and the results of its operations for the year then ended, all in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Coca-Cola Company—*To the Board of Directors:* We have examined the consolidated balance sheet of The Coca-Cola Company and its consolidated subsidiaries as of December 31, 1951, and the related statements of profit and loss and surplus for the year then ended. Our examination of the company and its domestic subsidiaries was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Statements of foreign subsidiaries and branches consolidated herein were furnished to us as certified by other independent accountants.

In our opinion, based upon our examination and the statements of foreign subsidiaries and branches consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Coca-Cola Company and its consolidated subsidiaries at December 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

International Paper Company—*To the Stockholders:* We have examined the consolidated balance sheet of International Paper Company, a New York corporation, and subsidiary companies as of December 31, 1951, and the related statements of consolidated profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records of the company and its domestic consolidated subsidiaries (except two transportation companies) and such other auditing procedures as we considered necessary in the circumstances. We had previously made a similar examination for the year ended December 31, 1950. In the case of the major foreign subsidiaries and the two domestic subsidiaries whose accounts were not examined by us, we were furnished with financial statements certified to by other auditors.

In our opinion, based upon our examination and upon the certificates of the other auditors referred to above, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus, together with the accompanying schedules, present fairly the consolidated financial position of the companies as of December 31, 1951, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MacAndrews & Forbes Company—*To the Board of Directors:* We have examined the consolidated balance sheet of MacAndrews & Forbes Company and its wholly owned subsidiaries as of December 31, 1951 and the related consolidated statements of income and earned surplus for the year then ended.

We have received reports of chartered accountants upon their examinations of financial statements of the company's wholly owned subsidiaries as of December 31, 1951 and of the company's foreign branches as of September 30, 1951. The opinion of the chartered accountants with respect to the foreign branches is qualified as to the scope of their examination which omitted generally accepted auditing procedures of confirming accounts receivable and making physical tests of inventories. Our examination at the domestic offices of the company was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Assets and liabilities of the company's foreign branches have been included in the accompanying financial statements based upon unaudited branch reports as of December 31, 1951. Changes in assets, liabilities and results of operations of these branches during the three months ended December 31, 1951 reflected in such reports were not material in relation to the consolidated totals.

In our opinion, based upon such examination, foreign branch reports and reports of chartered accountants, the accompanying balance sheet and statements of income and earned surplus present fairly the consolidated financial position of MacAndrews & Forbes Company and its wholly owned subsidiaries at December 31, 1951 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Miller Manufacturing Co.—*To the Stockholders:* We have examined, except as mentioned below, the consolidated balance sheet of Miller Manufacturing Co. and its subsidiary companies as of September 30, 1951, and the related statement of income and of accumulated net income retained for use in the business for the year then ended. Our examination of the financial statements of Miller Manufacturing Co., The Buckeye Forging Company, Economy Valve Company and Precision Manufacturing Company was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm receivables from the United States Government but we satisfied ourselves by other means as to these items. The financial statements of Monroe Steel Castings Company have not been examined by us and are included in the accompanying consolidated financial statements on the basis of a report thereon furnished by other independent public accountants. The subsidiary not examined by us had approximately 38% of the consolidated sales and 30% of the consolidated total assets.

In our opinion, based upon our examination and upon the report of other independent public accountants, the accompanying consolidated financial statements present fairly the financial position of Miller Manufacturing Co. and its subsidiary companies at September 30, 1951, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Yale and Towne Manufacturing Company—*To the Board of Directors:* Statements of the British Division, which were not examined by us, have been incorporated in the accompanying financial statements based upon the report of other independent public accountants.

In our opinion, based on our examination and on the report of other public accountants referred to above, the acccompanying balance sheet and statement of income and earned surplus present fairly the financial position of The Yale and Towne Manufacturing Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Post Balance Sheet Disclosure

Only one accountant's report included in the survey of 600 companies contained a disclosure of events occuring subsequent to the balance sheet date. The opinion paragraphs of this report are quoted below:

Boeing Airplane Company—*Board of Directors:* In our opinion, the accompanying balance sheet and statements of net earnings and earnings retained for use in the business present fairly the financial position of Boeing Airplane Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Also, in our opinion, the action of the Board of Directors on March 14, 1952, in setting aside from the earnings of the year 1951 a sum of $1,100,000 under the Incentive Compensation Plan for Officers and Employees, is in conformity with the provisions contained in the first paragraph of Section 2 of such plan.

Another example of an accountant's report containing a post balance sheet disclosure which was noted in the review of various other 1951 reports is set forth below:

The Hartford Electric Light Company—*To the Stockholders*: As stated in Note 1 to Financial Statements, effective with the year 1950, the Company adopted a straight-line method of accruing depreciation, using a composite rate of 1.75%. This method and rate were continued in 1951. Reference is also made in Note 1 to an independent engineering survey with respect to depreciation which was conducted during 1951. In their report dated December 20, 1951 the independent engineers recommended a rate ranging between 2.15% and 2.25% as appropriate for future years, subject to review at successive intervals of not more than 5 years. Accordingly, the Company has adopted a rate of 2.25%, effective January 1, 1952.

In our opinion, qualified in respect to the depreciation rate, the accompanying balance sheet and statements of income and earned surplus present fairly the financial position of The Hartford Electric Light Company at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the previous year.

Note 1: Effective January 1, 1950 the Company adopted the straight-line method for determining its depreciation accrual and applied for this purpose a composite rate of 1.75%; this composite rate was applied to the years 1950 and 1951. The straight-line method and the adopted composite rate of 1.75% for the years 1950 and 1951 superseded a 40-year term sinking fund method, including a modifying adjustment, which was used in 1949 and several years preceding. The Company has given continuing attention to the subject of depreciation, and during 1951 retained independent engineers to review the depreciation problem with particular reference to the development of a composite rate applicable to the straight-line method of depreciation accrual. The engineers have presented their study and report and have recommended the adoption of an annual accrual rate ranging between 2.15 and 2.25% applicable to 1952 and thereafter until such time as further studies may indicate the desirability of a change in said rate. The Company by action of the Board of Directors has approved a composite rate of 2.25% effective for the annual accounting period commencing January 1, 1952 and to continue thereafter subject to periodic review. The independent engineers have also stated that based on a comparison with the electric utility industry the Depreciation Reserve position of the Company, expressed as a percentage of total utility plant in service, is somewhat higher than the median of the range of experience of comparable companies and clearly demonstrates that the present reserve position of the Company is reasonable and adequate. For Federal Income Tax purposes the Company uses a rate of 3%.

Identification of Financial Statements

Although there have been no marked trends in the identification in the accountant's reports of the financial statements upon which an opinion is expressed, there has been a slight increase from 1949 to 1951 in those reports referring to the statements as a group, i. e., "financial statements" or "accompanying statements." Table 11 presents a summary of the type of identification of financial statements used in the accountant's reports included in the survey.

Reference to Company

The method of reference to the company whose financial statements are covered by the accountant's report is summarized in Table 12 for the companies included in the 1951 survey.

Representative examples of the methods of identification in the accountant's reports of financial statements and names of companies are set forth below:

Belding Heminway Company, Inc.—*To the Board of Directors*: We have examined the balance sheets of Belding Heminway Company, Inc. and its wholly-owned subsidiaries, Belding Real Estate Corporation and The Putnam Machinery Corporation, as at December 31, 1951 and the related statements of income and stockholders' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and statements of income and stockholders' equity, together with the notes to financial statements, present fairly the financial position of Belding Heminway Company, Inc., Belding Real Estate Corporation, and The Putnam Machinery Corporation at December 31, 1951, and the results of operations of each of the companies for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the

Caterpillar Tractor Co.—*To the Stockholders:* In our opinion, the accompanying financial statements present fairly the consolidated position of Caterpillar Tractor Co. at December 31, 1951 and its wholly owned subsidiary, Trackson Company, acquired in December, 1951, and the results of the Company's operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. This opinion is based on an examination of the statements which was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We have made annual examinations of the accounts of the Company since incorporation and, in our opinion, statements 3 through 7 present fairly the historical financial data included therein.

The Kroger Co.—*To the Board of Directors*: We have examined the consolidated balance sheet of The Kroger Co.

TABLE 11: IDENTIFICATION OF FINANCIAL STATEMENT

Customary certified statements:*	1951	1950	1949
Title listing of each statement	548	552	568
Group reference, i.e., "accompanying statements", "Financial statements," etc.	52	48	32
	600	600	600
Additional certified statements:			
Title listing of each statement	12	7	5
Group reference, i.e., "appearing on pages xx"; or, "included in president's review," etc.	12	13	10
No additional certified statements	576	580	585
	600	600	600
**Specific reference to footnotes*	69	77	74

TABLE 12: NAME OF COMPANY

Reference by use of:	1951	1950	1949
Corporate name	162	165	151
Corporate name and corporate name of subsidiaries consolidated	13	21	20
Corporate name but consolidated subsidiaries not identified	416	398	412
Corporate name with reference to affiliates, branches, etc.	7	14	15
Corporate name not mentioned	2	2	2
Total	600	600	600

and subsidiary company as of December 29, 1951, and the related consolidated statements of income and accumulated earnings for the fiscal year (fifty-two weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of income and accumulated earnings, together with the information regarding stock options included elsewhere in the Company's annual report, present fairly the consolidated financial position of The Kroger Co. and subsidiary company at December 29, 1951, and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

R. H. Macy & Co., Inc.—*To the Board of Directors and Stockholders*: We have examined the consolidated statement of financial condition of R. H. Macy & Co., Inc. and subsidiary companies, and the statement of financial condition of Macy's Bank, both as of July 28, 1951, and the related statements of earnings and of earnings reinvested in the business for the fiscal year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the consolidated financial position of R.H. Macy & Co., Inc. and subsidiary companies at July 28, 1951, the consolidated results of their operations for the fiscal year (52 weeks) then ended, and the financial position of Macy's Bank at July 28, 1951, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Standard Brands Incorporated—*To the Stockholders and Board of Directors*: We have examined the consolidated balance sheet as of December 31, 1951, of Standard Brands Incorporated (Deleware) and subsidiaries operating in the United States, the combined balance sheet as of November 30, 1951, of its subsidiaries operating outside the United States, and the related statements of profit and loss and surplus for the years ended on those dates. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made similar examinations for the years ended in 1950.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and earned surplus present fairly the financial position as of December 31, 1951, of Standard Brands Incorporated and subsidiaries operating in the United States, and the results of their operations for the year ended that date, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the accompanying combined balance sheet and related statement of profit and loss and earned surplus present fairly the financial position as of November 30, 1951, of the subsidiaries operating outside the United States, and the results of their operations for the year ended that date, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Wayne Pump Company—*To the Stockholders:* We have examined the statement of financial condition of The Wayne Pump Company and domestic subsidiary consolidated as of November 30, 1951 and the related statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have also made a similar examination with respect to the Company's foreign subsidiary companies.

As of November 14, 1951 Martin & Schwartz, Inc., Salisbury, Maryland, was merged into The Wayne Pump Company. The asset and liability accounts of the Salisbury Division of The Wayne Pump Company at November 30, 1951 were not examined by us and have been included in the accompanying statement of financial condition on the basis of a report of other accountants; the total assets of this division amount to approximately 22% of the consolidated total.

In our opinion, based upon our examination and upon the report of other accountants, the accompanying statement of financial condition and statement of income and surplus present fairly the financial position of the companies at November 30, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Period of Examination

There does not appear to be any significant trend in the periods of examination specified in accountant's reports. Table 13 presents a summary of the periods specified in the accountant's reports included in the survey.

Addressees of Accountant's Report

With respect to the addressee of the accountant's report, the Committee on Auditing Procedure in the "Codification of Statements on Auditing Procedure" states:

> The report should be addressed to the client, or to the board of directors or the stockholders of the client if the appointment is made by them or if such address is preferred. Where the selection is made by the directors and approved by the stockholders the report may well be addressed to both.

As shown in Table 14, the addressees of accountant's reports included in the survey remained relatively unchanged throughout the past three years. The terminology used when addressing the report to the security holders of the companies has been approximately the same in all of the years under review except that in 1951, the term "shareowners" was used for the first time.

TABLE 13: PERIOD OF EXAMINATION SPECIFIED

	Scope Paragraph			Opinion Paragraph		
Period covered in:	1951	1950	1949	1951	1950	1949
One year	443	445	471	545	538	541
Fiscal year of 52 or 53 weeks	13	13	13	18	17	14
One year with additional phrase referring to examination of prior period	48	41	35	—	—	—
Two years	15	19	24	34	37	39
More than two years	0	1	0	1	1	1
Less than one year	0	4	1	0	4	1
No period specified	3	6	8	2	3	4
	522	529	552			
Single paragraph form	78	71	48			
Total	600	600	600	600	600	600

Signature on Accountant's Report

With regard to the signature appearing on the accountant's certificate accompanying the published an-

TABLE 14: ADDRESSEE OF ACCOUNTANT'S REPORTS

1951 Number of Reports	Addressee: Board of Directors	Security Holders*	Company	President	None
305:	305				
101:	101	101			
3:	3	3	3		
1:	1	1	—	1	
9:	9	—	—	9	
108:	—	108	—	—	
69:	—	—	69	—	
4:	—	—	—	—	4
600:	419	213*	72	10	4
Percentage of Reports					
1951:	70%	35%	12%	2%	1%
1950:	69%	34%	12%	2%	1%
1949:	69%	32%	13%	2%	1%

*Security Holders:	Stockholders	Shareholders	Shareowners	Total
1951:	170	39	4	213*
1950:	173	33	0	206
1949:	160	30	0	190

nual reports in the survey, a large majority of reports use a printed or typed firm name. There has been a slight increase, however, in the use of a facsimile of a handwritten firm name. Table 15 summarizes the form of signatures used.

TABLE 15: SIGNATURE ON REPORT

Form of Accountant's Signature	1951	1950	1949
Firm name—printed or typed	449	455	469
Firm name—handwritten facsimile	148	141	124
Individual Accountant's signature	3	4	7
	600	600	600

Number of Accounting Firms Represented

The annual reports of the 600 companies included in the 1952 survey are accompanied by certificates from 85 different public accounting firms. There were eight changes in accountants among these companies as compared with the preceding year.

COMPANY APPENDIX

List of 600 Corporations on Which Tabulations Were Based

1. A. P. W. Products Company, Inc.
2. Abbott Laboratories
3. Adam Hat Stores, Inc.
4. J. D. Adams Manufacturing Company
5. Adams-Millis Corporation
6. Addressograph-Multigraph Corporation
7. Ainsworth Manufacturing Corporation
8. Air Reduction Company, Incorporated
9. Alan Wood Steel Company
10. Alaska Pacific Salmon Company
11. Allegheny Ludlum Steel Corporation
12. Allen Industries Inc.
13. Allied Chemical & Dye Corporation
14. Allied Mills, Inc.
15. Allied Stores Corporation
16. Allis-Chalmers Manufacturing Company
17. Alpha Portland Cement Company
18. Aluminum Company of America
19. The Amalgamated Sugar Company
20. The American Agricultural Chemical Company
21. American Asphalt Roof Corporation
22. American Bakeries Company
23. American Bank Note Company
24. American Box Board Company
25. American Can Company
26. American Car and Foundry Company
27. American Chain & Cable Company, Inc.
28. American Colortype Company of New Jersey
29. American Cyanamid Company
30. The American Hardware Corporation
31. American Hide and Leather Company
32. American Home Products Corporation
33. American-LaFrance-Foamite Corporation
34. American Locomotive Company
35. American Machine and Metals, Inc.
36. American Maize-Products Company
37. The American Metal Company, Limited
38. American Metal Products Company
39. American Optical Company
40. American Radiator & Standard Sanitary Corporation
41. American Republics Corporation
42. American Safety Razor Corporation
43. The American Ship Building Company
44. American Smelting and Refining Company
45. American Stores Company
46. The American Sugar Refining Company
47. The American Tobacco Company
48. American Viscose Corporation
49. American Window Glass Company
50. American Woolen Company (Incorporated)
51. American Wringer Company, Inc.
52. American Writing Paper Corporation
53. Ampco Metal, Inc.
54. Anaconda Copper Mining Company
55. Anchor Hocking Glass Corporation
56. Anderson, Clayton & Co.
57. Anderson-Prichard Oil Corporation
58. Archer-Daniels-Midland Company
59. Arden Farms Co.
60. Argo Oil Corporation
61. Armco Steel Corporation
62. Armour and Company
63. Armstrong Cork Company
64. Art Metal Construction Company
65. The Artloom Carpet Co., Inc.
66. The Arundel Corporation
67. Associated Dry Goods Corporation
68. The Atlantic Refining Company
69. Atlas Powder Company
70. The Autocar Company
71. Avco Manufacturing Corporation
72. Avon Products, Inc.
73. The Babcock & Wilcox Company
74. Baldwin-Lima-Hamilton Corporation
75. Barber Oil Corporation
76. Barker Bros. Corporation
77. Bates Manufacturing Company
78. Bath Iron Works Corporation
79. Bausch & Lomb Optical Company
80. The Bay Petroleum Corporation
81. Bayuk Cigars Incorporated
82. Beatrice Foods Co.
83. Beaunit Mills, Inc.
84. Beech Aircraft Corporation
85. Beech-Nut Packing Company
86. Belding Heminway Company, Inc.
87. Bell Aircraft Corporation
88. Bendix Aviation Corporation
89. The Best Foods, Inc.
90. Bethlehem Steel Corporation

91. Bigelow-Sanford Carpet Company, Inc.
92. The Billings & Spencer Company
93. The Black & Decker Manufacturing Company
94. Blaw-Knox Company
95. Boeing Airplane Company
96. Bohn Aluminum & Brass Corporation
97. Bond Stores, Incorporated
98. Booth Fisheries Corporation
99. The Borden Company
100. Borg-Warner Corporation
101. Botany Mills, Inc.
102. E. J. Brach & Sons
103. Bridgeport Brass Company
104. Briggs Manufacturing Company
105. Briggs & Stratton Corporation
106. Bristol-Myers Company
107. Brockway Motor Company, Inc.
108. Brown & Sharpe Manufacturing Company
109. Brown Shoe Company, Inc.
110. The Brunswick-Balke-Collender Company
111. Bucyrus-Erie Company
112. The Budd Company
113. Buffalo-Eclipse Corporation
114. Burlington Mills Corporation
115. Burroughs Adding Machine Company
116. Butler Brothers
117. The Byrndun Corporation
118. Byron Jackson Co.
119. California Packing Corporation
120. Camden Forge Company
121. A. S. Campbell Co. Inc.
122. Canada Dry Ginger Ale, Incorporated
123. Cannon Mills Company
124. Capitol Records, Inc.
125. Carnation Company
126. Carrier Corporation
127. J. I. Case Company
128. Caterpillar Tractor Co.
129. Celanese Corporation of America
130. Central Soya Company, Inc.
131. Century Electric Company
132. Certain-Teed Products Corporation
133. The Cessna Aircraft Company
134. Chain Belt Company
135. The Champion Paper and Fibre Company
136. Cherry-Burrell Corporation
137. Chicago Pneumatic Tool Company
138. Chicago Railway Equipment Company
139. Chile Copper Company
140. Chrysler Corporation
141. Cities Service Company
142. City Products Corporation
143. City Stores Company
144. Clark Equipment Company
145. Clearing Machine Corporation
146. The Cleveland Builders Supply Company
147. The Cleveland Graphite Bronze Company
148. Climax Molybdenum Company
149. Clinton Foods Inc.
150. The Coca-Cola Company
151. Colgate-Palmolive-Peet Company
152. Collins & Aikman Corporation
153. Colonial Stores Incorporated
154. The Colorado Fuel and Iron Corporation
155. The Colorado Milling & Elevator Company
156. Colt's Manufacturing Company
157. Columbia Broadcasting System, Inc.
158. Columbia River Packers Association, Inc.
159. Columbian Carbon Company
160. Combustion Engineering-Superheater, Inc.
161. Commercial Solvents Corporation
162. Congoleum-Nairn Inc.
163. Consolidated Cigar Corporation
164. Consolidated Paper Company
165. Consolidated Vultee Aircraft Corporation
166. Container Corporation of America
167. Continental Baking Company
168. Continental Can Company, Inc.
169. Continental Motors Corporation
170. Continental Oil Company
171. Continental Steel Corporation
172. Copperweld Steel Company
173. Corn Products Refining Company
174. Cory Corporation
175. Craddock-Terry Shoe Corporation
176. Crane Co.
177. The Creamery Package Mfg. Company
178. Crown Central Petroleum Corporation
179. Crown Cork & Seal Company, Inc.
180. Crown Zellerbach Corporation
181. Crucible Steel Company of America
182. The Cuban-American Sugar Company
183. The Cudahy Packing Co.
184. The Cuneo Press, Inc.
185. The Curtis Publishing Company
186. Curtiss-Wright Corporation
187. Cutler-Hammer, Inc.
188. Daystrom, Incorporated
189. The Dayton Rubber Company
190. Decca Records, Inc.
191. Deere & Company
192. Dennison Manufacturing Company
193. The Derby Oil Company
194. Devoe & Raynolds Company, Inc.
195. The Diamond Match Company
196. Diamond T Motor Car Company
197. Diana Stores Corporation
198. Dictaphone Corporation
199. The Di-Noc Company
200. Walt Disney Productions
201. Dixie Cup Company
202. The Dobeckmun Company
203. Doehler-Jarvis Corporation
204. Douglas Aircraft Company, Inc.
205. The Dow Chemical Company
206. The Drackett Company
207. Dragon Cement Company, Inc.
208. Dresser Industries, Inc.
209. Allen B. DuMont Laboratories, Inc.
210. The Duplan Corporation
211. E. I. du Pont de Nemours & Company
212. Durez Plastics & Chemicals, Inc.
213. The Eagle-Picher Company
214. The Eastern Malleable Iron Company
215. Eastern Stainless Steel Corporation
216. Eastman Kodak Company
217. Eaton Manufacturing Company
218. Elastic Stop Nut Corporation of America
219. The Electric Auto-Lite Company
220. Electric Boat Company
221. The Electric Storage Battery Company
222. Elgin National Watch Company
223. Elliott Company
224. Ely & Walker Dry Goods Company
225. Emerson Radio & Phonograph Corporation
226. Endicott Johnson Corporation
227. Eversharp, Inc.
228. Ex-Cell-O Corporation
229. The Fairbanks Company
230. Fairbanks, Morse & Co.
231. Fairchild Engine and Airplane Corporation
232. Falstaff Brewing Corporation
233. The Federal Machine and Welder Company
234. Federated Department Stores, Inc.
235. The Firestone Tire & Rubber Company
236. First National Stores Inc.
237. M. H. Fishman Co., Inc.
238. The Florsheim Shoe Company

239. Follansbee Steel Corporation
240. Food Machinery and Chemical Corporation
241. Foremost Dairies, Inc.
242. Freeport Sulphur Company
243. Fruehauf Trailer Company
244. The Garlock Packing Company
245. Gaylord Container Corporation
246. General American Transportation Corporation
247. General Aniline & Film Corporation
248. General Baking Company
249. General Bottlers, Inc.
250. General Box Company
251. General Cable Corporation
252. General Cigar Co., Inc.
253. General Electric Company
254. General Mills, Inc.
255. General Motors Corporation
256. General Railway Signal Company
257. General Refractories Company
258. General Shoe Corporation
259. The General Tire & Rubber Company
260. Giddings & Lewis Machine Tool Company
261. Gillette Safety Razor Company
262. Gimbel Brothers, Inc.
263. Gleaner Harvester Corporation
264. The Glidden Company
265. Globe Steel Tubes Co.
266. Godchaux Sugars, Inc.
267. Goebel Brewing Company
268. Goldblatt Bros., Inc.
269. Good Humor Corporation
270. The B. F. Goodrich Company
271. The Goodyear Tire & Rubber Company
272. Granite City Steel Company
273. W. T. Grant Company
274. The Great Western Sugar Company
275. The Griess-Pfleger Tanning Co.
276. The Gruen Watch Company
277. Grumman Aircraft Engineering Corporation
278. Gulf Oil Corporation
279. W. F. Hall Printing Company
280. Haloid Company
281. Hamilton Watch Company
282. Harbison-Walker Refractories Company
283. Harnischfeger Corporation
284. The Harshaw Chemical Company
285. Harvill Corporation
286. Haskelite Manufacturing Corporation
287. Hathaway Bakeries, Inc.
288. Hayes Manufacturing Corporation
289. Hazel-Atlas Company
290. Hearst Consolidated Publications, Inc.
291. Hercules Motors Corporation
292. Hercules Powder Company
293. Hershey Chocolate Corporation
294. Heywood-Wakefield Company
295. Higgins, Inc.
296. The Hobart Manufacturing Company
297. Holly Sugar Corporation
298. Hooker Electrochemical Company
299. Geo. A. Hormel & Company
300. Houdaille-Hershey Corporation
301. Howell Electric Motors Company
302. Hudson Motor Car Company
303. Hunt Foods, Inc.
304. Hygrade Food Products Corporation
305. Industrial Brownhoist Corporation
306. Industrial Rayon Corporation
307. Ingersoll-Rand Company
308. Inland Steel Company
309. Interchemical Corporation
310. International Business Machines Corporation
311. International Harvester Company
312. The International Nickel Company of Canada, Limited
313. International Paper Company
314. International Shoe Company
315. The International Silver Company
316. Interstate Bakeries Corporation
317. Iron Fireman Manufacturing Company
318. Jantzen Knitting Mills Inc.
319. Johns-Manville Corporation
320. Johnson & Johnson
321. Jones & Lamson Machine Company
322. Jones & Laughlin Steel Corporation
323. Joslyn Mfg. and Supply Co.
324. Joy Manufacturing Company
325. The E. Kahn's Sons Company
326. Geo. E. Keith Company
327. Kellogg Company
328. The Kendall Company
329. Kennecott Copper Corporation
330. Keystone Steel & Wire Company
331. Walter Kidde & Company, Inc.
332. Kimberly-Clark Corporation
333. Kingan & Co. Incorporated
334. G. R. Kinney Co., Inc.
335. D. Emil Klein Co., Inc.
336. Koppers Company, Inc.
337. S. S. Kresge Company
338. S. H. Kress & Company
339. The Kroger Co.
340. Kuhlman Electric Company
341. Kuner-Empson Company
342. The Lambert Company
343. Lear, Incorporated
344. Lehigh Portland Cement Company
345. Lerner Stores Corporation
346. Le Roi Company
347. R. G. LeTourneau, Inc.
348. Libbey-Owens-Ford Glass Company
349. Libby, McNeil & Libby
350. Liberty Products Corporation
351. Liggett & Myers Tobacco Company
352. Lily-Tulip Cup Corporation
353. Link-Belt Company
354. Lockheed Aircraft Corporation
355. Loew's Incorporated
356. Lone Star Cement Corporation
357. P. Lorillard Company
358. Lukens Steel Company
359. Macfadden Publications, Inc.
360. Mack Trucks, Inc.
361. R. H. Macy & Co., Inc.
362. P. R. Mallory & Co., Inc.
363. Marathon Corporation
364. Marchant Calculating Machine Company
365. Marmon-Herrington Company, Inc.
366. Marshall Field & Company
367. The Glenn L. Martin Company
368. The Master Electric Company
369. The W. L. Maxson Corporation
370. The May Department Stores Company
371. Oscar Mayer & Co., Inc.
372. The Maytag Company
373. McCall Corporation
374. McCormick & Company, Incorporated
375. McGraw Electric Company
376. McGraw-Hill Publishing Company, Inc.
377. McKesson & Robbins, Incorporated
378. The Mead Corporation
379. Medusa Portland Cement Company
380. Melville Shoe Corporation
381. The Mengel Company
382. Merck & Co., Inc.
383. Metal & Thermit Corporation
384. Mid-Continent Petroleum Corporation
385. Midwest Rubber Reclaiming Company
386. Miller and Hart, Inc.
387. Miller Manufacturing Co.
388. Minneapolis-Honeywell Regulator Company
389. Mohawk Carpet Mills, Inc.
390. The Mohawk Rubber Company
391. Monsanto Chemical Company
392. Montgomery Ward & Co., Incorporated

393. Moore Drop Forging Company
394. John Morrell & Co.
395. Motor Products Corporation
396. Motor Wheel Corporation
397. Motorola, Inc.
398. The Moxie Company
399. Mullins Manufacturing Corporation
400. G. C. Murphy Company
401. Nash-Kelvinator Corporation
402. National Biscuit Company
403. The National Cash Register Company
404. National Company, Inc.
405. National Container Corporation
406. National Cylinder Gas Company
407. National Dairy Products Corporation
408. National Distillers Products Corporation
409. National Gypsum Company
410. National Lead Company
411. National Paper and Type Company
412. The National Roll & Foundry Company
413. National Steel Coropration
414. The National Sugar Refining Company
415. The National Supply Company
416. Naumkeag Steam Cotton Company
417. The New Britain Machine Company
418. The New York Air Brake Company
419. J. J. Newberry Co.
420. Newport News Shipbuilding and Dry Dock Company
421. Niles-Bement-Pond Company
422. North American Aviation, Inc.
423. Northrop Aircraft, Inc.
424. The Ohio Match Company
425. The Ohio Oil Company
426. The Oliver Corporation
427. O'Sullivan Rubber Corporation
428. Otis Elevator Company
429. Owens-Illinois Glass Company
430. Pacific Mills
431. Packard Motor Car Company
432. Pan American Petroleum & Transport Company
433. Panhandle Producing & Refining Company
434. Paramount Pictures Corporation
435. Park & Tilford Distillers Corporation
436. Parke, Davis & Company
437. The Parker Pen Company
438. The Parkersburg Rig and Reel Company
439. Pathé Industries, Inc.
440. The Patterson-Sargent Company
441. Peden Iron & Steel Co.
442. J. C. Penney Company
443. Pennsylvania Coal and Coke Corporation
444. Peoples Drug Stores, Incorporated
445. Pepsi-Cola Company
446. The Permutit Company
447. Pet Milk Company
448. Pfeifer Brewing Company
449. Phelps Dodge Corporation
450. Philadelphia Dairy Products Company, Inc.
451. Philco Corporation
452. Philip Morris & Co. Ltd., Incorporated
453. Phillips Petroleum Company
454. Pillsbury Mills, Inc.
455. Piper Aircraft Corporation
456. Pitney-Bowes, Inc.
457. Pittsburgh Brewing Company
458. Pittsburgh Plate Glass Company
459. Pittsburgh Screw and Bolt Corporation
460. Pittsburgh Steel Company
461. The Pittston Company
462. Polaroid Corporation
463. H. K. Porter Company, Inc.
464. Pratt & Lambert, Inc.
465. Pullman Incorporated
466. The Pure Oil Company
467. Purity Bakeries Corporation
468. Purolator Products, Inc.
469. The Quaker Oats Company
470. Radio Corporation of America
471. RKO Pictures Corporation
472. Ralston Purina Company
473. The Rath Packing Company
474. Raybestos-Manhattan, Inc.
475. Rayonier Incorporated
476. Read Standard Corporation
477. Regal Shoe Company
478. Reliance Manufacturing Company
479. Remington Arms Company, Inc.
480. Remington Rand Inc.
481. Republic Aviation Corporation
482. Republic Steel Corporation
483. Revere Copper and Brass Incorporated
484. Rexall Drug, Inc.
485. Reynolds Metals Company
486. R. J. Reynolds Tobacco Company
487. Rheem Manufacturing Company
488. Rice-Stix, Inc.
489. Richfield Oil Corporation
490. H. H. Robertson Company
491. The Ruberoid Co.
492. Jacob Ruppert
493. The Ryan Aeronautical Co.
494. Saco-Lowell Shops
495. The Safety Car Heating and Lighting Company, Inc.
496. Safeway Stores, Incorporated
497. Schenley Industries, Inc.
498. Scott Paper Company
499. Scovill Manufacturing Company
500. The Scranton Lace Company
501. Sears, Roebuck and Co.
502. Servel, Inc.
503. Sharon Steel Corporation
504. Sharp & Dohme, Incorporated
505. Frank G. Shattuck Company
506. Shell Oil Company
507. The Sherwin-Williams Co.
508. Signode Steel Strapping Company
509. Simonds Saw and Steel Company
510. Simmons Company
511. Sinclair Oil Corporation
512. Skelly Oil Company
513. A. O. Smith Corporation
514. Alexander Smith, Incorporated
515. Socony-Vacuum Oil Company, Incorporated
516. Sonotone Corporation
517. Southern Advance Bag & Paper Co., Inc.
518. A. G. Spalding & Bros. Inc.
519. Spencer Kellogg and Sons, Inc.
520. The Sperry Corporation
521. Spiegel, Inc.
522. Sprague Electric Company
523. Square D Company
524. Stahl-Meyer, Inc.
525. A. E. Staley Manufacturing Company
526. Standard Brands Incorporated
527. Standard Oil Company of California
528. Standard Oil Company (Indiana)
529. Standard Oil Company (Kentucky)
530. Standard Oil Company (New Jersey)
531. The Standard Oil Company (Ohio)
532. J. P. Stevens & Co., Inc.
533. Stewart-Warner Corporation
534. Stokely-Van Camp, Inc.
535. Struthers Wells Corporation
536. The Studebaker Corporation
537. Sun Oil Company
538. Sunshine Biscuits, Inc.
539. The Super-Cold Corporation
540. The Superior Oil Company
541. Sutherland Paper Company
542. Swift & Company
543. The Texas Company
544. Texas Gulf Sulphur Company
545. Textron Incorporated
546. Thompson Products, Inc.
547. Tide Water Associated Oil Company
548. Time Incorporated
549. The Timken Roller Bearing Company

550. Twentieth Century-Fox Film Corporation
551. Union Bag & Paper Corporation
552. Union Carbide and Carbon Corporation
553. Union Oil Company of California
554. Union Tank Car Company
555. United Aircraft Corporation
556. United Cigar-Whelan Stores Corporation
557. United Drill and Tool Corporation
558. United Engineering and Foundry Company
559. United Fruit Company
560. United Merchants and Manufacturers, Inc.
561. The United Piece Dye Works
562. United Shoe Machinery Corporation
563. The United States Finishing Company
564. United States Gypsum Company
565. United States Potash Company
566. United States Rubber Company
567. United States Smelting Refining and Mining Company
568. United States Steel Corporation
569. United Stove Company
570. Universal-Cyclops Steel Corporation
571. Universal Leaf Tobacco Co.
572. Universal Match Corporation
573. Utah-Idaho Sugar Company
574. Vanadium-Alloys Steel Company
575. Veeder-Root Incorporated
576. Verney Corporation
577. Wagner Electric Corporation
578. Walgreen Co.
579. Walworth Company
580. Ward Baking Company
581. Warner Bros. Pictures, Inc.
582. The Wayne Pump Company
583. Wesson Oil & Snowdrift Co., Inc.
584. West Virginia Pulp and Paper Company
585. Western Auto Supply Company
586. Westinghouse Air Brake Company
587. Westinghouse Electric Corporation
588. Weston Electrical Instrument Corporation
589. Weyerhaeuser Timber Company
590. Wheeling Steel Corporation
591. William Whitman Company, Inc.
592. Willys-Overland Motors, Inc.
593. Wilson & Co., Inc.
594. F. W. Woolworth Co.
595. Worthington Pump and Machinery Corporation
596. Wm. Wrigley Jr. Company
597. The Yale and Towne Manufacturing Company
598. York Corporation
599. The Youngstown Sheet and Tube Company
600. Zenith Radio Corporation