Department store accounts; Part I: Instruction paper

Charles A. Sweetland

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DEPARTMENT STORE ACCOUNTS
PART I

AMERICAN SCHOOL
CHICAGO, ILLINOIS
DEPARTMENT STORE ACCOUNTS
PART I

INSTRUCTION PAPER

PREPARED BY

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AMERICAN SCHOOL
CHICAGO U.S.A.
DEPARTMENT STORE ACCOUNTS
PART I

In considering the subject, "Accounting for Department Stores," it is first necessary to understand what a department store really is. The idea of the modern department store probably emanated from the old arcade, a court or street wherein were represented, by a series of small shops, almost every kind of business, so that shoppers might, without leaving the arcade, supply their every want. The modern department store is an arcade under one management and one roof, and each department is as separate in its working as each store would be under individual ownership.

When the department store first started, there was divided into departments practically nothing except wearing apparel for men and women, but during recent years one department after another has been added until now, in one of the large stores, it is possible to buy almost anything that a person may wish from a scoop shovel, in the hardware department, to a diamond ring in the jewelry department. In the meantime, if shoppers become tired, a waiting or resting room, or if hungry, a dining room is at their service.

It will be seen that the accounting for a business as varied as this, where the necessity exists for arriving at the profit of each department separately, must be very comprehensive, and, in consideration of the vast amount of detail, it must be as simple and easy to handle as possible. Each department—treated as a separate enterprise—must be charged with its purchases, with the cost of its operation, its pro rata of expense for advertising, floor-walkers, managers, rent, light, heat, and other general expenses, and credited with its sales—cash, c. o. d., and charge. Thus it will be easy to determine the loss and gain for each department.
As few of the department stores have less than twenty departments, and many of them have 100 or over, it will be seen that the utmost care must be used at all times and in all departments to keep the business of each department strictly within itself. The bookkeeper has to attend, first, to the purchases. He must then keep a close and careful record of the sales of the department, cash, c. o. d., and charge. Next, he must supervise all employment records and attend to the pay-roll. He will be called upon to keep the accounts for all advertising and to enter all items of general expense that may be incurred in the general running of the business. To do this, of course, will require a large number of assistants in a good-sized store, but if the accounting scheme is laid out properly and each of the assistants required to give the careful attention necessary to detail, the entire work dovetails together and makes a self-proving system which can be operated almost as easily as a much more simple transaction.

The bookkeeper must bear in mind that keeping department store books is simply collating and bringing together a number of records kept for distributed lines of business, and the requirements of commercial bookkeeping for one line of business are the same requirements for twenty lines of business under one roof, amplified and fully organized so that they may not become intermingled and thus create error and confusion. In order that the student may grasp these points more readily, this subject will be divided into:

PURCHASES
SALES: Cash, C. O. D., Charge
EMPLOYEES: Pay-Roll

ADMINISTRATION EXPENSE

Each department in a large store is numbered or lettered, and this number or letter is used as an identification in every process of debit or credit of every character in the entire line of business. For instance, the dress goods department is Dept. No. 1, and this number identifies all bills of purchase, all sales tickets, all rebates and return slips of every character, and all debit and credit memoranda. The system to be outlined has to do with a department store having fifty departments, and these departments are distributed and numbered as follows:
DEPARTMENT STORE ACCOUNTS

Dept. No. 1. Dress Goods
   " " 2. Silks and Velvets
   " " 3. Laces, Embroideries, and Trimmings
   " " 4. Linings
   " " 5. Wash Goods and Prints
   " " 6. Domestics
   " " 7. Corsets
   " " 8. Muslin Underwear
   " " 9. Knit Wear
   " " 10. Hosiery
   " " 11. Ladies’ Furnishings
   " " 12. Ribbons
   " " 13. Veilings
   " " 14. Patterns
   " " 15. Fancy Work and Materials
   " " 16. Petticoats
   " " 17. Dress Making
   " " 18. Cloaks and Suits
   " " 19. Millinery
   " " 20. Infants’ Wear
   " " 21. Flannel
   " " 22. Linen
   " " 23. Bedding
   " " 24. Gloves
   " " 25. Handkerchiefs
   " " 26. Notions
   " " 27. Men’s Furnishings
   " " 28. Clothing
   " " 29. Umbrellas and Parasols
   " " 30. Leather Goods
   " " 31. Jewelry
   " " 32. Silverware
   " " 33. Drugs and Toilet Articles
   " " 34. Books
   " " 35. Stationery
   " " 36. Confectionery
   " " 37. Toy Department
   " " 38. Art Department
   " " 39. Rugs and Carpets
   " " 40. Draperies
   " " 41. Shades
   " " 42. Furniture
   " " 43. Queensware and Glassware
   " " 44. Kitchen Furnishings
   " " 45. Trunks and Satchels
   " " 46. Hardware
   " " 47. Groceries
   " " 48. Market
   " " 49. Restaurant
   " " 50. Photograph Gallery
If the actual inventory of one department is taken each week, the inventory of the entire store can be taken during the year. Some houses keep a perpetual inventory with each department for statistical purposes so that the profit or loss upon each department may be known monthly.

The financing of a department store is done entirely by the main office. All bills are paid from the main office and all moneys are received by it. The collection of accounts is entirely under its control, as are all expenditures of money for the general interest of the entire business. Each department has a manager whose sole duty it is to attend to the welfare of his department. He is entrusted with the buying for that department, either directly or through a general buyer, and his duties further extend to the working force and the general appearance of the department. A man or woman is usually selected for this position whose experience in this line is sufficient to make them valuable to the firm and, after the department is placed in their hands, it is up to them to "make good."

The floor-walkers are in the employ of the general departments as are also a number of other employes such as engineers, firemen, elevator captains, elevator boys, clerks at complaint desks, clerks at return desks, in fact any employe of the firm whose duties are general and not confined to any distinct department.

The large stores are large because they have paid careful attention to detail, taken advantage of every labor-saving device, and stopped the leaks. One-hundred-thousand sales per day is not unusual for some of the largest concerns, and a small profit upon each sale will return dividends in accordance with the care exercised in systemizing the varied details of the business.

No matter how small the sale may be, it must be thoroughly accounted for, and although the volume of sales may be composed of many small amounts, the large store is really under greater necessity for careful accounting methods than its smaller rival.

In well-managed stores, loose methods are not tolerated. Every store that advances its prices to make up for a loss occasioned by some lack of system will find that it has a competitor who is not obliged to make such allowances, and can therefore undersell and still make a profit. This is the secret of nearly every establishment that gains a reputation for close selling.
The large department stores would be an impossibility without the improved methods of accounting, as it is essential for their success that they care for all the little items and have the reports of each department and even the record of the sales of each department and of every clerk daily. The balancing of the cash account and the proving of the correctness of the ledger postings which must be kept up every day is no small job in a house having a large number of sales, and the reports furnished to the general manager from the various departments by the auditor must give him a clear idea of every transaction of the house without too much detail, in order that he may be able to correct any mistakes before they continue long enough to prove a loss to the business.

Such care being necessary the detail will be covered step by step and each operation will be explained as fully as space will permit, so that the student may have a clear idea of the necessities of the business.

At 12 o’clock each day the general manager should find upon his desk the entire record of the previous day’s business down to the minutest detail.

These balance sheets should be made out in a concise manner, with a method of cross-indexing everything which will enable the manager to understand in a very short time, its entire significance.

He should be able to compare the total sales of the day with those of corresponding days of other weeks, months, or years.

He should be able to make a similar comparison of the purchases.

He should compare the totals of cash and credit in relation to the grand total, in a similar manner.

He will be able to know what departments show up favorably or unfavorably; he can, if desired, have the comparative sales of individual clerks in such departments as show either gains or losses, and can know whether the results are due to the department as a whole or to certain individuals in this department.

He should be able to ascertain whether the usual ratio of cash sales to credits is being maintained in the different departments, and, should there be any marked discrepancy, he is able to take up the matter intelligently with the ones upon whom the responsibility lies.

All this requires the most careful attention to detail in each department, and in the various transactions there should always be
a compensating balance so that the auditor may know before reports are submitted that these reports are correct. The method of always having this balancing power throughout the business will be explained under the different operations. The office force should be systemized in such a manner that each person employed is responsible for his own work, and this should even extend to salesmen, clerks, collectors, and drivers.

PURCHASES

The purchasing department of a large store, such as has just been described, must of necessity be of considerable magnitude. A very large quantity of goods of every description must be purchased daily. Arrangements must be effected to take advantage of the best markets and to secure from this country and from Europe the most salable goods and to arrange to have them in the store at the most salable period. The consequence is that the position of manager of this department is a most important one for the firm, and the selection of a man for the position is very carefully done, in many cases, it being one of the members of the firm.

Under the general purchase manager are as many purchasing agents as are necessary to fully cover the demands of the work. These agents have their office where they receive visitors and attend to the business of purchasing during specified hours.

As has been stated before, in some stores the managers of departments are allowed to give orders to a certain extent, but it is more expedient to have all purchasing done through the regular department for that purpose upon requisitions from managers of departments. In many cases it may be necessary for the department manager to select the goods desired and to specify the amount wanted, but after this has been determined the order for the purchase should come through the purchasing department, as in this way the purchasing department has a record of everything bought or ordered and can attend to the matter of its receipt according to specifications, without annoying the department manager further.

There are some exceptions to this rule which must be determined according to the exigency of the occasion. It would be inconvenient if not impossible for many of the purchases for the restaurant to pass through the general purchasing depart-
ment, and the same might be said of fresh meats and fish in the market department, and perishable fruits and vegetables in the grocery department. Many of the purchases for the restaurant are made by the steward, and, as a large quantity of the goods used are sold in the house, these purchases are frequently made from other departments on credit account. Where purchases are made from one department by another it is not necessary to have the record go through the purchasing department.

Whenever department managers are authorized to buy directly, a system of reports should be made of such purchases to the purchasing department, a form for which will be shown later.

THE REQUISITION

The great mercantile institutions of the day, recognizing the immense importance of the "purchasing end" of their business, have gradually evolved a system for handling the records with the least possible friction and the greatest possible accuracy. This system is amplified according to the requirements of the business. A requisition should be made out for every order. If it is found necessary to make an order by telephone, telegraph, or verbally, the written requisition should follow to verify the order. This prevents any opportunity for misconception of orders. It also places the responsibility for the order upon the one who makes the requisition and it naturally follows, as this is the case, that the requisition should be written and vised with the utmost care, covering all of the points in detail, and should not be mere generalities that leave the fulfillment entirely to the discretion of the consignor.

The requisition is printed in duplicate or triplicate, all copies being numbered alike, Fig. 1. It is about six or eight inches in size, the duplicate being punched for a solid post binder; other copies of the order—usually taken for reference or recapitulation purposes—need not be punched. The original is mailed. The bill rendered for the goods or material required by this order or any part of the order should bear the number of the requisition.

REQUISITION REGISTER

All requisitions should be entered in a requisition register. This sheet is $9\frac{1}{4} \times 12$ inches in size, and should be printed on good
Fig. 1. A Simple Form of Purchase Requisition

Fig. 2. Form for a Register of Requisitions
DEPARTMENT STORE ACCOUNTS

ledger stock. It is ruled to register the different requisitions as made. It shows, first, the date of the requisition, to whom issued, amount (if obtainable), for what material or supplies, department, date to be delivered, date delivered, with remarks covering any special information regarding the transaction.

This sheet should be kept in a spring-back holder for regular work, with the third sheet of the requisition inserted in a proper chronological file to indicate when the order should be received. A sectional post binder should be provided for the sheets after they are filled and all deliveries made, Fig. 2.

The receiving department should keep the chronological file of requisitions. Most houses make an inflexible rule that the invoice must accompany every consignment of goods, and no goods purchased in the city will be received without an accompanying invoice. In case the invoice fails to have the requisition number, the clerk should place it thereon with a blue pencil when it is checked with the requisition. Goods received by freight or express sometimes have the invoice or a duplicate in the package; if this is not the case, it is sent to the receiving department from the main office as soon as it arrives.

In the receiving department of a large store there are bins prepared for each department. As the goods are received, the number of packages in the consignment is marked on the back of the invoice and also upon each package by the door-man as it enters. In the receiving department the goods are unpacked, checked, and sent to the proper department bin and the invoice is passed on to the invoice clerk for entry.

PURCHASE RECORD

Bills should be entered upon the purchase record immediately upon receipt, and numbered consecutively. The date of receipt should also be stamped upon the bill. The bills are then filed in pigeon holes to be called for by the checkers, who check the number and quantity on the invoice with the goods. After the bills are fully checked they are passed to the department markers, who, after referring to the bill and examining the quality of the goods, mark the selling price thereon. Some houses mark the number of the invoice, private cost mark, and selling price, but in the most up-to-date
Fig. 3. A Purchase Record Used when all Bills are Discounted
### Purchase Record with Ledger Distribution

**Day:** 10

<table>
<thead>
<tr>
<th>BOUGHT FROM</th>
<th>REQUISITION</th>
<th>BILL</th>
<th>AMT.</th>
<th>LEDGERS</th>
<th>DATE GOODS RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>A-G</td>
<td></td>
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<td>H-N</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>O-Z</td>
<td></td>
</tr>
</tbody>
</table>

*Fig. 4. Purchase Record for Use Where a Purchase Ledger is Kept*
houses, the cost is kept by the supervisor or the manager of the department and the number and selling price only are marked on the articles. After being checked, the invoices are placed on the receiving manager's file for his examination and O.K., and they are then passed back to the entry clerk for checking and extension.

A difference exists in the ruling of the purchase record where houses keep a purchase ledger. Most large department stores discount all of their bills and, where this is the rule, a purchase ledger is unnecessary. In order, however, that the difference may be clearly understood, two forms of purchase record are shown: the first, Fig. 3, to be used where bills are invariably discounted, and the second, Fig. 4, to be used where a purchase ledger or purchase ledgers are kept.

The ruling of the purchase record should show in the heading the sheet number, day, month, and year of purchase, and in the box it should show columns for the following information: department, record number, name, order number, shipper's number, date of invoice, O.K.'s—received by, examined by, extended by—allowances—freight, rebates, and shortage—voucher number, net amount, and date paid.

As a rule the original bill goes to the receiving department. Houses that object to this require duplicate unpriced bills. The best evidence of shipment is the bill itself or the bill of lading, and if the goods received differ in quantity or quality from those invoiced, the examiners in the receiving department are most likely to know it. Should any difference be discovered in checking in, a report should be made immediately to the purchasing agent whose business it is to effect an adjustment. The goods should not be placed in stock without being so ordered by the purchasing department, as it might be necessary to refuse and return the shipment.

The sheets of the purchase record together with the bills entered thereon are turned over to the bookkeeping department as soon as they have been fully and completely checked. The extensions are made in this department, and the weekly or monthly entries of the transaction are made from the analysis sheets which must balance with the purchase record. By this entry each department is charged for the goods received daily and accounts payable is credited.
Fig. 5. A Daily Analysis of Invoices Showing Amounts Charged to Each Department
DEPARTMENT STORE ACCOUNTS

For freight, rebates, and shortages, accounts payable is debited and each department affected is credited.

ANALYSIS OF INVOICES

In the morning, the invoices that passed through the previous day are assorted into departments and entered upon an analysis sheet, and the total amount as shown by this sheet must balance with the total amount as shown by the purchase record. Each of the

MONARCH STORE

RETURN OF MERCHANDISE

Date 18

Gentlemen -
We return merchandise this day and debit your account as follows
Your Invoice No

Fig. 6. Notice of Merchandise Returned

invoices is marked as received for the department to which the goods are to be sent, and the amounts of the various bills are charged to each department upon this sheet, Fig. 5. Before entering the total amount upon the analysis sheet, the recapitulation of the bills for each department can be taken upon a listing machine or upon an ordinary recapitulation sheet.

A monthly summary of purchases can be kept in the purchase department by having a columnar book with the numbers of depart-
ments running down the page, and the days of the month running across the page, wherein are entered the total purchases of each department for each day. A cross-addition at the end of the month will show the total purchases for the month for each department. A book for returned merchandise should be kept in a similar manner.

The purchase record—in case a purchase ledger is kept—Fig. 4, differs from that described where bills are discounted,

Fig. 7. Register of Returns and Allowances Distributed to Purchase Ledgers

Fig. 3. This form, Fig. 4, shows the date received, date of the invoice, number, name, and amount of the invoice. The amount of the invoice is also carried into the proper ledger column, thus: where three ledgers are kept there would be columns A-G, H-N, O-Z; thus, if an invoice came from the Union Knitting Mills, it would be extended into the O-Z column. This book is ruled to show only the credits of the bill, the allowances and rebates being cared for in an entirely different manner.
Whenever there is an allowance claim for any reason or when goods are returned or partly returned, a memorandum charge, Fig. 6, is made on a duplicate or triplicate form used for that purpose which is numbered consecutively. This charge is entered in the allowance book, Fig. 7. The same method of distribution to the proper ledger is used in the allowance book as in the last purchase record sheet described. The sheet should show the date at the top with the entry number, department, to whom made, description of the charge, amount of the charge, and the ledger columns as shown in connection with Fig. 4. The same character of a recapitulation should be made for returns and allowances as is made for invoices, and any additional charges which may emanate from the office such as freight, cartage paid, etc., should be entered by the bookkeeper upon the same sheet, after its receipt in the office.

If an error should be discovered after the extensions have been made, a memorandum charge to the department is made out, which must be entered and passed in the regular way in case this error is against the house, but if it is in favor of the house, a credit ticket to the department is issued, and passed through as an invoice, and a notification, Figs. 8 and 9, sent to the consignor. If purchase ledgers are kept,
the totals of the analysis sheet are entered to the debit of the different departments and to the credit of the accounts payable account in the general ledger, which account controls the balance of the three purchase ledgers combined. By having the cash book properly ruled and by entering the totals as shown in the distribution columns of the purchase record, Fig. 4, as a subsidiary account, the purchase ledgers may also be controlled separately, and accounts payable account may be omitted.

![Credit Memo](image)

**Fig. 9. Credit Memo for Correction of Errors**

The entry in the purchase record locates the account in its proper ledger, but the analysis and distribution to the different departments must be made by taking a recapitulation of the bills each day and charging to each department that belonging to each. If the work is properly done, the summary of the charges to the various departments will equal in its total amount the amount credited in the three ledgers.

**THE PURCHASE LEDGER**

As has been stated the purchase ledgers in this store are subdivided into three sections, namely, A to G, H to N, O to Z. Each of these ledgers should be under the charge of a separate bookkeeper. The ledger sheet should be ruled with a double credit column and a single debit column, as there are usually many more credits than
Fig. 10. A Convenient Form of Purchase Ledger
DEPARTMENT STORE ACCOUNTS

debits. The balance column should run through the center and should be considered a credit unless otherwise designated, as the majority of the balances of these ledgers are credits. The usual way of designating a debit balance in a purchase ledger is to draw a ring around it with a lead pencil. It is a waste of time to use red ink to put in credit balances in a purchase ledger. The posting of the bills to the individual accounts on this ledger should be done from the bills themselves after they have been entered in the purchase record and assorted. The number of the bill may be entered in the folio column as a distinguishing mark if desired. A posting proof must be kept in each instance and it must balance with the posting medium. The most satisfactory proof is the slip system. By this system slips are inserted in the ledger wherever a posting is made, and is left there until the posting is completed. The amounts posted are then read to an adding machine operator who lists and adds them. The total must agree with the posting medium’s total or the work must be checked. A different colored slip should be used for each posting medium, and care should be taken that the name of the posting medium be placed at the head of the machine slip. The posting of rebates and allowances is done from the allowance book, Fig. 7, and the posting of cash from the general or special cash book. The form of ledger leaf described is shown in Fig. 10.

PAYMENT OF BILLS

Large houses have regular discount day, sometimes once a month, and sometimes oftener. Where no purchase ledgers are used, invoices are filed in a folder, after being entered in the purchase record and the distribution being made to departments. Each firm is given a folder with their name on the top. These folders are arranged alphabetically in a vertical filing case for unpaid invoices. At the time of payment they are taken from this case and entered upon a duplicate remittance blank, Fig. 11. One of these remittance blanks is made for each creditor and each bill is listed thereon in proper order. Whatever charges for rebates or returns have been made to the firm are shown by duplicates of memoranda filed with their proper bill, and it is thus a very simple matter to enter the credits and charges on the remittance blank. The amount of bills remaining in the unpaid file after pay day should
DEPARTMENT STORE ACCOUNTS

show the balance of accounts payable account. After the entries are made, the remittance blank and the accompanying bills go to the proper officer for his examination and O.K., the duplicate is attached to the bills and filed in the case for paid invoices, and the remittance blank is passed on to the cashier for payment. The cash discount, as shown by the bill, is entered by the cashier, and a check for the net amount is made out for each. The total

<table>
<thead>
<tr>
<th>MONARCH STORE</th>
<th>SAN FRANCISCO, CAL</th>
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<tbody>
<tr>
<td>Date</td>
<td>10.</td>
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<td></td>
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</tr>
<tr>
<td>Enclosed you will find check for $____ in full payment of the following invoices:</td>
<td></td>
</tr>
<tr>
<td>NO OF INVOICE</td>
<td>DATE OF INVOICE</td>
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Fig. 11. Duplicate Remittance Blank Used in Paying Bills

net amount is entered in accounts payable column and the correctness of the total is proven by comparison with the purchase record.

Checks of different color should be provided for regular accounts payable, pay-roll, and general expense, and the payments made to customers on account of returns.

A comparative statement of purchases for each department should be kept daily, monthly, and annually. This can be easily done by using the gummed slip which will be further described in the auditing of charge sales.
MONARCH STORE

To Purchase Department

From Department No

Date

The following purchases have been made for this department, this date.
OK’d bills accompany this report

<table>
<thead>
<tr>
<th>FROM</th>
<th>ADDRESS</th>
<th>AMOUNT</th>
<th>REMARKS</th>
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</thead>
<tbody>
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</tr>
</tbody>
</table>

Received

Day ___________ Hour _______ Signed __________

By ___________ Purchase Department
Manager Dept No __________

Fig. 12. Report of Purchases by Department Manager

REQUISITION

ON DEPARTMENT NO. __________

DATE __________

FOR

__________________________________________

DELIVERED TO CLERK NO. __________ DEPT NO. __________

SALESMAN NO. __________

TOTAL AMOUNT $ __________

O.K. __________

Fig. 13. Requisition Used for Interdepartment Purchases
PURCHASE REPORT

In order that the purchase department may keep a complete record of all purchases, such department managers as are allowed to purchase direct for the store, should have a blank upon which to make a report of such purchases, Fig. 12. This report should be made daily to the purchasing department and should be accompanied by the invoices shown upon the report, O.K.'d by the manager. Each department manager having this privilege should be provided with requisition blanks and register for his own use, as described. The bills received by the purchasing department from department managers should go through the same routine as described for bills through the regular receiving department, with the exception that the bill checking, as to quantity, quality, and price, has been done by the department manager, therefore the bill is ready for immediate entry in the purchase record.

Purchases made by one department from another department in the same store should always be done by means of a special requisition, Fig. 13. This requisition is sometimes called an inside order. The filling of such an order by a department should be done exactly as any other charge order, the method to be described later.

CASH BUYING ORDER

It is frequently necessary for one large store to buy of another certain articles for cash. It may be that some line is short and a customer is waiting, or goods may be needed sooner than they could be procured through the regular routine. In such a case, a shopping clerk is given a cash buying order and obtains the money from a special cashier—the only one authorized to make such advances. The order emanates from the receiving department, and is made in duplicate. It contains the following information: number, date, pay to, amount given, amount returned, net amount, and department. This portion of the form is at the top and perforated. The bottom part of the form provides for the following information: number, date, articles purchased by, for department, total, authorized by, received by, countersigned by, Fig. 14. The cashier giving the money to the shopping clerk retains the order until the return of the clerk with
the goods and the change. The date named and amount to be used, with the authorization, are filled in at the receiving department on the issuance of the order, but the balance is filled in upon the shopping clerk's return, from the invoices or tickets obtained and returned with the purchases. The goods are delivered to the receiving department with the lower half of the order, and are handled as cash purchases. The cashier retains the upper part of the order as a voucher, entering the total net amount in the cash purchase column of the cash book. Both parts of the order are sent to the auditing department, through the regular channel, and are finally compared, by totals, with the cashier's report.

Fig 14 Authorization for Cash Purchases
SALES

The sales department of a large store must be most carefully considered and most thoroughly systemized. This bee-hive with its thousands of workers can only be kept in proper running order by the most stringent rules in regard to the sales people in general, the employes of every department, the floor-walkers, cashiers, and other necessary help.

Clerks in department stores are each given a number and assigned to the department in which they are to work upon the day they begin their labors. These numbers begin at 1 and follow consecutively, vacant numbers being assigned to new clerks as they enter the service. In some houses, the numbers required for each department are set aside for that department, as department No. 1, clerks' numbers 1 to 20; department 37, clerks' numbers 181 to 190, etc. This plan frequently leaves numbers blank and unused, but as it divides the clerk numbers along with the department numbers, it affords a guide and some assistance in the auditing department, preventing confusion, due in some instances to illegible writing. It has become a fashion in late years to duplicate many departments in the basements, and the method observed by Marshall Field & Co., of Chicago, for the purpose of designating sales departments is one to be recommended. For instance they add an even number of hundreds to the number of the department in the main store. The knit wear department is No. 9, the basement knit wear department is No. 109; the hosiery department is No. 10, the basement hosiery department would be No. 110, etc.

In some stores, as a matter of convenience, the department numbers on the first floor are between 1 and 99. On the second floor they begin with 200, on the third floor 300, on the fourth floor 400, etc. The basement departments can use the 100 class. This is merely done so that the hundred prefix to the department number will indicate at once upon which floor the department is located.

Clerks are required to sell goods in one department only, as a rule. Whenever an exception occurs or whenever a clerk is working extra or liable to be changed from one department to another, he or she is given a special identifying number.

The punctuality of clerks is maintained by having them all enter at a certain door or doors where a timekeeper is stationed,
who keeps a record of each of the clerks according to number. As they enter, they report the number which is entered on the time sheet for the day kept by the time clerk. If a clerk is unusually late, a fine is imposed, and is deducted from his wages. A certain allowance of time is given for tardiness, but the rules must be very strictly observed in this regard in order to keep the full complement of clerks on duty when needed.

This time-recording system extends also into the accounting and auditing department, with the checking and sorting girls and mail employes, with the exception of the heads of departments. Some houses use time recording clocks for this purpose the same as are used in factories employing a large number of operators. As these clocks are mechanical in their action, cannot be tampered with, and are not subject to the frailties of human nature or liability of error, they perform a very useful office. In the use of the time clock, each employe has a numbered ticket, which is inserted in the clock and stamped upon arrival in the morning, when they go out to lunch, when they return from lunch, and when they leave at night.

The time-keeper attends to the clock and the tickets each day, and makes a record of each clerk from the time cards, the same as would be done without the clock. Each card records the time for one week. It remains in its case near the clock when not in use.
SALES CHECKS

As the sale is the most important adjunct to the department store business, the sales ticket, or as it is usually called the sales check, must receive careful consideration. Each clerk is provided with a pad of checks, and a strip for recording sales which are held in a cover and this is usually referred to as the sales book. There are numerous forms of sales checks, but the standard form provides one check for charge or c. o. d. sale, and one check for cash sale, as shown in Figs. 15 and 16. The student will note in Fig. 16 that the department is designated by a letter instead of a number. This is done frequently where the number of departments is less than 26. In the better class of stores, separate checks for cash, c. o. d., and charge sales will be found, printed on different colored paper; if, however, the c. o. d. and charge sale are on the same colored paper, the letters c. o. d. are printed on the top of the slip in red. While it is a little more difficult for the sales people to handle three books, the advantage, when it comes to the auditing and analysis of the sales as well as to charging the different accounts in the customers' ledgers, more than overbalances the extra labor. A special c. o. d. check system will be given later.

CASH SALES

The cash sales tickets are made in pads of fifty so arranged that a carbon leaf is between the original and the duplicate; or they may

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Fig. 16. Sales Check Showing Department Letter

MATTHEWS' Always Read Address Back to Customer after Writing to Insure Correctness

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Identification Transfer Total

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Examine and Wrapped By

Fig. 16. Sales Check Showing Department Letter
be in a continuous strip, the blank to be pulled out to replace the one used. The latter form, when the used ticket is detached, brings the carbon leaf over the next duplicate. The tickets are numbered consecutively, the original, the coupon, and the duplicate bearing the same number.

On making a cash sale, the clerk enters her number, the amount of money received, the department number, statement of the goods sold, price, and amount. If more than one article is sold, they are entered separately and footed up. The department number, clerk's number, amount received, and amount of sale (total), should be entered upon the coupon, which is for the use of the auditing department. The date should be noted on both the original and the coupon. The object in entering the amount received is to avoid any confusion regarding change. For instance, if a clerk makes a sale for 95 cents and receives a $5.00 bill, the $5.00 is placed under amount received showing that $4.05 should be returned in change. After making the sale, the amount is entered in the summary of the sales—a loose card (one for each day) in the back of the cover.

The cash with the entire ticket is sent by cash boy or through a pneumatic tube to the cashier, the number of the cash boy or of the tube being noted on the ticket. The tube carriers all bear the same number as the tube, and this prevents the carriers being sent through a wrong tube.

A large store usually has a number of tube cashiers. The cashier receiving the sales ticket and money proves the extensions on the ticket, notes the amount of the sale on the back of the original, stamps the ticket with a rubber stamp which shows the number of the cashier's division and the date, and returns the whole ticket with the proper change to the clerk. It is often the case that instead of returning the whole ticket, the cashier tears off and retains the original ticket as her voucher, in which case, it is unnecessary to note the amount on the back of the purchase ticket. Where the entire ticket is returned, the cashier must note amount of sale under the proper department number on a recapitulation sheet, before its return. The goods with the tickets are then given to the bundle wrapper who occupies a rack conveniently located. The wrapper examines the sale, comparing the tickets and coupons and checking off the items, and, if yard goods, it is measured. The wrapper's number is stamped on
both original and duplicate, the duplicate is packed with the goods and the original or coupon or both are placed upon a file, or dropped through a slot into a receiving box.

When goods are to be delivered, they are sent with the ticket to the delivery department. On receiving them, the coupon is compared with the original, stamped, detached, and dropped into a receiving box to be collected later by boys and carried to the auditing department. This proves that the goods entered the delivery department. The goods, with the remaining ticket, are passed to the packers who check them and wrap them with the duplicate ticket inside. The package then goes to an addressing clerk who writes the address from the original ticket and it passes on to an examiner who sees that it is correct. The examiner drops the duplicate ticket coupon into a lock box for the auditing department and the package is passed on to the delivery department.

In making cash tickets for goods to be delivered, the name and address of the purchaser must be as carefully taken as in charge tickets and the duplicate "coupon portion" is given to the purchaser as a proof of purchase, if there should be any delay or mistake in delivery.

**CHARGE SALES**

The charge ticket does not differ materially from the cash ticket, except in color. As charge sales are of greater importance than cash sales on account of the fact of their being carried through a number of hands before they are finally disposed of, the utmost care must be exercised in making out the ticket and having the name and address absolutely correct. After the particulars have been noted on the ticket (the same as are required for a cash sale), the name and address of the customer is carefully taken, and inquiry is made as to whether or not the customer carries an account with the house. If the customer is a new one, it is much better to send her to the credit department where the arrangements for credit can be made, if desired, before closing up the purchase.

The wonderful machinery of a large store works with the precision of a Corliss engine, each individual doing his part in the same exact manner that each component part of the big machine works. A customer enters who desires a pair of hose. She is directed by
the floor-walker to department No. 10. She is waited on by clerk No. 240, and buys from her three pairs of stockings at 50 cts. per pair.

Clerk No. 240 enters in her duplicate sales book "3 hose 50c—$1.50." The series number of the duplicate sales ticket is 982, thus giving it an individuality of its own which enables it to be quickly traced whenever needed, and distinguished from any of the multitude of sales in the store for that day. Before tearing out the check, clerk No. 240 writes in the sales card in the back of her book, the amount of the sale. These records of sales sheets do not have the number of the original ticket but begin with No. 1 and run consecutively, so that the total shows the number of sales as well as the amount of the sales made by the clerk during that day.

After the particulars of the sale have been noted together with the date, clerk’s number, and name and address of the customer carefully written and authenticated, the ticket and coupon are detached and sent to the charge department, where a record of all accounts that are O.K. is kept. If the account is in good condition and the transaction is acceptable, the ticket and coupon are stamped by the stamping clerk and returned to the sales clerk. This is only done when the customer has no identification card. If the goods are to be taken away from the store by the customer, it is usually necessary to have the floor-walker’s O.K. as to her identity before the goods will be delivered. It may be necessary to send the customer to the office, providing the floor-walker does not know her or does not wish to assume the responsibility.

If the ticket has been returned O.K., the goods are given to the wrappers and afterward surrendered to the clerk and turned over to the customer, but not until the voucher has been O.K.’d with the bundle wrapper’s initials, and filed and deposited in the box. By this system it is impossible for a clerk to give out a package without making it a matter of record. Where goods are to be delivered to customers, it is not necessary to prove their identity as the tickets and goods are sent to the delivery department, where the coupon is detached and stamped, showing the time it was received in the department and making it possible to check every article received for delivery against the actual delivery. On urgent occasions it is sometimes necessary to send goods by a special messenger, and in large stores, several such messengers are kept in the delivery department.
The record slip of each clerk, upon which is recorded the sales of the day whether they are cash, charge, or c. o. d., is turned in, with the sales book, to the time-keeper at the close of business. The time-keeper takes out the clerk's sales record (which has been added by the clerk) and places in its stead a blank, dated record sheet for use the next day. All the filled sheets for the current day are turned over to the auditing department, where they are proven both by number and amount, against the tickets issued and a permanent record kept.

Any matter regarding a sale, whether it be for cash, charge, or c. o. d., upon which the clerk has any doubt whatever, should be referred to the floor-walker in that section. Clerks' checks should be made out with the greatest of care and figures should be perfectly legible. As it is essential that the copies should be as readable as the original, a medium-hard pencil should be used for this work.

In some departments, it is necessary for a record to be kept of the particular numbers of articles sold, so that they may be replaced in stock. Many stores keep a department stock record or perpetual inventory in each department for this purpose, upon which is checked each night the depletion in different commodities sold in that department. This record is very valuable in keeping stock up to the proper standard and also a "finger of warning" upon such goods as are moving too slowly. Reports to the advertising department should be made frequently upon goods the sale of which it is desirable to push.

There are two coupons attached to the sales ticket, one to the original, and one to the duplicate. The original, coupon No. 1, is torn off and sent to the auditing department after it has been examined in the bookkeeping department and compared with the original ticket—the original tickets remain in the bookkeeping department as will be explained hereafter—the duplicate ticket goes with the goods, and the duplicate coupon, No. 2, is collected by the boys from the packing department for the auditing department. The amount of the sale is recorded in the clerk's record of sales, the same as though it were a cash sale.

Orders from the mail-order department received by any other department in the store, either for city delivery or for shipment to some place out of town, are treated as charge orders, and are charged to M. O. D.
**Fig. 17.** Two Forms of Sales Records, One of which Includes a Record of Returns

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**SALES RECORD**

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Department No: [Blank]
Clerk's No: [Blank]
The manager of each department keeps a record of the totals which are taken from the daily record slip of each clerk, Fig. 17. This record is turned in to the auditing department on the first day of each month, and checked against the business of each clerk, as shown from the records of the auditing department. This sales report shows department number, clerk's number, and month, in the heading, and provides columns for cash and credit sales, cash returns, credit returns, net sales, and remarks for each day, with a total for the month. The department manager can make the reports in duplicate, if desired, retaining one for himself, and he can also take a monthly recapitulation of the entire sales of the department upon the same sheet, giving him, practically, all of the information concerning the selling ability of different clerks and sales of his department necessary for his guidance.

**COLLECT ON DELIVERY SALES**

Some houses use the same ticket for charge and c.o.d. sales. As this necessitates the sending of the ticket and goods to the stamping room where the c.o.d.'s can be assorted, the plan of having separate and different c.o.d. tickets is much the better one. There are a large number of transactions of this character, daily, in every department store, and wherever goods are to be paid for upon delivery, they are never given to the customer, but are always sent.

The c.o.d. ticket must be made out in the same manner as the charge ticket. The goods with the ticket are delivered directly to the c.o.d. delivery department, where the proper checking and registration is made. The methods in this department will be taken up later.

**TRANSFERS, OR PURCHASE TICKETS**

It is very frequently the case that a customer desires to purchase articles in a number of different departments in the store by either cash, charge, or c.o.d., and as it would be inconvenient for the customer to wait at each counter, a system of transfer has been evolved. At the first counter where the customer purchases, she is given a transfer card, good at any department. The clerk's ticket is made out in the usual manner except that the ticket is placed with the goods and the amount of the sale is entered upon the transfer card. In cash sales, as there has been no cash received, none can be entered,
Fig. 18. Transfer Card Used in a Large Store
and the ticket with the goods is sent to the transfer desk, and there held until the purchaser is ready for them, or by the completion of the order indicates that they are ready to be packed for delivery. Each item of purchase is checked on the transfer card, and if cash, the total amount is paid to the cashier of the transfer department, and the tickets and coupons disposed of in the usual way. If the goods are to be delivered, they are thus marked on the transfer cards and sent to the delivery department, where they are disposed of in the same manner as any other goods.

On the transfer system, no clerk selling and entering sale upon a transfer card receives any money, but the entire amount is paid to the cashier at the transfer desk, when the purchases are completed. A sample of the transfer card is shown in Fig. 18.

DEPOSITS

It is frequently the case that a customer makes a purchase for cash and does not have sufficient money to pay the full amount, but is willing to make a deposit upon the purchase and return later with the money for the balance. Goods are held sometimes for several days where such deposits have been made. In such a case as this, the clerk makes out a cash sales ticket entering in the body, instead of sale, deposit on whatever the sale may be and sends the ticket in the usual manner to the cashier. The cashier stamps deposit across the face of the original and duplicate, and the duplicate is then returned to
the clerk to be given to the customer as a receipt. The original slip is sent to the deposit clerk where a deposit slip is made out and entered in a register. The form for the deposit slip is shown in Fig. 19 and the deposit register, in Fig. 20. The deposit slips should be consecutively numbered with date, name and address, department, clerk’s number, and amount, and should be signed by the deposit clerk. The register should give the same detailed information. The slips are filed alphabetically so that they may be found instantly when needed. The sale is not considered made until the remainder of the purchase price has been paid.

When the customer returns for the purchase and pays to the clerk the balance of the money, she produces the original ticket, or, if this should be lost, the matter may be easily traced by the clerk obtaining the deposit slip from the deposit clerk. A sales ticket is now made out in the usual manner for the full purchase and the deposit slip is turned in, with the balance of the money, as so much
cash, and is received as such by the cashier. In the deposit clerk's department, the transaction is closed on a register when the deposit slip is withdrawn. In the cashier's department, the slip is attached to the original ticket and goes through to the auditing department.

RULES REGULATING CLERKS

Each store has certain rules and regulations that clerks must obey or be fined or dismissed. These rules vary somewhat in different houses. The sales books are procured, upon entering the store, from the time-keeper and are issued and used on alternate days for the purpose of checking in the auditing department where the sale is entered as a part of the book, but where the sales record slips are carried, the same book may be used until exhausted by changing the sales record daily. These books are kept and used by the clerk until the last check is gone. Upon returning the stub to the proper department, a new book is issued.

No sales slip is destroyed. Every slip must be accounted for. If one is made out in error, defaced, or mutilated, the floor-walker is notified and voids the slip. This is sent to the cashier's desk, and the accumulation of voided slips goes to the audit department at the close of the day.

Sales checks for goods not ready for immediate delivery must not be held by clerks. If the transaction is cash, the sales ticket must be marked deposit. If the sale is a charge or to be sent c. o. d., the order must be placed on the department book and the goods forwarded as soon as ready.

At counters where delays are the rule, on account of necessity for manufacture or alteration, a receipt form for the customer, differing from the regular sales form, is supplied.

Sales books are left with the time-keeper at night, and are procured from him on entering the store each morning.

No check, draft, or money order must be received as cash by the clerk without the O. K. of the floor-walker in that department.

In the clerk's cash sales book are the following instructions:

CASH

Do not tear out or destroy this leaf. Read carefully the following:
DEPARTMENT STORE ACCOUNTS

You will be held responsible for the amount of any missing check, when record slip does not show correct inspector's number, cash-boy's number, purchase ticket initials, or mail-order number.

Always see that your own number and the department number are on the record slip.

Fill in your own number on every place noted for it on each cash check. Enter amount of sale on record slip before detaching check.

Do not use another's sales book. Sales are credited to you according to book number only.

Put correct footing of your cash sales for the day on the line to the right of the last check made (on record slip).

Turn in your record slip (one or more) to the sales clerk in your department—the sales clerk is held accountable for all sales—record slips being sent to the auditing department daily.

Initials, names, number, and street on checks, purchase tickets, shipping tickets, etc., must be ascertained to be correct by reading same to customer. The last sales person on purchase ticket will be held equally responsible with the first, should name and address be wrong.

Pleading lack of knowledge of above printed instructions will not excuse mistakes.

In the clerk's charge sales book is the following:

Charge

Do not tear out or destroy this leaf. Read carefully the following:

Fill in your own number on every place noted for it on each charge check. Always put carbon under tissue leaf (if tissue leaf is used), the tissue leaf not to be torn out.

See that the duplicate check (for customer) is readable—do not abbreviate names of articles when making out check.

Sales persons must date their checks, enter thereon cash-boy's or inspector's number, and in Charge or C. O. D. sales, write name and address in full with buyer's name.

If goods are to be sent C. O. D., use C. O. D. check.

If charge sales, the buyer must be known when goods are not sent to regular charge address.

If articles are delivered, write Del. across check and have floorman countersign, his signature also appearing on record card.

Initials, names, number, and street on checks, purchase tickets, shipping tickets, etc., must be ascertained to be correct by reading same to customer. The last sales person on purchase ticket will be held equally responsible with the first, should name and address be wrong.

If sale is on purchase ticket or mail order, write P. T. or M. O. D. (and order number) in cash-boy's space. (Purchase ticket in these rules means the same as transfer check.)

Pleading lack of knowledge of above printed instructions will not excuse mistakes.

Do not use another's sales book. Sales are credited to you according to book number only.

Enter amount of sale, book number, and date on record card.
The rules above given may of course be varied according to existing conditions, but it is very necessary that strict rules should be laid down for the guidance of all clerks, and that they be held strictly responsible for any infraction. Rules and regulations are worthless unless they are enforced without failure, and also without favor.

GOODS SENT ON APPROVAL

The only way to fully protect a firm in sending goods out to customers on approval is to treat it as an actual sale, and charge the same to the customer. If the goods are returned later, they go through the usual routine of returned goods to be more fully described later. It has become quite a practice among certain large buyers, to have goods sent out to them at their home, subject to their approval, and in some cases—as a cloak or a suit—several different styles may be sent out all to be returned except the one selected. While the system of charging all of these articles that are not actually sold may possibly inflate the sales temporarily, it is beyond a doubt, much the safest, most practical, and easiest method of handling this difficult proposition.

ADJUSTING COMPLAINTS

The adjustment of complaints and the remedying of errors to the satisfaction of the customer and at the same time doing justice to the store has been one of the most difficult propositions ever placed before the managers. It has been proven by actual experience that the proprietors who are most liberal in this regard with their customers, even when it is apparently to their own detriment in the transaction involved, are those who make the most money in the end. John Wanamaker, of Philadelphia and New York, became prominent and gained a national reputation by being the first, or almost the first, to advertise Your money back if you want it. The manager of the credit department of these great stores said that while many advantages were taken of the firm by its customers, of this provision, it was beyond a doubt, the most profitable step ever taken.

Every large establishment conducts an adjustment department, and it should be the object of the management so secure the best possible help for this department, persons who are particularly pleas-
ing in their address, not easily ruffled, and able to handle the customers who are not in an especially good humor, in a manner which will conciliate them.

The complaints are generally due to one of the following reasons:

1. Wrong goods.
2. Imperfect goods.
3. Mistakes in handling orders in the delivery department.
5. Wrong address.
7. Delivered too late.

It is unquestionably true that the adjustment with the customer should be made first and the investigation afterwards. If the investigation shows that the fault lay with any particular employe there should be some system of punishment (often fines) so that the person may not repeat the offense.

RETURN OF GOODS

Return of goods should be made to the department from which the sale was made, a receipt being given for the same, showing amount of purchase, date, number of sales ticket if possible, quality, price, character of goods, and total amount paid. The floor-walker should be called, should inspect the goods, and O.K. the receipt. The form of this receipt is shown in Fig. 21.

The customer takes the receipt to the adjustment bureau where she receives either a credit ticket or a cash refund ticket for the amount. Some houses do not issue any credit tickets on cash sales; but only

---

### MONARCH STORE RETURN BLANK

<table>
<thead>
<tr>
<th>NO. 7264</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOUNT $</td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
</tr>
<tr>
<td>ADDRESS</td>
<td></td>
</tr>
<tr>
<td>FOR</td>
<td></td>
</tr>
<tr>
<td>REASON OF RETURN</td>
<td></td>
</tr>
<tr>
<td>RECEIVED BY</td>
<td></td>
</tr>
<tr>
<td>IN STOCK BY</td>
<td></td>
</tr>
<tr>
<td>DATE SOLD</td>
<td></td>
</tr>
<tr>
<td>SOLD BY NO</td>
<td>CHECK NO.</td>
</tr>
<tr>
<td>CHARGE TO</td>
<td>DEPT.</td>
</tr>
<tr>
<td>APPROVED</td>
<td></td>
</tr>
<tr>
<td>RECEIVED PAYMENT</td>
<td></td>
</tr>
</tbody>
</table>

Fig. 21. Customer's Receipt for Goods Returned
cash refund tickets. This perhaps is the better plan as the customer can either pass the cash refund ticket in as so much cash upon another purchase, or can have the same redeemed at the cashier’s desk.

The return book consists of a bound book, each return slip being numbered consecutively and printed in triplicate, the original being given to the customer as her record of the transaction and turned in to the adjustment bureau when adjusted. This is a proof that the goods were actually returned. The duplicate is retained in the book. The triplicate goes to the auditing department. The books used by drivers for calling purposes on return goods should be in triplicate. The first two copies are used as in the store books, and the last, or triplicate, is returned by the driver with the goods. This slip should have all the information to be obtained from the purchaser including the duplicate of the original sales ticket if possible, as this avoids the necessity of a search among the records for the information required.

THE CREDIT TICKET

The adjustment bureau, as soon as the proof of the return of goods is received by them in a satisfactory manner, issues a credit ticket, Fig. 22, which shows at the top of the form by what department sold, the number of the clerk in the department, the date of sale, reason for return, approved by, charged by, charge number, and customer’s number. The ticket is perforated and underneath is printed the number, credit ticket, date, name, address, department, quantity, articles, and amount. It is checked by whom received and by whom placed in stock. This form of credit slip is used on all transactions except where cash refunds are necessary. It is arranged in a manner that will permit the office to extend a credit without unnecessary delay. Like the receipt for returns, Fig. 21, this form is made out in triplicate, consecutively numbered instead of being bound, the lower part of the original being given or mailed to the customer. The duplicate is filed in the adjustment bureau, alphabetically by month, for ready reference should occasion require, and the triplicate is sent to the auditing department.
Fig. 22. Credit Ticket Issued to Customer by the Adjustment Bureau
CASH REFUND TICKET

The cash refund ticket, Fig. 23, should be given out by the adjustment department under the same conditions as the credit ticket, in every case where goods that have been paid for in cash, have been returned and accepted.

This ticket is in triplicate and is consecutively numbered. It is an order upon the cashier to pay a definite amount to a certain person for such and such goods returned. It should be checked by the receiving clerk and the stock clerk, and show the date sold, department number, clerk number, and the O.K. of the floor-walker, copied from return slips. The original is given to the customer and can be cashed at the cashier's desk or passed in as so much money at any department, and on any amount of purchase made in the store. The duplicate is kept on file in the bureau of adjustment, and the triplicate is sent to the auditing department. Should one of these cash refund tickets be spoiled, it should be cancelled, and the entire ticket returned to the auditing department for proper credit.

RETURN REGISTER

A register should be kept in the adjustment department wherein all of the credit tickets and cash refund tickets issued are entered, the form for which is as follows: the date in the heading, providing
there is sufficient amount of business to require one or more sheets for each day (if not, the month can show in the heading and the day in the first column at the left-hand side), and in the box heading are columns for department number, clerk number, issued to, cash amount, credit amount, issued by, and remarks. This book is used merely as a record for department use, and one sheet may be used for cash refunds only and another for credit memos only, and the two kept in separate binders, if desired.

The success of the adjustment bureau and its effect upon the business of the store depends very largely upon how it is conducted, with what promptitude it acts, and what satisfaction it gives customers in their dealings. It is not solely necessary for complaints, or errors and their adjustments, but it is also valuable in investigating matters, rectifying mistakes, placing the blame, and arranging the detail so that such errors cannot continually occur.

Where mistakes are traced to one employe, time after time, it is an excellent plan to give that person a notice which will compel him or her to pay more attention to the detail required, on pain of losing position.

**ERROR SLIP**

The error slip used for this purpose shows name and address of buyer, time received and answered, nature of complaint, number of clerk, number of department, cost of error, and to whom it is charged. A perforated receipt is attached to the bottom of the slip showing the time received by party in error, Fig. 24. This blank should be returned to the manager’s office within a specified time, and no excuse is accepted for failure to do so.

**THE CREDIT DEPARTMENT**

There are very few department stores in the country that do not give an extended credit. It is thus that they build up their business, and, while some of them draw the line, the majority are willing to accept as credit customers any persons who can give sufficient evidence of their ability to pay their accounts when due, whether they are the possessors of any property or not. This open door policy is based on the assumption that the large majority of people are honest, and will pay their bills. It is, however, necessary
under this assumption, to have the keenest-witted man to be found in charge of the credit department, as it is upon his business judgment and insight into character, that the success of the firm very largely depends.

As this department also has charge of the collection of slow accounts and bad accounts, the management of it is certainly no sinecure. Many houses have introduced the installment business, especially in the matter of house furniture, carpets, and pianos. Where this is done, it is necessary to keep close watch on the installment payments. The system used here is similar to that used in other installment houses and need not be enlarged upon.

**Application for Account.** When a person first makes an application for credit, he is referred to the credit department and fills out a blank arranged for that purpose, Fig. 25. This blank is printed as follows: place and date, full name, address, age, wife's first name, time lived at above address, previous address, where employed or with whom connected, name and address, what position,
how long held, former employer, name and address, references—Dun, Bradstreet, and local agencies—real estate—if any, describe—applicant, bill to, remarks, verification, limit, and signature of credit man.

If the information is satisfactory and the account is opened, the credit man marks the limit fixed by him upon the application and gives to the applicant a numbered ticket. This ticket is a very important adjunct to the business, and will be more fully explained later. The ticket contains the name of the firm with some particular design lithographed thereon, and the number printed in red at the bottom. It does not have the name of the customer. The ticket is in the shape shown above.

With this ticket a customer can secure goods at the counter without reference to the credit department, providing the account is in good condition.

As soon as the credit man has passed upon an application he issues a slip for the bookkeeping department, Fig. 26. This slip is also used for change of address or change of limit. The slip has
space for name and address, change of address, remarks, age of account, highest amount of credit, date and amount of last payment, amount due, limit, change of limit, date, and signature of credit man, with marginal notations for use of the bookkeeper. This ticket when received for the first time by the bookkeeper is his authority to open the account.

The credit man always places a limit to the customer’s account. When this limit has been reached, the bookkeeper notifies him by sending down this slip with the information required. If the credit man desires to extend the limit to a larger amount, he notifies the bookkeeper, and the amount is changed upon the ledger, another notification being made to the credit department if the amount reaches the second figure. Every department has its system of checks or special marks governing accounts, which are understood by the department and the individual bookkeepers. These checks may indicate a continuance, a special limitation, a cessation of charges for a certain period, or a complete stop.

The question of credit extensions without undue delay in a house that has many thousand customers has been solved by the
numbering of the customers, and the furnishing to the inspector of a printed book showing the condition of each customer’s account; which set of books is corrected daily. This little book has one hundred numbers on each page with appropriate spaces for characters which indicate the condition of the account. For instance, if the space is open, goods may be delivered without reference to the credit department up to, say, $50.00. If there is a check mark after the number, goods may be delivered up to $5.00, but any amount higher than this must be referred to the credit department for permission. If there is a zero following the number it indicates that goods should not be delivered to exceed $2.00 in value without reference to the credit department, and if a double X follows the figure, nothing should be delivered at all without permission from the credit department. Each page in this little book is numbered at the top. If the inspector were looking for 2710 she would refer to Page 27 and run down to 10. If she were looking for 19181 she would refer to Page 191 and run down to number 81 on that page.

This page is shown in Fig. 27. It is not such a difficult matter as might be expected to keep this record up, as no accounts need be referred to except those whose status has changed during the day.
The notations are made in pencil so that they may be erased wherever changes are necessary. By this means customers are served with such rapidity that they are not even aware that their account has been looked up, and leave the store feeling that they are being personally favored by the firm. If the customer's account is found to be in such a condition that credit may not be extended, the customer is asked to go to the credit department to take up the matter with them. If it is arranged satisfactorily, the department allows the inspector to pass the goods. In some stores inspectors are connected with the credit office by telephone, while in others it is necessary to use the pneumatic tubes for the purpose of requesting information.

Requisition for Check. It is frequently necessary in the credit department, and in many other departments of the business, to refer directly to the original sales check, and for the purpose of obtaining
**COLLECTOR:** This account is only slightly overdue. Handle with care.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Customer Owes for</th>
<th>Total Paid in Past</th>
<th>Weeks</th>
<th>Collector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following shows total amount overdue each month as indicated:

<table>
<thead>
<tr>
<th>Jan</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb</td>
<td>Aug</td>
</tr>
<tr>
<td>Mar</td>
<td>Sept</td>
</tr>
<tr>
<td>Apr</td>
<td>Oct</td>
</tr>
<tr>
<td>May</td>
<td>Nov</td>
</tr>
<tr>
<td>June</td>
<td>Dec</td>
</tr>
</tbody>
</table>

**Remarks by Manager:**

Explain to customer account as shown is overdue and we would greatly appreciate a remittance. Please give detailed report on back of this sheet.

**Fig. 30. Notice to Collector—Account Slightly Overdue**

**COLLECTOR:** Customer is inclined to fall behind and needs watching.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Customer Owes for</th>
<th>Total paid in past</th>
<th>Weeks</th>
<th>Collector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following shows total amount overdue each month as indicated:

<table>
<thead>
<tr>
<th>Jan</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb</td>
<td>Aug</td>
</tr>
<tr>
<td>Mar</td>
<td>Sept</td>
</tr>
<tr>
<td>Apr</td>
<td>Oct</td>
</tr>
<tr>
<td>May</td>
<td>Nov</td>
</tr>
<tr>
<td>June</td>
<td>Dec</td>
</tr>
</tbody>
</table>

**Remarks by Manager:**

Secure all information possible as to when the bill will be paid, also find out if possible when party is paid and at what time of month he can best pay regularly. Are there any material changes in customer's business or home connections? Please give detailed report on back of this sheet.

**Fig. 31. Notice to Collector—Customer Needs Watching**
this from the auditing department a printed requisition is necessary, Fig. 28. Whoever desires such a check fills in date, name, address, date of check, and amount and sends the requisition to the auditing department, where it is retained until the original check is returned.

**Collection Memorandum.** When any collection requires special attention, the clerk fills in the name and address with the date

| COLLECTOR: THIS ACCOUNT IS IN AN UNSATISFACTORY CONDITION INSIST UPON PAYMENT AT ONCE |
|---------------------------------|-----------------|-----------------|-----------------|
| Name                            | Address         | Total Paid in Past | Weeks | Collector |
| Customer owes for               |                 |                  |       |           |
| Date                            | Amount          |                  |       |           |
|                                 | Credits         |                  |       |           |
|                                 | Balance-        |                  |       |           |
| The following shows total amount overdue each month as indicated | Remarks by Manager |
| Jan                              | July -          |                  |       |           |
| Feb                              | Aug             |                  |       |           |
| Mar                              | Sept -          |                  |       |           |
| Apr                              | Oct -           |                  |       |           |
| May                              | Nov -           |                  |       |           |
| June                             | Dec -           |                  |       |           |
|                                 |                 |                  |       |           |

![Fig. 32. Notice to Collector—Payment Insisted Upon](image)

and such notations as are necessary in the collection memo, Fig. 29, and places it on the manager’s desk for attention.

**Collection Notices.** The manager of the collection department is provided with blanks to be filled out as a guide to the collectors of city accounts or for the correspondence department in the collection of country accounts. A set of three blanks is usually all that is necessary, as shown in Figs. 30, 31, and 32. Fig. 30 is for an account only slightly overdue, and the instructions to collector are to handle
with care, explain to customer that the account as shown is overdue and a remittance would be greatly appreciated, and to give a detailed report on the back of the sheet. There are also any remarks by the manager which may seem necessary.

![REQUISITION FOR GOODS TO BE RETURNED](image)

On the back of each sheet is printed:

All information on this slip is strictly confidential and must be returned personally to department manager. Report change of address promptly on proper blank. Give a complete statement below of your conversation with customer.

This is followed by quarter-inch lines down the sheet for the collector's use. The first sheet is printed on white paper.

The second sheet, Fig. 31, which is printed on yellow paper, is for the customer who is inclined to fall behind and needs watching.

The instructions on this sheet are to secure all information possible as to when this will be paid; also find out, if possible, when party receives his salary or wages, and at what time of month he can
best pay regularly. If there are any material changes in customer's business or home connections, a detailed report must be given on the back.

The third sheet, Fig. 32, which is printed on pink paper, is for the use of such accounts as are in an unsatisfactory condition. The information is given that the customer is not complying with the terms of sale and the collector is instructed to insist upon an immediate payment. If any compromise is offered, the collector is not authorized to act, but such arrangements must be made by the customer at the credit office of the store.

Upon each of these three slips are spaces for the name and address of the customer, for what the customer owes, total paid in past weeks or months, collector, date, amount, credits, balance, and total amount overdue each month; then follow the months of the year beginning with January. At definite periods, a list of delinquent accounts is sent from the bookkeeping department to the credit department for their action. These instruction forms to collectors all come from this department. Some credit departments demand the statements of all delinquent customers to be sent out through them. In such a case, the bookkeeper does not have statements sent from his department except to those whose accounts are in good condition.

Requisition for Goods to be Returned. When engaged in the installment business, it frequently becomes necessary for a house to reclaim goods that have not been paid for according to original terms of sale. As they reserve the right to recall the goods if the contract is not carried out within a certain period, it is usual to make out a requisition, Fig. 33, which is turned over immediately to the shipping department as their order to act, and the goods are returned in the usual manner. This requisition bears number (consecutive), date, name, street and number, near what street, flat, suburban town, goods to be returned, call issued by, charge credit, cash refund, and remarks. The size of this slip is 7 × 5½ inches and it is printed on white paper.

THE DELIVERY DEPARTMENT

System permeates every part of the delivery department of the large stores. That is why over two million people are promptly served, even during the holiday season. When it is considered that one store alone will deliver twenty-six thousand packages, ranging
from a set of furniture to a silver thimble, some idea of the immensity of the delivery system may be gained.

To accomplish this, two hundred and ninety-four men and boys driving four hundred horses attached to one hundred and forty-five wagons, operating from nine different barns, located in different parts of the city, are required. Some of the wagons carry a weight of nearly five tons. About fifty-five per cent of the business is loaded at the sidewalk for delivery direct to homes within a certain radius of the city. The other forty-five per cent is handled in bulk from three to five tons to the load sent to branch stations, from which they are re-routed.

City deliveries in Chicago contemplate distances as far south as Blue Island twenty miles; as far south-west as Downer's Grove, twenty-two miles; as far west as Wheaton, twenty-five miles; as far north-west as Desplaines, seventeen miles; and as far north as Waukegan, thirty-six miles.

When the packages go down stairs for delivery, in the different stores, they are assorted to different rooms. Each room represents a certain section of the city. In each of these rooms, there are bins for the reception of packages for each of the drivers in this section and for delivery to substations. The packages for delivery are taken possession of as they enter the delivery room by inspectors, who from the sales ticket make out a tag or sticker for the bundle as the case may be. As far as is possible, stickers are used, but there are some packages upon which it is necessary to place tags. The matter

![Delivery Label or Sticker](image-url)

Fig. 34. Delivery Label or Sticker
DEPARTMENT STORE ACCOUNTS

on the sticker or tag, Fig. 34, does not materially differ. It represents at the top, the department number, clerk's number, amount of sale, and inspector's O.K. Then follows the careful and explicit directions necessary for the proper delivery of the bundle, or article.

A caller calls off the packages and places on the tag or sticker a large figure, which designates the route; the route sheet is then

![Fig. 35. Driver's Route Sheet](image)

made out for each driver, Fig. 35. This sheet shows the number of packages, name and address, column for C. O. D.'s, and space for the receipt by customer. The number of the route, date, and the time of departure from the store, with the name of the driver, is shown in the heading. The route sheets are in duplicate, the original being given to the driver and the duplicate held until he makes his report, when the sheets are compared and checked.

In one of the large Chicago stores is required a force of eighty-five shippers, sixteen van loaders, two conveyor men, three watchmen, and a foreman to man this department. Substations are
## MONARCH STORE
### MONTHLY STATEMENT OF STABLE EXPENSE

<table>
<thead>
<tr>
<th>Day</th>
<th>Salary Supt</th>
<th>Wages Men &amp; Boys</th>
<th>Supplies</th>
<th>Horse Shoering</th>
<th>Repairs Wagon Harness</th>
<th>Miscellaneous Expense</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Corn</td>
<td>Oats</td>
<td>Straw</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Expenses per Horse**
- Rent
- Insurance
- Taxes

*Fig 36 Monthly Expense Statement from the Barn Superintendent*
established in different parts of the city where they re-load packages for delivery outside of a certain radius.

Nearly all of the delivery routes are arranged according to a schedule showing the leaving time of each trip. During the holidays, and whenever there is an extra rush of business on account of unusual newspaper advertisement, the routes are divided and extras are run in.

The head shipper keeps track of the routes of delivery wagons as closely as a dispatcher watches the movements of trains. Frequently free delivery is made to suburban towns at quite a distance from the city, and all packages for these towns must be prepaid, whether forwarded by suburban express or through the regular channel. The shipping department also has charge of the shipping of all orders received through the mail-order department.

The stores must manage all of the auxiliary deliveries, sending to the railroad station the parcels to be taken out upon certain trains indicated on the tag. The normal daily business of the average store runs from 10,000 to 15,000 parcels, large and small.

Each of the stables has a superintendent who must make his reports for expenditures for the subsistence of the horses under his charge, the expense of shoeing, harness repairs, wagon repairs, the wages of hostlers, wagon cleaners, and harness cleaners, and all requisitions for new materials. The arrangement for the use of cash by the barn superintendent is usually by an imprest account for each barn, a check being given for the amount expended when the report has been received and O.K. ‘d. The form for barn superintendent’s report is given in Fig. 36.

At each of the distributing stations orders are taken for goods. The delivery men see that the orders are delivered at the store and that the goods are included in their next trip. Some houses have discarded the large vans for the cage wagon and some are using powerful motor trucks.

C. O. D. SYSTEM

A description of a very simple c. o. d. system which does away with the c. o. d. ticket, or rather unites it with the shipping tag in such a manner that it is handled with the least labor, is here given. The first requisite for this system is a duplicate manila card sheet, the left half of which gives the full particulars of the sale in prac-
DEPARTMENT STORE ACCOUNTS

tically the same manner as the charge ticket. It contains date, department, clerk’s number, name, residence, near what street, flat or house, space for description of the purchase, and the inspector’s stamp. The right-hand side of the sheet is a c. o. d. shipping tag, having date, department, number of the clerk, name, residence, near what street, flat, and a space for the description of the goods, with special shipping and packing instructions on the reverse side. The auditor’s coupon is at the bottom of this tag and shows the date, department, number of clerk, c. o. d. number, name, residence, near what street, amount due, and driver. On the back of the tag is shown number of packages inclosed, packed by, checked by, and entered by, Fig. 37.

Each of the clerks in the store is provided with a sufficient number of c. o. d. tags. When a sale is made, it is entered as it

Fig. 37. Front and Reverse of C. O. D. Delivery Ticket
**MONARCH STORE**

*C.O.D. TALLY SHEET*

<table>
<thead>
<tr>
<th>NO</th>
<th>DEPT NO</th>
<th>CLERK NO</th>
<th>ON WHOM</th>
<th>ADDRESS</th>
<th>FLAT NO</th>
<th>AMOUNT</th>
<th>LEFT STORE AM</th>
<th>LEFT STORE PM</th>
<th>ROUTE NO</th>
<th>DRIVER</th>
<th>REFUSED &amp; RETURNED</th>
<th>AMOUNT PAID</th>
<th>DATE PAID</th>
</tr>
</thead>
</table>

---

Fig. 38. Register of C. O. D. Deliveries
would be on a regular sales ticket and is carried on the clerk's card as c. o. d. If a deposit is made upon the goods (as is frequently the case) this deposit is deducted from the total amount of the sale, the c. o. d. is considered the net amount, and a regular cash sales ticket is made for the amount of money paid.

Example: Suppose a person should buy a pair of shoes in the shoe department to be sent out c. o. d., price $5.00, and should pay $2.00 thereon. A c. o. d. ticket would be made out for $5.00 with a credit of $2.00, making the net c. o. d. $3.00, and a cash sales check would be made out and sent in to the cashier with the $2.00 paid.

The c. o. d. ticket entire is sent with the goods to the c. o. d. room. There it is inspected and stamped, the number is entered upon the ticket and the auditor's coupon and the number is transcribed upon the daily c. o. d. sheet. The tag is torn off, attached to the goods, and sent to the regular delivery department. The auditor's coupon, after all of the information has been obtained, is sent to the department, and the ticket is held until the package is delivered and the money has been received. The c. o. d. tally sheets, Fig. 38, are made out daily, and contain a full description of the transaction, with route number, name of the driver, and the time that the package left the store. Upon the return of the driver, he reports all c. o. d.'s paid and turns the money over to the c. o. d. cashier. He also reports all returns, with the reasons therefor, and it is sometimes necessary to send packages out several times before they are finally delivered. The c. o. d. cashier makes a daily report of the c. o. d.'s collected, with the original ticket which goes in as a sale to the credit of the department as soon as the money is received. Each amount paid is checked off from the c. o. d. sheets as it is received, therefore the only undelivered items are those left open. If goods are refused, they are turned back in the same manner as has already been described for returned goods.

Once each week an inspector checks up the c. o. d. department and the stray undelivered items on previous daily sheets are transferred to the current sheet. As these items are usually few in number, this takes very little time and saves the handling of numerous sheets.

The principal difference between this method of handling c. o. d.'s and the charge method, where a c. o. d. ledger is kept, is
that the sale is not credited to the department, or considered made until the money has been received. Where the c. o. d. charge ticket is used, a c. o. d. ledger must be kept and the returns from the department through the cashier's office credited in this ledger. The plan outlined is much more simple, fully as safe, and requires very much less labor.

Express c. o. d.'s received through the mail-order department are kept upon a separate sheet, but the system is the same.
EXAMINATION PAPER
DEPARTMENT STORE ACCOUNTS

PART I

Read Carefully: Place your name and full address at the head of the paper. Any cheap, light paper like the sample previously sent you may be used. Do not crowd your work, but arrange it neatly and legibly. Do not copy the answers from the Instruction Paper; use your own words, so that we may be sure that you understand the subject.

1. State what a department store is and wherein it differs from any general merchandise establishment.

2. Show the method of handling bills for purchases. When should a purchase ledger be kept? When is it unnecessary to keep a purchase ledger?

3. What is the best plan for the payment of bills and what accounting forms and books are necessary in this department?

4. Give the shortest and easiest method of handling c. o. d. sales.

5. What is necessary to be done when goods are purchased for the store from other stores in the same city, for cash?

6. Describe a sales check and give its uses.

7. How should a new customer open an account in the store? What details and authority are necessary for the bookkeeper to open the account and from whom are they obtained?

8. Explain the system of entries, etc., for returned merchandise, where the customer receives the cash and where he has credit upon a charge account.

9. Of what should the daily statement from the chief bookkeeper to the manager consist?

10. In what manner is a sale recorded by a clerk?

11. How is the accuracy of this record proven?

12. What record is to be made and by whom in case one department manager buys from another department manager?
DEPARTMENT STORE ACCOUNTS

13. What are transfer or purchase tickets? Explain their object, use, and method of handling.

14. What books of registration are necessary in the delivery department?

15. Show how departments are designated in the basement, on the third floor, and on the sixth floor.

16. What are the duties of the credit man?

17. James Smith buys a rug for $23.50 and a pair of curtains for $12.00. He has an account. The goods are sent out, but he returns the rug, it being different from the one selected. What entries are necessary to take care of this transaction?

18. What is a “requisition for a check”? For what is it used, by whom is it made, and on whom is it made?

After completing the work, add and sign the following statement:
I hereby certify that the above work is entirely my own.
(Signed)