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Accounting for the Fur Trader

BY LEOPOLD FRANKEL

Carlyle tells us that "the first spiritual want of a barbarous man is decoration." Modern civilization has given expression to this want of our ancestors until today we hear, "It is too cold to sell summer furs." What is it that moves present-day women to make great personal sacrifices in order that they may wear furs in July?

In prehistoric times fur was used to protect mankind from the rigors of the winter months. At a later date it became an article (and sometimes a medium) of exchange between tribes. Today it is a means of embellishment, and few women think themselves fashionable who do not exhibit the art of the furrier.

This cultivated desire on the part of women has contributed very largely to the expansion of the fur industry. Translated into business volume, the satisfaction of this feminine desire, according to the reports of the United States department of commerce, has resulted in an increase in the value of the products in the fur-goods industry from 43 million in 1914 to 254 million in 1925, and has made the American fur-manufacturing industry by far the largest in the world.

The growth of this nascent industry has been so rapid that the trader, dresser and dyer, manufacturer and retailer alike have failed to observe those fundamental principles of operation and control which the older industries have learned at such great cost. With the birth of several trade associations, with a greater understanding acquired by the banks and the public accountants who draw their clientele from among the traders, the industry has only quite recently taken to the idea of control.

When one considers that few industries present the spectacle of such marked and abrupt price vibration—\$5.00 per skin one season, \$20.00 the next—that a single fur piece may cost several hundred dollars, the necessity for accounting control of the several activities of the fur dealer becomes unmistakably self-evident.

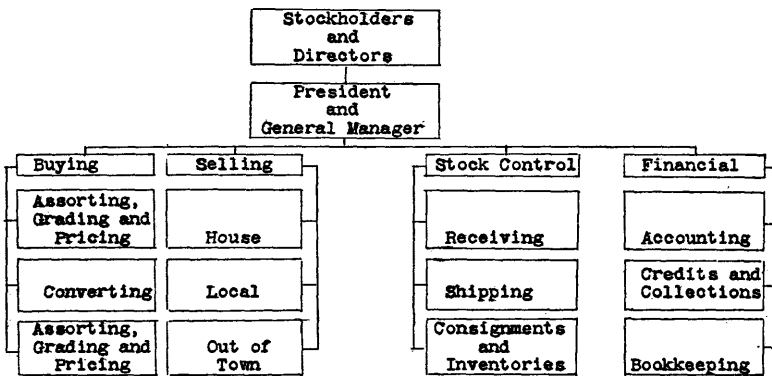
To outline in detail the forms and procedure common to most businesses, which may be found in any good handbook, seems needless repetition. Accordingly, it is the purpose of this article

to indicate the salient accounting practices peculiar to the fur trader's business which represent a departure from those practices found in other industries.

ORGANIZATION

The corporate form of organization, for obvious legal and economic reasons, is the most popular type of organization found in the fur trade. Not infrequently, however, the partnership or sole-proprietorship operates successfully. The securities, almost invariably common capital stock, are very closely held by the corporate owners and their families.

Form 1 indicates the structure of the corporate organization.



Form 1

Organization Chart

At the head of the organization is the general manager, who animates and dominates the whole "works." His duties take him into every department of the business, whose parts he coordinates so that it functions efficiently.

Buying. Raw furs are obtained from one or more of the following sources: purchases from trappers for cash or on domestic letter of credit; purchases at auction, which are paid for as the merchandise is withdrawn; purchases from other traders on open account, by giving a trade acceptance or by the transfer of customers' acceptances; and importation of furs from foreign countries by means of a foreign letter of credit.

Assorting, grading and pricing. Upon receipt of furs, they are assorted and graded as to surface appearance and as to size, and the probable selling price is fixed. This is a most important and responsible function and requires of the employee the ability to make nice discriminations.

Converting. Sometimes skins are sold in the "raw." More frequently, however, their salability is enhanced by dressing and dyeing, pointing or blending, according to the demands of the trade or the dictates of fashion. These processes are performed by outside contractors or bailees, as they are known to the law. Because the demand for a given fur may cease almost overnight and because of the element of cost known as interest on invested capital, time consumed in processing as well as price turns the scale in favor of one dresser and dyer over another.

These bailees have no title to the merchandise whose appearance they change, but they have a lien for the work and labor performed. To impress a trust on them such as the law will recognize and enforce, and to prevent confusion with the skins of others, dealers mark their skins. When they are to be sent out for dressing the skins are struck with a perforating hammer, bearing the initials of the firm. Should they be sent out for dyeing, the firm's stamp on the leather side suffices to identify them.

Assorting, grading and pricing. After a lapse of from three days to two weeks, depending upon the season of the year and the character of the fur, the skins are returned by the dresser or dyer. This time they are subjected to a more thorough assorting and grading, and they are tested as to pliability and softness. A selling price is then fixed which includes the cost of this processing.

Selling. Sales are principally local—to other dealers, to manufacturing furriers and to retail furriers. The terms vary according to the class of customer. Retailers enjoy abundant business during two seasons of the year: spring and fall. Accordingly, the maturities of the bills they purchase are fixed for the late spring and the late fall when funds will be available to meet them. Manufacturers are in funds in the early summer and early winter, and hence their paper is dated so as to fall due in those seasons. Dealers' terms have already been sufficiently indicated under the caption "Buying."

Stock control. A perpetual inventory controls the movement of all merchandise. Each "buy" of skins is given a lot number;

then the lot of skins is subdivided according to their quality, which in turn is based upon the price they will fetch. Sections of the stock on hand are compared with the perpetual inventory twice weekly. In addition, frequent excursions to other houses give the management the information it needs intelligently to mark up or mark down the selling price theretofore fixed.

Financial. The financial duties of the enterprise are frequently delegated to the general manager. Sometimes, however, the treasurer, credit man or office manager will look after this department. These gentlemen often work in conjunction with the public accountant, who is looked upon as a financial Solomon. Financial arrangements with banks are usually made before opening an account. Since the bulk of the trader's assets are current, he receives preferential consideration from bankers on short-term paper.

PRACTICES AND FORMS

Purchases at auction. At stated periods each year sales are held at auction. Trappers, dealers, importers and others send their furs to the auction block in order to benefit from the higher prices made possible through open competitive bidding. These sales are held under conditions of sale, stated in the catalogue, which both the shipper and purchaser by implication accept as a part of the contract of sale or shipment. With the drop of the hammer, indicating that a certain purchaser has been successful, rights and liabilities spring into existence.

Title vests at once in the purchaser, except that the auctioneer has a lien on the merchandise for the unpaid purchase price as well as charges which may have accrued thereon. The auctioneer does not warrant the quantities or descriptions of merchandise in the catalogue. If merchandise is withdrawn by the purchaser on or before "prompt day," the lots so withdrawn must be paid for at the bid price together with an auction fee of one half of one per cent. and a lot charge at the rate of twenty-five cents a lot. After "prompt day," the withdrawal of merchandise is subject to the following additional charges: interest, an additional one half of one per cent. auction fee, storage and insurance. When a sale is consummated, the shippers of merchandise pay the auctioneer a commission for his services at the rate of five per cent. of the sale value.

In the better and more conservative view, this phase of the business is handled on the books of account as follows:

When merchandise is purchased at auction,

Purchases
 To accounts payable—auctioneer

for the total amount of the purchase price.

When some or all of the lots are withdrawn

Accounts payable—auctioneer
Interest
Sundry buying charges
 To cash

When merchandise is shipped to be sold at auction, it is handled on the books in the same manner as a consignment. (See pages 15 and 16.)

Importing of furs. Furs are imported with the assistance of a banker, who by letter of credit agrees to honor drafts up to a given amount on condition that the bills of lading be made out to his order and delivered to him together with the consular invoice. A copy of this letter is forwarded to the exporter, who attaches thereto the documentary bills of lading and discounts them at his bank. The draft, with documents attached, reaches the New York banker, who accepts or pays the draft according to its tenor.

When the merchandise reaches New York, the documents are usually surrendered to the importer in trust, the latter executing a trust receipt to the banker. Until payment is made in full the banker has a first lien on the imported goods. When and as payments are made, the banker permits withdrawals from the warehouse.

In a transaction of this character, it is needless to state that the banker must protect himself against a possible fluctuation in the value of the imported merchandise. This he does by insisting upon a deposit of cash or collateral to the extent of twenty-five per cent. of the value of the goods.

The journal entries for the dealer covering a typical transaction are as follows:

To record the receipt of a letter of credit and the giving of
a deposit thereon

Letter of credit
 To cash
 Foreign drafts payable to banks

To record the purchase of merchandise against letter of credit

Purchases
 To letter of credit

Accounting for the Fur Trader

To record the withdrawal of merchandise
 Commissions and other charges
 Foreign drafts payable to banks
 To cash

Consignments. A dealer may think that he has an outlet for a particular fur and yet may not desire to incur the obligation therefor by purchasing the same. Accordingly, he approaches another dealer who has this fur in stock and takes it on consignment. The selling price to the consignee is not the regular selling price, but is somewhat higher in order to reflect this freedom from obligation which he enjoys. If he succeeds in selling it he has it charged to himself. Failing in this, he is by the custom of the trade obliged to return the furs thus taken on memorandum within three days. Neither party intends that title pass in praesenti. To carry out this intention and to afford the consignor needed protection, the following form has been worked out:

SUBMITTED FOR INSPECTION ONLY

A. B. COMPANY
 Fur Traders

No. _____

New York _____

To _____

This merchandise is forwarded to you for inspection and remains the property of the A. B. Company and is at your risk against fire and burglary. Title does not pass until a regular invoice is rendered.

Quantity	Description	Price	Unit	Total

Form 2

Memorandum of consignment

To prevent the substitution of skins or price tags, while furs are out on consignment, the fur merchant strings the skins and seals the ends by either "plumming" or "clamping." Either method accomplishes the desired result, namely, protection against sharp practices.

A practice so common and so frequent as shipping merchandise on consignment must have accounting safeguards placed around

it. Control, therefore, is exercised by the use of the following books:

- A. Duplicate consignments,
- B. Return consignments,
- C. Consignments retained,
- D. Consignees' ledger

A single transaction will serve to illustrate the operation of these books: John Doe, on the 15th of July, 1929, took on consignment \$1,000 worth of skins and on the same day decided to keep one bundle of them priced at \$450, returning the others.

1st step: John Doe is billed in the duplicate-consignments book in the amount of \$1,000.

John Doe—consignee.....	\$1,000	
To consignments.....		\$1,000

2nd step: John Doe is given a credit memorandum in the sum of \$550, through the return-consignments book:

Consignments.....	\$550	
To John Doe—consignee.....		\$550

3rd step: A notation is made in the consignments-retained book to the effect that John Doe has retained \$450 of the merchandise sent to him under consignment No.....:

Consignments.....	\$450	
To John Doe—consignee.....		\$450

Of course, at this point, John Doe will be charged through the regular charge-sales book for the merchandise retained by him:

Accounts receivable—John Doe.....	\$450	
To sales.....		\$450

Perpetual inventory. It has previously been shown that when a lot of skins was graded and put into stock its selling price was ascertained by making the fairest possible estimate. This selling price now finds practical application in the scheme of costing used on the perpetual-inventory sheets. A specimen sheet is shown on the following page.

The cost per skin is determined by dividing the total estimated selling price into the total cost, thus:

$$\begin{array}{r} \$1,417.80 \\ \hline \text{equals } .67035 \\ \$2,115.00 \end{array}$$

This quotient, .67035, is then used as the multiplier of the selling-price total found on each line. When they have all been multi-

Accounting for the Fur Trader

A. B. COMPANY							
Fur Traders						Lot No. 61	
Leopards							
Line	Quantity	Estimated selling price each	Total selling price	Cost Total (Mult. .67035)	Cost each	Sold	
						Date	Quan.
1	17	\$40.00	\$680.00	\$455.83	\$26.81		
2	25	35.00	875.00	586.54	23.46		
3	14	30.00	420.00	281.55	20.10		
4	2	15.00	30.00	20.12	10.05		
5	3	10.00	30.00	20.12	6.70		
6	16	5.00	80.00	53.64	3.35		
Total	77		\$2,115.00	\$1,417.80			

Recapitulation of costs

6/14/29 77	Leopards—C. D. Co.....	\$1,314.80
6/16/29 77	Dressing—X. Y. Co.....	103.00
	Dyeing.....	
	Pointing.....	
	Blending.....	
	Total.....	\$1,417.80

Form 3

Perpetual-inventory sheet

plied, the total of the individual cost totals will, within a few cents, exactly equal the recapitulated cost.

It will be observed that this form, besides controlling the stock on hand, also lays a foundation for the costing of all sales as made and makes possible the preparation of monthly profit-and-loss statements without going through the ceremony of taking stock.

Acceptances on hand, discounted and transferred. Perhaps three quarters of the business done is paid for by the dealer's own acceptances or those of his customers. How shall this enormous quantity of negotiable paper be accounted for and protected from deprecation?

All negotiable instruments and negotiable documents of title should be under the control and responsibility of one person: the one who is in charge of the finances of the fur merchant. Immediately upon the receipt of an acceptance the essential facts found thereon are typed in duplicate on form No. 4 below. One is filed alphabetically as an acceptance on hand. The other is filed according to due date, four days prior to the date of maturity, in order that seasonable notice may be given the customer, who is expected to make arrangements to meet his obligation.

The form for memorandum of acceptances is as follows:

Customer Address		Due Bank	
Maker Address		Invoices covered:	
Dated Period	Trans. Date Disc. Date Paid Date	To At By	
Endorsers:			

Form 4

Memorandum of acceptances

If an acceptance is transferred, discounted or paid, such disposition is noted on the form and a transfer is made from one file to another. At all times, therefore, the file of acceptances on hand will represent those actually in the company's safe or vault; the file of acceptances transferred will indicate the company's contingent liability on such as have been transferred to creditors; last, the acceptances-discounted file will reflect the company's secondary liability to banks. When transferred or discounted acceptances are paid, the memorandum therefor is placed in the paid file.

The following journal entries give expression to the procedure outlined above.

Upon transfer to a creditor:

Accounts payable
 To acceptances transferred

Upon discount at the banks:

Cash
Bank discount
 To acceptances discounted

When these acceptances are paid:

Acceptances transferred
Acceptances discounted
 To acceptances receivable

Another method of handling acceptances receivable is sometimes encountered, which deserves some space. Two ledger pages are used for each customer. On one will be found the amount due on open account; the other will reflect the unpaid acceptances. This method has the merit of being more compact. It preserves the classification which has been described and at the same time affords the credit department useful information.

Finally, a word of caution in handling acceptances may not be amiss. Under the negotiable-instruments law, a thief can convey good title to a bona-fide purchaser for value to an instrument complete on its face. The merchant will do well, then, not to indorse negotiable paper until the time for negotiation is at hand.

Credits and collections. Experience in the trade has taught credit men a lesson—not to place complete reliance upon the reference of a bank or a competitor. Not infrequently good references are given in cases where the credit-seeking concern is not even entitled to an indifferent one. The reasoning behind the good reference runs somewhat as follows: “If my debtor is financially sound, then to recommend him to some other creditor is just and proper; but if he is a bad risk to say that he merits credit will spread the risk among a greater number.”

This reasoning, the product of a small mind, is prima-facie fallacious, first of all because the terms arranged with the reference-seeking seller can not be known to the firm giving the reference. Any security given the last-named creditor must impair the equity of all prior creditors who may happen to be unsecured. Second, the customer already “heavily sold”—burdened with inventories that are much heavier than his capital can stand—does not help, but rather hurts his solvency by incurring additional liabilities. That last purchase may prove to be his last straw.

Over and above all this, the credit man must cope with a condition inherent in the business itself and thus outside of his control; that is, the long terms of credit which prevail. These credit conditions, as already indicated, are part and parcel of the seasonal character of the industry. This makes it practically mandatory for the seller to accommodate the buyer so that the maturity of the bills he purchases falls when the buyer has completed the cycle of his operations. The seller must, in a word, “gather his rosebuds while he may.”

In these circumstances the greatest caution must be exercised in the extension of credit. Between the request for credit and the granting thereof, four steps are taken which may be likened to a pyramid. At the base is the customer's statement of financial condition. This statement, if it is to have any legal force and effect as a representation of a present or past material fact, must be signed by the customer. The next step finds the credit man supplementing this statement with information obtained from the reports of the trade association. Another short step, and we see him utilizing the services of the mercantile credit agencies. Finally, at the apex, capping it all, is the interview with the general manager who after a fair examination of the findings of his subordinates either approves or rejects the application for credit.

ADMINISTRATIVE CONTROL

Daily capital report. In the hands of the intelligent executive, the daily capital report is perhaps the most important administrative tool. Just as no mariner should attempt to sail the high seas without a compass, so no trader should attempt to operate without taking his bearings daily through the medium of the daily capital report.

A. B. COMPANY				
Fur Traders				
<i>Daily Capital Report</i>				
Date.....				
	Balance beginning	Additions	Deductions	Balance end
Quick assets:				
Cash				
Acceptances receivable				
Accounts receivable				
Total				
Current liabilities:				
Accounts payable				
Notes payable				
Acceptances payable				
Acceptances receivable discounted				
Acceptances receivable transferred				
Total				
Excess				

Form 5
Daily capital report

It is almost elementary to say that it is a wise policy for a corporation to maintain a cash position adequate to meet emergencies, such as a tightening of the money market. Yet this financial axiom is found disregarded perhaps as often as it is observed.

Accounting for the Fur Trader

The report shown on preceding page indicates to the trader the low water mark beyond which it were better to sail with ballast in the form of liquid capital. The total quick assets should at all times be in excess of current liabilities. The report has the virtue of guiding the management, informing it when to cease incurring liabilities, when it is proper to expand them.

Measuring demand. Fortunately for the supply of a given fur, fashions, tastes and demands change from season to season and sometimes within a season, thus permitting the replenishment of that fur. This changing taste is of the utmost importance to the trader. When shall he buy? When sell? Demand for a particular fur passes through the "life cycle"—it is born, it matures and it dies. The yardstick with which he measures this demand is the report of the number of calls made each day in his place of business for different types and grades of furs. Armed with this weapon, he can detect at once any falling off in demand.

The form is as follows:

A. B. COMPANY
Fur Traders
Report of calls during the month of July, 1929

Day of month	1	2	3	4	5	6	7	8	9	10	11	28	29	30	31
Silver foxes:															
Full r d															
Half r d															
$\frac{3}{4}$ ths r d															
$\frac{1}{4}$ th r d															
$\frac{2}{3}$ rds r d															
$\frac{1}{3}$ rd r d															
Black r d															
Leopards:															
Small spots															
Large spots															
Heavy															
Russian Fitch															
Natural 1 d															

Form 6
Report of daily calls

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Sales, purchases and inventory. In addition to the foregoing, daily reports inform the management of the progress in the selling, buying and stock departments. These reports take the following form:

A. B. COMPANY

Fur Traders

Daily sales report for the month of July, 1929

Day of month	Sales this day	Sales accumulated
1		
2		
3		
4		
<hr/>		
28		
29		
30		
31		
Total		

Form 7

Daily sales report

A. B. COMPANY

Fur Traders

Daily purchases report for the month of July, 1929

Day of month	Purchases this day	Purchases accumulated
1		
2		
3		
4		
<hr/>		
28		
29		
30		
31		
Total		

Form 8

Daily purchases report

Accounting for the Fur Trader

A. B. COMPANY

Fur Traders

Daily-stock-on-hand report
for the month of July, 1929

Day of month	Inventory beginning	Add purchases	Deduct cost of sales	Inventory end
1				
2				
3				
4				
~~~~~				
28				
29				
30				
31				
Total				

*Form 9*

Daily-stock-on-hand report

In a day that is marked by "hand to mouth" buying, the report of daily stock on hand is the keynote to successful operation. As the problem of interest on invested capital becomes clearer to the buyer it will be necessary for the dealer to expand or to shrink his inventories to conform to the buyer's demand or lack of it.

STATEMENTS

*Preparation.* At the close of each month, expenses are accrued or deferred; officers' salaries and depreciation are booked. The losses from bad debts come to a considerable sum and so an adequate reserve should be set up. An examination is made of the physical inventory and the loss in value of any obsolete or depreciated stock is added to the reserve-for-depreciation-on-stock account.

*Balance-sheet.* In the main the balance-sheet of the fur trader follows that of any other mercantile establishment. But attention should be directed to several matters. First, unmatured acceptances discounted and unmatured acceptances transferred should not be deducted from acceptances receivable and the net on hand shown, because to do so gives an erroneous impression of the firm's current financial position; it is more sound, in the writer's

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opinion, that they should be set up as current assets and current liabilities.

Second, merchandise imported by means of a foreign letter of credit but still either in transit or not withdrawn from the warehouse is as much a part of the merchant's inventory as if physically present in his vaults. It should, therefore, be so indicated. A typical balance-sheet follows:

A. B. COMPANY, INC.,		
Balance-sheet, July 31, 19....		
<i>Assets</i>		
<b>Current:</b>		
Cash on hand and in banks.....		\$ 10,437.88
Notes and accounts receivable:		
Acceptances receivable on hand.....	\$ 8,288.58	
Acceptances discounted—unmatured.....	42,493.88	
Acceptances transferred—unmatured.....	50,616.62	
Accounts receivable—not past due.....	52,747.85	
Accounts receivable—past due.....	20,450.89	
	\$174,597.82	
<i>Less:</i> reserve for bad and doubtful accounts....	9,098.00	165,499.82
<b>Inventories (at cost):</b>		
Stock on hand.....	\$ 72,649.13	
Consigned with auctioneers.....	2,566.78	
Consigned with customers.....	13,388.33	
Letter of credit for imported merchandise (in transit).....	10,000.00	
	\$ 98,604.24	
<i>Less:</i> reserve for depreciation on stock.....	6,600.00	92,004.24
<b>Other:</b>		
Deposits and security.....	\$ 500.00	
Building and loan shares (at cost).....	750.00	1,250.00
		\$269,191.54
<b>Fixed:</b>		
Safes, vaults and fixtures.....	\$ 4,855.45	
Office furniture and fixtures.....	1,822.50	
	\$ 6,677.95	
<i>Less:</i> reserve for depreciation.....	2,091.22	4,586.73
Net fixed assets.....		4,586.73
<b>Deferred charges:</b>		
Prepaid expenses, interest and insurance.....		192.80
		\$273,971.07
<b>Total assets.....</b>		<b>\$273,971.07</b>



*Accounting for the Fur Trader*

<i>Liabilities</i>	
<b>Current:</b>	
Notes and accounts payable, etc.:	
Notes payable to banks . . . . .	\$15,000.00
Acceptances payable—trade creditors . . . . .	29,480.66
Acceptances receivable—discounted . . . . .	42,493.88
Acceptances receivable—transferred . . . . .	50,616.62
Accounts payable—trade creditors . . . . .	9,621.64
Foreign draft payable to bank . . . . .	7,500.00
	\$154,712.80
Accrued liabilities:	
Interest, taxes and salaries . . . . .	1,690.00
	\$156,402.80
Net worth	
Capital stock—common . . . . .	\$75,000.00
Surplus—February 28, 19— . . . . .	33,337.18
Profits for five months to July 31, 19— . . . . .	9,231.09
	117,568.27
Total liabilities and net worth . . . . .	\$273,971.07

*Exhibit A*

*Profit and loss.* The executive in charge of operations should be given only such information as he needs efficiently and economically to conduct the business. During any given month the sale of certain furs will be active while others, quite large in number but not in volume, will be relatively dormant. Accordingly, an analysis of the trading profit should show the active furs itemized, while the dormant furs will be grouped under "sundry."

A form of profit-and-loss statement appears on the following page.

Expenses in every department of the business are more or less fixed; summaries by departments, then, seem to be all that the executive requires. Such expenses as are not directly chargeable to the several departments are charged to general administrative expense. Although the itemized departmental expenses do not form a part of the monthly report, nevertheless the accountant should be familiar with them. Schedule B-2 (page 27) shows them in detail.

Annually, or oftener if requested, a statement should be drawn showing the percentage of expenses to sales and to cost of sales. These should be compared with prior years and any irregularities or abnormalities disclosed should become the subject of comment.

[NOTE.—The writer wishes to express his gratitude to Mr. David Lovinger of New York for supplying some of the basic material of this article.]

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A. B. COMPANY, INC.

Condensed statement of profit and loss for the month of July 19...., and  
for the five months ending July 31, 19....

	Month of July 19....	Five months ending July 31, 19....
Sales .....	\$51,781.50	\$237,445.21
Cost of goods sold:		
Inventory at beginning .. \$	98,173.77	46,228.53
Purchases .....	34,754.55	231,716.76
Dressing .....	2,256.84	9,340.80
Dyeing .....	414.21	2,335.32
Total .....	<u>\$135,599.37</u>	<u>\$289,621.41</u>
Deduct:		
Inventory at end .....	92,004.24	92,004.24
Cost of goods sold .....	43,595.13	197,617.17
Gross trading profit .....	<u>\$ 8,186.37</u>	<u>\$ 39,828.04</u>
Expenses:		
Buying .....	\$ 248.00	\$ 1,215.50
Selling .....	784.19	2,925.00
Stock .....	682.95	2,632.34
General administrative ..	2,558.64	12,044.56
Net financial management	<u>2,463.97</u>	<u>11,779.55</u>
Total operating expenses (see schedule B-2) ..	6,737.75	30,596.95
Net operating profit....	<u><u>\$ 1,448.62</u></u>	<u><u>\$ 9,231.09</u></u>

*Exhibit B*

A. B. COMPANY, INC.

Analysis of gross trading profit for the month ending July 31, 19....

Description	Sales	Cost	Gross profit	
			Amount	Per cent.
Foxes:				
Silver .....	\$ 4,443.00	\$ 3,702.00	\$ 741.00	16.6%
Cross .....	1,702.50	1,199.61	502.89	29.4
Kam Red .....	2,092.50	1,957.50	135.00	6.5
Brown .....	642.00	480.00	162.00	25.2
S. A. Kit Plat .....	315.00	285.00	30.00	9.5
Beavers .....	4,455.00	3,987.36	467.64	10.5
Jap Martens .....	810.00	660.00	150.00	18.5
Leopards .....	4,425.00	3,582.69	842.31	19.0
Baronduki & Countduki .....	564.00	392.76	171.24	30.3
Summer Ermine .....	2,533.50	2,283.75	249.75	9.9
Kid .....	1,545.00	540.75	1,004.25	65.0
Iowa Mink .....	2,193.00	1,935.00	258.00	11.8
Black Seals .....	750.00	600.00	150.00	20.0
Hudson Seals .....	890.10	797.64	92.46	10.4
Grey Persian .....	8,568.00	6,627.21	1,940.79	22.6
Black Caraculs .....	5,278.50	4,921.65	356.85	6.8
Black Russ Caraculs .....	3,813.00	3,666.15	146.85	3.9
Badger .....	360.00	330.00	30.00	8.3
Bears .....	519.75	457.50	62.25	12.0
Black Broadtail .....	2,334.00	2,214.00	120.00	5.2
Sundry .....	3,547.65	2,974.56	573.09	16.2
Total .....	<u><u>\$51,781.50</u></u>	<u><u>\$43,595.13</u></u>	<u><u>\$8,186.37</u></u>	<u><u>15.8%</u></u>

*Exhibit B-1*

*Accounting for the Fur Trader*

A. B. COMPANY, INC.		
Analysis of operating expenses		
	Month of July 19....	Five months ending July 19....
<b>Buying:</b>		
Salaries and wages.....	\$ 200.00	\$ 960.00
Supplies.....	8.50	72.00
Stationery and printing.....	2.50	16.00
Traveling.....	25.00	125.00
Sundry.....	12.00	42.50
Total.....	\$ 248.00	\$ 1,215.50
<b>Selling:</b>		
Salaries and wages.....	\$ 150.00	\$ 750.00
Commissions.....	321.00	948.10
Advertising.....	90.00	268.68
Delivery.....	35.10	514.89
Traveling.....	96.09	178.17
Sundry.....	35.25	85.10
Entertaining.....	56.75	180.06
Total.....	784.19	2,925.00
<b>Stock:</b>		
Salaries and wages.....	\$ 225.00	\$ 1,120.00
Supplies.....	35.00	142.28
Insurance and protection.....	331.83	820.56
Depreciation of safes and vaults.....	50.00	300.00
Stationery and printing.....	16.50	75.80
Sundry.....	24.62	173.70
Total.....	682.95	2,632.34
<b>General administrative:</b>		
Officers' salaries.....	\$1,000.00	\$ 5,000.00
Rent.....	400.00	2,000.00
Salaries and wages of office.....	435.00	2,085.00
Telephone and telegraph.....	90.69	437.15
Light and heat.....	77.97	293.07
Depreciation furniture and fixtures.....	31.30	166.50
Professional fees.....	75.00	375.00
Corporation taxes.....	108.00	425.00
Stationery and printing.....	12.45	50.91
Sundry.....	328.23	1,211.93
Total.....	2,558.64	12,044.56
<b>Financial management:</b>		
Sales discount.....	\$ 93.36	\$ 934.71
Credits and collector's expenses.....	237.50	1,250.00
Bad debts.....	2,071.00	9,508.00
Interest.....	153.82	740.96
Total.....	\$2,555.68	\$12,433.67
<b>Deduct:</b>		
Purchase discount.....	52.25	406.22
Interest income.....	39.46	247.90
Total.....	2,463.97	11,779.55
Total operating expenses....	\$6,737.75	\$30,596.95

Schedule B-2