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Loose-leaf accounting in foreign countries

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LOOSE-LEAF ACCOUNTING IN FOREIGN COUNTRIES

COMPILED BY

GUERRA EVERETT

DIVISION OF COMMERCIAL LAWS

BASED ON REPORTS OF REPRESENTATIVES OF THE
UNITED STATES DEPARTMENT OF COMMERCE
AND DEPARTMENT OF STATE

UNITED STATES
DEPARTMENT
OF COMMERCE



BUREAU OF FOREIGN AND
DOMESTIC COMMERCE

FOREWORD

Notwithstanding the fact that by their nature loose-leaf bookkeeping devices are difficult to control by patent and hence are manufactured in great variety in many parts of the world, it is gratifying to note that American products of this sort hold a dominant position in the principal markets, attributable largely to their superior workmanship, finish, and mechanical excellence.

The same observation applies to standard types of office appliances, which are carrying American principles of efficiency into many lands. The importance of our exports of these manufacturers is evinced by the figures for 1924 and 1925. The value of office appliances and supplies (not including paper punched for use in loose-leaf books) exported from the United States in 1924 was \$33,604,638 and in 1925 was \$41,687,512.

The installation of various office appliances and the introduction of loose-leaf bookkeeping systems are obviously interdependent, as the habit of using the one creates a demand for the other. It is important, therefore, to ascertain the extent of legal provisions which inhibit the use, in the several countries, of account books with removable leaves and whether there exists a tendency to modify the laws in this regard.

The bureau gratefully acknowledges the aid and cooperation offered by dealers and counsel throughout the world to the foreign officers of the Department of State and the Department of Commerce in the collection of the information published in the following pages.

JULIUS KLEIN, *Director,*
Bureau of Foreign and Domestic Commerce.

MARCH, 1926.

LOOSE-LEAF ACCOUNTING IN FOREIGN COUNTRIES

CONTENTS

Account books in different systems of law.

British Empire :
Great Britain.
Australia.
Canada.
India.
South Africa.

Continental Europe :

Austria.
Belgium.
Bulgaria.
Czechoslovakia.
Denmark.
France.
Germany.
Greece.
Italy.
Netherlands.

Norway.
Poland.
Portugal.
Rumania.
Spain.
Sweden.
Switzerland.
Turkey.

Latin America :

Argentina.
Brazil.
Chile.
Costa Rica.
Cuba.
Dominican Republic.
Ecuador.
Guatemala.
Haiti.

Honduras.
Mexico.
Nicaragua.
Panama.
Peru.
Salvador.
Uruguay.

Asia :

Japan.
Java.
Palestine.
Persia.
Syria.

Africa :

Algeria.
Egypt.
Liberia.
Morocco.

ACCOUNT BOOKS IN DIFFERENT SYSTEMS OF LAW

Guerra Everett, Chief, Section of Legal Information, Division of Commercial Laws

There is no more striking contrast between the juridical philosophy underlying the modern civil law on the one hand and the Anglo-American common law on the other than that presented by the requirements under these respective systems with regard to the account books of merchants.

The Roman law, from which the modern civil law in force in most European and Latin American countries has developed, was paternalistic in nature, in theory being superimposed upon the customs of the people by the will of the emperor. The Roman law is best represented by the *Corpus Juris Civilis* of Justinian, which was a code from the provisions of which no judge was permitted to deviate in the application of the law to the case before him.

The English law, on the other hand, did not represent the fiat of a prince; it consisted of the sum of the customs of the people, expounded and applied in particular cases by the court. The freedom of action of merchants under the law was unimpaired by any mandatory provisions with regard to the conduct of their affairs.

Books of the Merchant Class in Modern Civil Law.

It was a well-recognized custom with patrician Romans of the republican era to keep a set of books in which were entered the receipts and expenditures of the household, and there is strong

reason to believe that in the contemporary Roman procedural law such entries constituted proof of the existence of debts and other obligations. At the dawn of the present era merchants in the Mediterranean City States, where modern commerce had its inception, began to be considered as a class or caste apart in the general body politic. A separate law of commerce was developed out of the customs of these merchants which later was integrated in the *Consolato del Mare* and contemporaneous codifications.

Later, during the consolidation of the modern monarchies in western Europe, control over the activities of merchants was conducive to the centralization of power, and the logical development of this tendency was the commercial code established by Napoleon in 1808. This code specified the account books which every merchant and every merchant firm were required to carry and stipulated in great detail the manner and form of keeping such books. It insured the compliance with its provisions by making it mandatory upon each merchant to present his books at certain times to the local court for visa.

In return for this somewhat onerous duty the law provided that books kept in accordance with the requirements should constitute proof in favor of the merchant in a civil suit against another merchant. This privilege was in direct derogation of the ancient maxim, "*Nemo sibi titulum constituere potest*" (no one may create a title in his own favor). In justification of such a departure from principle, the law provided all available safeguards—among them, that the required books should be bound, and that before the merchant could make an entry therein each must be presented to the local magistrate, who would insert a certificate showing the total number of pages and initial every page to make substitution impossible.

French Law the Model for Many Commercial Codes.

Within 75 years after the passage of the Code Napoleon practically all European countries, all Latin-American countries, and several Asiatic countries had adopted a code of commerce based in whole or in part on the French code. In nearly every case some provision is made for the compulsory keeping of books by merchants. These provisions are in the majority of instances still on the statute books of such countries, notwithstanding they are often wholly inappropriate under modern commercial conditions. For example, if the provision requiring every page of every set of books to be initialed by a judge were strictly enforced, the magistrate would have little additional time to devote to the ordinary duties of his judicial office. These laws, where they still exist, usually are not followed to the letter, and movements are under way in many countries to revise the code provisions in order that law and practice may coincide.¹

Introduction of Modern Appliances Prejudiced by Laws.

Under the provisions of most codes the use of loose-leaf books would be at variance with both the spirit and the letter of the law. Loose-leaf devices may usually be employed in the keeping of sub-

¹ A detailed discussion of the comparative law of bookkeeping requirements appears in the March issue of the *Georgetown Law Journal*, published by Georgetown University, Washington, D. C.

sidary books, but the inhibition against the keeping of the principal books in loose-leaf form has blocked the development of important markets not alone for loose-leaf devices but for all the modern mechanical appliances and office fixtures which the use of loose-leaf accounting systems carries with it. In some countries the laws are enforced only with regard to one or more of the principal books; in other countries there is a well-defined tendency toward revision of the codes, and in some—among them Denmark—there is an active campaign for the modernization of the provisions relating to account books wholly apart from a demand for revision of the whole code.

Such a campaign obviously encounters two natural obstacles, both of which have to be overcome by educative methods. In the first place, the project runs directly counter to the philosophy of the civil law, which for generations has accepted the validity of the premise that the state must control the bookkeeping of merchants by means of bound and legalized volumes. To offset this, not only must it be demonstrated that this premise is subject to modification without prejudicing the legitimate interests of the state and its control but in addition the natural inertia which militates against the emasculation of an important section of the law which has been operative for so long a time must be overcome. In the second place, the resistance to be expected from functionaries who are accustomed to the old procedure and not familiar with newer methods must be reduced. Accountants in many parts of the world will be found to be well organized, and the cooperation of their associations in such educative work would be indispensable. In at least one country—France—the organized accountants have advocated the use of loose-leaf systems and have actively opposed legislation to make more stringent the present bookkeeping requirements.

Opportunity for Useful Publicity in Some Countries.

As the more immediate and pressing problems following the armistice are settled, a number of countries are taking up the fundamental work of reorganizing their constitutions, codes, and statutes. The succession countries in Europe, now living under laws framed before the war for the government of the countries to which they then belonged, are redacting new codes of commerce to meet the changed circumstances. Some Near Eastern countries are adopting codes for the first time. Other countries, including Cuba, Brazil, and Mexico, are revising their commercial codes to make them conform to modern conditions of international trade. When Japan was drafting its code of commerce it chose the principle of *laissez-faire* in reference to bookkeeping instead of that of strict control; for this reason modern office appliances of all kinds are finding a growing market there, notwithstanding the difficult obstacle of language. In many countries that are now revising their laws the advantages of the *laissez-faire* principle might be successfully brought before the legislators.

Basis of Present Study of Situation.

In order to have on hand practical information regarding laws, usages, and tendencies on this subject throughout the world, a questionnaire was drawn up by the Division of Commercial Laws in cooperation with the Specialties Division of the Bureau of Foreign and Domestic Commerce and sent to the field officers of the

bureau or the consular representatives of the State Department in foreign countries, the replies to which have been collated in the following pages. The first question was whether the local laws prescribe certain books to be kept by merchants and by corporations, and whether it is customary to keep other books, specifying these. Whether there exist laws providing for the inspection of such books was another query, the procedure under such laws, stamp taxes, etc.

Next the investigator was asked about the probative force of books in local courts when kept according to law, and when not so kept. It should be remembered that the replies on this point were not expected to be of a nature to serve as the foundation of legal action by counsel, but merely to serve as commercial information. The next question was whether the law permits the use of loose-leaf devices in the keeping of principal and of auxiliary books. In many cases trade commissioners and consuls were able to procure copies and translations of the actual texts of the laws, and these are on file in the Division of Commercial Laws for loan.

A series of questions regarding the trade in loose-leaf devices followed, inquiring how many such devices are sold locally, where they are manufactured, through what kind of stores they are retailed, and whether retailers purchase direct from manufacturers or from jobbers; whether the use of devices for making typewritten entries in ledgers, etc., is general; to what extent large department stores and other organizations (including Government offices) with complicated systems of bookkeeping have adopted modern bookkeeping devices; and finally, whether there exists a tendency to liberalize the requirements relating to the keeping of books by merchants with a view to permitting the use of loose-leaf devices.

BRITISH EMPIRE

GREAT BRITAIN

Trade Commissioner Mowatt M. Mitchell, London

There is no statute of general application in Great Britain prescribing what books must be kept by merchants or traders. In the case of corporations, beyond what may be called books of record there are no legal requirements as to what books must be kept, although it is necessary under the companies consolidation act of 1908 that some sort of books be kept which will truly reflect the sums of money received and expended, and the matters in respect of which such receipts and expenditures take place, and which will show the assets and the liabilities of the company. It is further required, under the act, that these books shall be audited yearly by qualified chartered accountants. The books of record which must be kept are minute books, share registers, debenture registers, share transfer books, registers for mortgages, and registers of directors.

Subsidiary Books in General Use.

While, as just said, there are no legal requirements whatsoever as to the books which merchants must keep, the effect of certain statutes is to make it very desirable that certain books be carried. Under the bankruptcy act, 1914, section 26 (3) (b), omission to keep such books of account "as are usual and proper in the business carried on by the bankrupt" is made a ground for the refusal or suspension of his discharge from bankruptcy; and by section 158 of the same act a person who has once been adjudged bankrupt is guilty of a misdemeanor if he has failed to keep proper books of account during the two years immediately preceding the presentation of any subsequent petition in bankruptcy.

Beyond the books required or made desirable by law it is customary for the average merchant or trader to keep cashbooks, journals, purchase and sales daybooks, purchase and sales ledgers, and private or general ledgers, and in addition they usually have such subsidiary books as stock ledgers and wage books. Large corporations generally have very elaborate sets of subsidiary books, including a detailed costing system such as is practically essential in modern business in this country or elsewhere.

Bookkeeping Privacy Protected by Law.

No right to inspect merchants' books in the ordinary course of events is conferred by law; but, of course, when criminal charges, such as the making of false income-tax returns, come up, such inspection is authorized. There are consequently no inspection stamp duties in force.

Except in bankruptcies the law confers no special rights in regard to the direct inspection of corporations' books, but the companies act, 1908, provides methods by which their books may be opened to

shareholders and hence to general knowledge. This law prescribes that the directors of companies shall determine whether and to what extent accounts and books of the company shall be open to the inspection of shareholders, and goes so far as to say that the directors of a corporation may prevent shareholders from having any access to the books; but such action on the part of the directors can be overruled by a general meeting of shareholders, which can give the necessary authority to any member or committee of members to inspect the books of the corporation. In the event of the bankruptcy of a corporation the court, the creditors, or the shareholders may by agreement appoint a committee or an individual to take over the affairs of the corporation during liquidation or reorganization, and such committee or individual has, on the authority of the court, full access to the books and records of the company, and all books and records may be, of course, required to be produced at the bankruptcy hearings.

Use of Books in Evidence.

Business books in general have no probative force in British courts. Any entry in an account book kept by an individual or a firm or a corporation can not, strictly speaking, be evidence in favor of the keeper of the book, although it may be evidence against him. In practice, witnesses may be, and frequently are, allowed to look at their books while giving testimony, but this is permitted, not on the ground that the books themselves are evidence, but because of the general rule which allows a witness to refresh his memory by looking at any entry which he has made at a time pertinent to the matter in hand. Another rule of evidence provides that account books of a deceased person are admissible as a declaration by such person against his interest.

The above, however, are the familiar general rules of evidence applicable in the United States as well as in England and do not depend on statutory law. The only important statute affecting the admissibility of business books as evidence in the bankers' books evidence act of 1879, under which a copy of an entry in a bankers' book is received as prima facie evidence, not only of the entry itself, but of the matters, transactions, and accounts therein recorded, provided it is first proved by a party or responsible officer of the bank, by affidavit, that the book was, at the time of making the entry, one of the ordinary books of the bank, that the entry was made in the usual and ordinary course of business, and that the book was in the custody and/or control of the bank.

Loose-Leaf Devices Permitted.

British law permits the use of loose-leaf devices for the keeping of all books in that the use of such loose-leaf devices is not prohibited by law, nor is the value of books or of copies of entries from books kept in the loose-leaf system lessened in evidence by statute or other legislation.

Practically all of the well-known types of loose-leaf books are in use—the fixed and the expanding back, the tie-in, the solid post and the multiple post, and the types in which the leaf attaches to the binder through punched hole and through a cut slot. Fastenings are by means of clamps which go over the posts on the outside of the

binders, by key systems which grip the post from within the bindings, and the simpler forms such as tied cords.

The use of loose-leaf systems for accounting books has grown so rapidly during recent years in Great Britain that it is now practically universal. The general attitude of the business community toward them is extremely favorable. This does not apply, of course, to the small shopkeepers with one or two assistants, but in at least 75 per cent of cases where business is done on anything approaching a large scale the loose-leaf accounting system is used.

Local Production of Books and Accessories.

It would be impossible to even estimate the number of loose-leaf account books sold and used annually in Great Britain. The brands and systems on the market are very numerous. Practically every commercial printer, of whom there are hundreds, turns out at least the fillers for such books, and the larger concerns assemble and bind up the holders as well.

Up to a few years ago practically all of the parts and fixtures used in making the binders were imported from the United States, but with the increase in their use and realization that loose-leaf systems had entered British commercial practice to stay British firms commenced to design and turn out the fixtures for domestic consumption, and to-day the majority of the parts used are made in the British Midlands. These makers of loose-leaf book accessories do not make loose-leaf books for, nor trade with, the ultimate consumer at all, but supply the parts to the printer and binder, who makes up the finished article which he supplies to his customer.

There are in general no printers or other firms manufacturing such account books and selling them all over England, each community being supplied by local printers and binders, all of whom draw their accessories from the same fixture manufacturers or importers.

Appliances for Mechanical Bookkeeping.

The British commercial public now thoroughly realizes the possibilities of mechanical accounting, and there are several American book typewriting machines making excellent progress in this market. It has been an uphill struggle for the exponents of such systems to arouse enthusiasm in the great mass of potential users, but the stage of antagonism has largely passed, and it is now not so much a question of convincing the individual merchant or corporation of the value of these systems as of demonstrating their applicability to the problems in hand, and their use is increasing rapidly. Large corporations and government offices with complicated systems of bookkeeping practically all have gone over to modern bookkeeping devices and are general users of billing machines, calculating machines, loose-leaf ledgers, and to a certain extent book typewriters, and all other labor and error-saving mechanical devices.

AUSTRALIA

Assistant Trade Commissioner Elmer G. Pauly, Melbourne

There is no law in any of the States of Australia which directly prescribes that a merchant or other private individual having business dealings with others must keep a certain set of books. Certain

provisions, however, are made to penalize where a business firm has become insolvent and it is proved that it has neglected to keep a proper record of its transactions, as is more fully explained below. Furthermore, the public-companies acts in force in the various States require that limited companies must keep a true and accurate record of all their business transactions, so that detailed information, which is required to be recorded annually by such companies, might at all times be accessible.

References to Books in State Bankruptcy Laws.

The bankruptcy (or "insolvency," as some States prefer to call them) regulations in force in the various States of the Commonwealth provide that penalties may be imposed upon any person who becomes insolvent and who is proved to have neglected to keep a proper record of his business transactions. It has been held that what are either "proper books of account" or "the usual books of account" is a question of fact, for as a rule the various bankruptcy statutes give no definition of such, and it is said that many courts have from time to time maintained that to lay down hard and fast rules as to what books a business man should keep is impracticable.

New South Wales.—The terms of the New South Wales bankruptcy act give the court power to either refuse or suspend a bankrupt's certificate of discharge, or grant it subject to certain conditions affecting subsequent income or property acquired after bankruptcy has taken place, if, among other things, it is proved that the "insolvent individual or firm has omitted to keep such books of account as are usual and proper in the business or occupation carried on by him, and as sufficiently disclose his business transactions and financial position within the three years immediately preceding his state of bankruptcy." It is also an indictable offense for a bankrupt "with intent to defraud his creditors, or dishonestly to conceal the state of his affairs, or otherwise violate or defeat the law, to prevent the production of any book, document, or paper relating to his property or affairs; or whether before or after sequestration to make or be privy to the making of a false entry in any book or document relating to his property or affairs; or conceal, part with, mutilate, or fail to deliver any book or document relating to his affairs."

Victoria.—Under the insolvency act of Victoria, if an insolvent has not kept reasonable accounts or entries of his receipts and payments, the court will refuse to grant or will suspend his certificate of discharge for such period, not exceeding two years, as it considers just, and may also, if it sees fit, sentence the insolvent to imprisonment, with or without hard labor, for the term of not more than six months. It is an indictable offense "for an insolvent to have failed to have given full disclosure of his affairs, or not to have delivered up to his trustee all books, documents, papers, and writings in his custody or under his control relating to his property or affairs, unless the jury is satisfied he had no intent to defraud."

It is the duty of a trustee in insolvency "to investigate the books, accounts, and documents of the insolvent, and prepare a balance sheet and file a report as to the keeping of accounts by the insolvent; also as to whether the insolvent has rendered him all necessary assistance and given all information in his power; and as to whether any books, accounts, and documents are missing or appear to have been falsified or destroyed."

South Australia.—In South Australia the duty of the officer of the court of insolvency, styled the "accountant," includes an investigation of the books and accounts of the insolvent, the preparation of a statement of affairs, and the filing of such with the registrar 10 days, and a report with the registrar seven days at least, before the day appointed for the second sitting under the insolvency; also to report as to the keeping of accounts by the insolvent; whether any accounts or documents have been falsified or destroyed, and whether the insolvent has rendered all necessary assistance and information in his power.

An insolvent may be imprisoned for any period not exceeding three years if he is proved (among other things) to have "concealed, destroyed, falsified, or made any false entry in or any omission from any book or document affecting or relating to his property or affairs, or has, with intent to conceal the true state of his affairs, willfully omitted at any time to keep proper books of account, or at any time within three years next preceding the filing of the petition for adjudication failed to have kept such books of account as are usual and proper in the business carried on by him and as sufficiently set forth his business transactions and disclose his financial position. For failure to keep proper books of accounts the court may refuse an insolvent a first-class and award instead a second-class certificate."

Western Australia.—In Western Australia, in considering a bankrupt's application for discharge the court will take into consideration a report of the official receiver as to the bankrupt's conduct and affairs and may refuse or suspend his discharge if it is proved that the bankrupt "has omitted, for three years before the bankruptcy, to keep such books of account as are usual and proper in the business carried on by him, and as sufficiently disclose his business transactions and financial position." A debtor may also be punished under the debtors act, 1871.

Tasmania.—In Tasmania it is the duty of a bankrupt to produce a statement of his affairs to the first meeting of his creditors, to give an inventory of his property, and to prepare a list of his creditors and debtors and the debts due to and from them respectively. If he willfully fails to perform such duties he will, in addition to any other punishment to which he may be subject, be deemed guilty of contempt of court. A bankrupt's order of discharge may be refused or postponed if it appears that the bankrupt has been guilty of bad conduct in his affairs, and failure to keep proper books and accounts of his business transactions would necessarily be included.

Requirements Under the Companies Acts.

In Victoria and Tasmania the companies acts contain several sections relating to the accounts of an incorporated company. Thus, every company other than life assurance and proprietary companies must keep "proper books of account" containing a full, true, and complete account of the affairs and transactions of the company. From these books a balance sheet must be prepared at stated times and filed with the registrar of companies. The balance sheet may in the case of a banking company and must in the case of any other company be in one of the forms set forth in the company law.

The Western Australian companies act prescribes that the directors of every company shall cause true accounts to be kept of the stock in trade of the company; of the sums of money received and expended by the company, and the matters in respect of which such receipt and expenditure take place; and of the assets and liabilities of the company. For any default "any director who knowingly and willfully permits such default shall be liable to a penalty not exceeding £10 for each day for which such continues." Further, the law stipulates that the books of account must be kept at the registered office of the company and, subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed by the company in general meeting, shall be open to the inspection of members during the hours of business.

Requirements as to Language and Official Inspection.

There are no laws prescribing that books must be kept in any specified language. In fact, there are numerous business enterprises owned by foreigners which keep their books in the language of their native country. This is particularly true of some of the large Chinese wholesale fruit importers and merchants who keep their accounts in their native language and according to native methods.

This custom finds no opposition from the income-tax authorities, who report that the information required for purposes of taxation is always ascertainable.

Federal and State income-tax regulations do require, however, that all individuals, business firms, or organizations having incomes from any sources whatsoever must have their accounts in such shape that information required for their purpose is readily available. Public companies, moreover, are required to keep an accurate record of their business transactions and maintain lists of shareholders, which must be filed periodically with the appropriate Government offices, and such returns, of course, must be made in the English language.

There are no general laws in force concerning the official inspection of books except the authority vested in the customs officials and Federal income-tax collectors and the tax collectors of the various States for purposes of ascertaining such information as may be required for the proper administration and enforcement of the law. No stamp tax is levied on such inspections.

Loose-Leaf Devices Permissible.

As previously mentioned, local laws do not specify (with the exceptions already noted) that any particular set or type of books must be kept. Likewise there is no statute or regulation in force which in any way prohibits the use of loose-leaf devices in the keeping of the principal or subsidiary books of any individual or organization. Several lower courts have handed down decisions from time to time questioning the advisability of admitting as evidence data kept in loose-leaf form, but, on the other hand, there are as many decisions upholding such admission.

Large department stores and other private business organizations have quite generally adopted modern bookkeeping devices. The chief obstacle in the way of a more rapid development of this business is said to be the conservatism of the heads of the bookkeeping departments of some of the older established firms, who still adhere to more or less antiquated methods. While the use of book typewriters is by no means a common practice as yet, it is steadily being adopted by the more progressive of the large establishments here. One large department store in Melbourne has 30 such machines in use, while a similar establishment in Sydney has 75. Practically all of these are American products.

Banks are said to be among the most extensive users of loose-leaf devices. One local concern states that it has sold at least £10,000 worth of these books to the branches of one State savings bank alone during the last three or four years.

The State railways quite generally have adopted loose-leaf devices. The general adoption of the loose-leaf system by the Federal or State governments has never been made, their use being optional with the various administrative heads, but many departments use practically nothing else.

Extent of Trade.

Owing to the fact that the Commonwealth import statistics do not separately classify loose-leaf books and similar devices, it is not possible to ascertain the actual volume of business transacted in this line from official sources. However, in the preparation of this

report the next best method has been adopted, namely, a personal canvass among the principal importers and distributors of these devices in Australia. After careful calculations and comparisons it is estimated that £50,000 worth of these goods is sold annually in Victoria, while the yearly business done in New South Wales is placed at £65,000. The remaining four States are thought to do approximately £9,000 worth a year. In this connection it should be borne in mind that these goods sell at 70 to 90 per cent above the retail price in the United States.

The loose-leaf devices commanding the largest sale in Australia are those of American manufacture. Although a considerable quantity reaches this country by way of the United Kingdom, it is understood that even these are partly manufactured in the United States and distributed in the Commonwealth by subsidiary companies of the English distributor.

With the further expansion of Australian industries and the establishment of new commercial houses, in addition to the adoption of more modern bookkeeping methods by existing offices, loose-leaf devices of all kinds will undoubtedly experience an increased sale. As there are practically no complaints or prejudices against the American product, there seems no reason why manufacturers of such devices in the United States should not get a very large share of this trade, provided the industry is not established here.

CANADA (QUEBEC)

Assistant Trade Commissioner Walter J. Donnelly, Montreal

Laws in the Province of Quebec differ widely from legislation in the other Provinces of Canada, being of French and Roman origin, similar in many respects to the laws of Louisiana. The following data, therefore, are inapplicable to Canada in general or to other Provinces.

In Quebec merchants, incorporated companies, and banks, trust companies, and other financial institutions are required by law to keep such books of account as will clearly indicate beyond any degree of doubt the exact state of their financial affairs. The customary daily journal, petty cash, and other office record books are used in addition to those required by law. The law is elastic in so far as it permits the installation of systems best suited to the particular business.

In view of the bilingual situation existing in the Province of Quebec, with a preponderance of French, the law allows the use of either French or English in bookkeeping, and the English and French-Canadian companies generally use their respective languages. In the event of civil action either language may be used in court, as both are officially accepted within the Province.

Auditing of Books Required by Law.

Legal inspection of books is limited to banks, trust companies, insurance companies, and companies chartered and doing business under the various companies acts.

Banks.—The appointment of bank auditors rests with the shareholders, who select auditors approved by the Federal Government,

Trust companies.—Although trust companies are permitted to appoint their own auditors, the superintendent is required to make at least one personal inspection a year.

Companies.—This section refers to companies operating under the various companies acts. The by-laws of the majority of companies provide for audits by auditors who are in no manner affiliated with the company or branches.

Probative Value of Loose-Leaf Books.

The law does not define the kind of books to be used, nor does it expressly prohibit the use of loose-leaf books or card systems of bookkeeping. This is true for both principal and auxiliary books.

Books kept in accordance with the law, when attested are on equal footing with any other testimony given under oath. If not so kept, the court reserves the right to bar such evidence and dismiss the case. This includes, of course, regularly kept loose-leaf systems.

Extent of Use of Modern Devices.

Statistics are not available showing the number of loose-leaf books sold annually in the Province. Jobbers estimate that 75 per cent of the 30,000 individuals and firms conducting business in Montreal are equipped with these devices. This is likewise a fair index for firms and corporations operating in the Province.

The local supply is obtained mainly from Canadian sources, the remainder imported from the United States. The imported merchandise consists principally of highly specialized index sheets not available in Canada. It is very apparent that American loose-leaf devices are increasing in popularity, and with additional methods and modification of the present systems with a view to simplifying bookkeeping the sales should continue to show steady improvement.

Department stores and banks are the principal users of machine bookkeeping equipment. Practically every large department store in Montreal and the other cities of the Province possess this equipment.

INDIA

Assistant Trade Commissioner Don C. Bliss, jr., Bombay

Local laws do not prescribe that any particular books be kept by merchants, and the general requirements laid down for corporations in this regard are contained in one paragraph of the Indian companies act, which states: "Every company shall keep proper books of account, in which shall be entered full, true, and complete accounts of the affairs and transactions of the company." In general it is necessary for a merchant or corporation to keep journal, ledger, and cashbook, regardless of the line of business, but no laws prescribe that these shall be kept. Other books commonly kept are stock records, warehouse delivery records, and the like.

The Indian companies act requires every company to keep a register of its members, showing name and address, number of shares held, amount paid on each share, and the date on which each person became or ceased to be a member. This act also requires that every company shall keep minutes of the proceedings at all general meetings and directors' meetings. Every company must keep at its registered office a book containing particulars of the names, addresses, and occupations of its directors.

Every limited company must keep a register of mortgages and enter therein all mortgages and charges specifically affecting the property of the company, giving a short description of the property mortgaged, the amount of the mortgage or charge, and the names of the holders.

Inspection of Books of Account.

Except in connection with inspection of corporate books on demand by the shareholders, the only inspection of books provided for is in connection with the activities of income-tax collectors:

If the collector has reason to believe that a return is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him on a date to be therein mentioned either to attend at the collector's office and produce or cause to be there produced for the inspection of the collector such accounts and documents as the collector may require . . . The collector or commissioner shall for the purposes of any inquiry under this chapter have the same powers as are vested in a court under the Code of Civil Procedure compelling the production of documents.

Inspection of a corporation's books by inspectors appointed by the local government is authorized by the Indian companies act:

SEC. 138. The local government may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the local government may direct (1) in the case of a banking company having a share capital, on the application of members holding not less than one-fifth of the shares issued; (2) in the case of any other company having a share capital, on the application of members holding not less than one-tenth of the shares issued; (3) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members.

SEC. 139. An application by members of a company under section 138 shall be supported by such evidence as the local government may require for the purpose of showing that the applicants have good reason for, and are not actuated by malicious motives in requiring the investigation; and the local government may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry. It shall be the duty of all persons who are or have been officers of the company to produce to the inspectors all books and documents in their custody or power relating to the company.

SEC. 141. On the conclusion of the investigation the inspectors shall report their opinion to the local government, and a copy of the report shall be forwarded by the local government to the registered office of the company, and a further copy shall, at the request of the applicants for the investigation, be delivered to them.

SEC. 142. A company may by special resolution appoint inspectors to investigate its affairs. Inspectors so appointed shall have the same powers and duties as inspectors appointed by the local government, except that instead of reporting to the local government they shall report in such manner and to such persons as the company in general meeting may direct. All persons who are or have been officers of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the local government.

Probative Force of Bookkeeping Entries.

With regard to the probative force of book entries the following is quoted from the evidence act of 1885:

Entries in books of account regularly kept in the course of business are relevant whenever they refer to a matter into which the court has to inquire, but such statements shall not alone be sufficient evidence to charge any person with liability.

There is no mention in Indian law of loose-leaf books, but they are regarded with suspicion on account of the ease with which sheets may

be substituted, and might not be admitted as evidence if the other party to a litigation objected to their admission. Original sheets only are admitted, a carbon copy having no standing as a record.

Extent of Market.

There is an extremely limited use for loose-leaf books in India for record keeping. In general, Indian business firms follow British practice, and British firms operating in India follow the practice of their home offices. The bound ledger and the bound record book are standard in Great Britain, and the conservatism of the British business house has not as yet yielded to any great extent to the advantages of loose-leaf record systems. No estimates are obtainable as to the number used in India, but it is extremely probable that they should be numbered in hundreds rather than in thousands. A limited market exists for loose-leaf notebooks, but they are not popular with the British, and the low purchasing power of the native restricts their use even among students.

Some of the larger stationery houses in India manufacture loose-leaf books in their own establishments, importing fittings from England or the United States. Of the imported loose-leaf books, the majority are manufactured in England, very few American makes being sold. The British product is naturally favored by most of the larger business firms and Government offices in India, even against the cheaper varieties of Indian-made goods supplied with foreign fittings. American goods suffer the competition of both, and are rather difficult to distribute in any quantity.

Sales Methods.

Loose-leaf books are almost without exception sold by the large importing and manufacturing stationers, who retail them to business firms and Government offices. There is little demand for loose-leaf devices as yet, and in order to make any sales at all it is necessary to send out a salesman to cover intensively all classes of possible users, selling to them directly the idea of the economy and utility of loose-leaf records. An American typewriter company is handling loose-leaf books, chiefly because it is endeavoring to introduce bookkeeping machines in India and the two lines supplement each other.

Book typewriters were unknown in India until about three years ago, when an American typewriter company sent out a factory representative to devote his entire time to that field. After considerable effort in educating the market a moderate degree of success has been attained in persuading large business organizations, banks, and Government offices to install machines for record keeping. With the ice thus broken, the advantages of machine methods should become increasingly apparent, and the use of bookkeeping machines become more general.

Difficulties to be Overcome.

Aside from the matter of expense of installing a machine bookkeeping system, the chief difficulties to be overcome in this market are:

1. The natural conservatism of most of the possible users of such a system.

2. Opposition on the part of native clerks to the introduction of improved methods of record keeping, manifesting itself not infrequently in the theft or disablement of trial machines.

3. The difficulty experienced in training native clerks to become efficient machine operators, and the necessity for doing so before machines can be sold.

Some of the Government offices, such as the post office, the railways, and tax offices, have commenced the use of machines for book-keeping, and in general have found the change advantageous. It has been found possible to introduce them in some banks, and a few of the larger mercantile houses, particularly in Calcutta, have tried them out successfully. The overwhelming majority of records are still kept in bound ledgers by hand, and this condition will undoubtedly be changed only by very slow degrees.

SOUTH AFRICA

Consul G. K. Donald, Johannesburg

The South African insolvency law states that merchants must keep "proper books," which are defined to include (a) detailed stock sheets and (b) books in which are shown all goods or property purchased in the course of the business (duly supported by the original invoices), all cash receipts and disbursements and the dates thereof, a daily record of all goods or property sold on credit, and in addition to the other particulars usually contained in a ledger the name and address of every person indebted to the trader at the time he became so indebted. In *Markow and Kaplan v. Rex* (1909 E. D. C. 295) it was decided that to satisfy the insolvency statute the books must substantially show a correct record of the business transactions, so as to enable a person with a knowledge of accounts to ascertain at any time the financial position of the business and the nature of all important transactions.

Under the Transvaal companies act every company must keep a register of its members, minute books, a register of directors or managers, and a register of mortgages. In the event of liquidation, the liquidator must keep proper books in which he shall cause to be made entries or minutes of proceedings at meetings and of such other matters as may be prescribed.

Language—Inspection—Stamp Taxes.

While the law does not specifically state that books must be kept in a designated language, it has been held that one of the two official languages, English and Dutch, must be used.

No inspection of books is provided for in the law, but the receiver of revenue has the right to inspect a company's books to verify an income-tax return.

There are no stamp taxes in connection with a merchant's books, except that a 5-shilling stamp is necessary on the yearly statement made to the registrar of companies of the Transvaal by a public company.

Probative Force of Books in Local Courts.

A merchant's books of account are not, as a rule, admissible in evidence in his favor, but any entries therein are admissible as against him. The minute books of a company are prima facie evidence of transactions that take place. The books of banks or other bodies which are creatures of statute are similarly prima facie evidence.

It is not customary, however, to produce the actual books in court. The court will always accept a sheet from a loose-leaf ledger if certified by a public accountant, or even an extract from a merchant's books if so certified.

When a company is being wound up, all books and papers of the company and of the liquidators "shall, as between the contributors of the company, be prima facie evidence of the truth of all matters purporting to be therein recorded."

Status of Loose-Leaf Devices Under the Law.

Although the laws of South Africa may not be said specifically to permit the use of loose-leaf devices in the keeping of principal or subsidiary books, there is no restriction against their use. The local agent of the English subsidiary of an American manufacturer of such devices informs the consulate that, while the point has not come up, there might be some question as to the use of loose-leaf share ledgers. In anticipation of this the manufacturer in England has forwarded to South Africa photographs of a share ledger the use of which has been upheld in the English courts. It is customary for South African judges to follow English precedent when not incompatible with the old Roman-Dutch law.

The proposed company act of the Union follows closely on the Transvaal companies act of 1909, which in turn is modeled on the English company act. Neither this nor any other law of the country opposes the use of loose-leaf devices.

Market for Loose-Leaf Books.

There is a fair and steady market in South Africa for loose-leaf books of all kinds. While no statistics are available, an estimate of sales that may be considered fairly reliable is about 125 high-class fiber thong ledgers a month, about 100 high-class post binders, and, say, 200 transfer binders.

Practically all the binders imported are from England, the United States being completely out of the business except for a certain amount of mechanisms for making up metal post binders locally. During the last few years the flexible thong binder has been actively pushed and is probably now the most popular for ledgers, although a cheap post binder is used for transfers. The expensive metal-post binder finds most of its sale among firms that have been using the system for years and do not care to change.

Of the thong binders there are three principal makes, two manufactured in England and one in South Africa, the latter being of very good quality and competitive in price. A few thong binders are assembled locally by printers, but the bulk of the sales go to the three branded makes. Almost any printer will make up metal-post binders, the process being more an assembly than a manufacture, for almost the entire book is imported—the mechanism, the wood sides, and the metal back.

Sales Methods.

The loose-leaf book business being rather specialized, the most satisfactory method of marketing these lines in South Africa has been found to be the granting of an exclusive agency to a high-class importing stationer. The agent or exclusive distributor usually establishes a special department for pushing the line, and sales are

made direct to the consumer. Especial effort is made to secure the large Government orders. Although the consulate does not believe any department has actually standardized on a particular brand, the fact remains that most of the sales to the Government are of two makes, one English and the other a local product.

The consulate would be pleased to receive catalogues and prices from American manufacturers of loose-leaf ledgers who would be interested in securing representation in this country. American office equipment of all kinds is well liked in South Africa, and it is not believed that it would be difficult to interest a suitable dealer in taking on an agency provided price and quality were competitive.

Extent of Use of Modern Bookkeeping Devices.

Modern bookkeeping equipment other than loose-leaf devices has not yet been generally adopted by the large department stores or Government offices. Only one make of book typewriters, an American, has so far been in the market, and the use of this machine is by no means common; there are believed to be not over 12 in the entire country.

Credit files (also American) have been poorly received as yet, the cause for the poor reception apparently being the belief that their use would not be sanctioned by the courts, although the consulate understands that no test has been made.

Bookkeeping machines have been more successful, and there are at least 50 in the country already. Three makes are being pushed, all American. They are in use by municipalities, Government departments, and a few wholesale houses.

The railways have an electrically operated system (English) for dispatching trains, which is a card rather than a loose-leaf system. The machines are hired from the manufacturer, as they can not be purchased outright.

[Extracts from the South African insolvency act and the Transvaal companies act are on file in the Division of Commercial Laws for loan.]

CONTINENTAL EUROPE

AUSTRIA

Commercial Attaché William Ford Upson, Vienna

Austria's Commercial Code prescribes that every merchant shall keep such books as are necessary to give a complete picture of his financial situation and business transactions. The law specifies the names of only two books, letter-copy book and inventory or stock-taking book, leaving it to the merchant to arrange his bookkeeping system in a manner which complies with the above requirements. The law prescribes also that all business letters received shall be kept on file.

In actual practice all business enterprises, with the exception of very small ones, use the double-entry system of bookkeeping. (Stock companies must use the double-entry system in order to meet the requirements of the tax authorities and also their obligation of publishing yearly balance sheets.) The following books are considered the minimum requirement: Inventory or stock-taking book, cash-book, daybook, accounts current or balance book, ledger.

In addition, other books are usually kept, varying in number and name according to the nature and size of the business, among them an incoming invoice book, outgoing invoice book, stock book, securities book, merchandise book, expense account book, remittance book, bills of exchange book, and foreign currency book.

Language—Inspection—Stamp Taxes.

Books must be kept in a living language and its characters (Commercial Code, art. 32). No particular language is specified, except as to the daybook, in which the entries must be made in a language admissible in the Austrian courts (Commercial Code, art. 72, par 3).

Austrian laws provide for the regular inspection of books of *Genossenschaften* (a local form of business association of artisans, farmers, etc.), which has no importance for capitalistic business enterprises; and all books may be examined by the tax authorities in order to verify and control tax returns.

Stamp taxes are levied on all books on the basis of their page area in square centimeters, although the tax authorities may agree upon a flat rate.

Probative Value of Bookkeeping Entries.

When books are kept according to law they have an incomplete probative force in litigation between business men over a business affair. As a rule, additional proofs are required. It lies with the judge to decide to what extent he is willing to accept the books as evidence, and he is free to reject such evidence entirely (Commercial Code, art. 34). Books which are not kept according to law have only such probative force as seems acceptable to the judge in view of the

extent and importance of the irregularities of the books and the nature of the litigation.

Although the use of loose-leaf devices is theoretically forbidden by the Commercial Code, which requires the books to be "bound" and to have the pages numbered consecutively, no penalty is imposed and the probative force of loose-leaf devices is the same as in the case of bound books. Also the laws regulating taxation in Austria expressly recognize the use of loose-leaf devices. In actual practice they are at present used chiefly by banks for accounts current or balancing books; but loose-leaf devices are steadily gaining ground, and their popularity with other business enterprises is increasing.

Account Books Manufactured Locally.

Most of the account books and loose-leaf devices used here are supplied by two large Austrian manufacturers, although they are also imported from Germany to a considerable extent. They are retailed mainly through paper and office-equipment dealers.

The use of book typewriters is exceptional, very few concerns having such special machines, and this is true of other modern bookkeeping devices.

There is no special need for revision of the existing laws governing accounting, inasmuch as loose-leaf devices enjoy in practice all the legal advantages of bound books.

BELGIUM

Assistant Trade Commissioner E. V. D. Wight, jr., Brussels

Legal requirements in Belgium for keeping accounting and other business books incident to a commercial enterprise are laid down by the law of December 15, 1872. Obviously practices have changed greatly since those times, hence it has been necessary to exercise considerable liberality in the application of the law. Furthermore, modern business being surrounded by documentary evidence carrying much more weight than private books, in practice little use is made by merchants of the probative force which the law confers on registers kept in accordance with the Commercial Code.

As a result commercial books find their principal legal use in settlement of estates, division of property occasioned by divorce, dissolution of partnership, and bankruptcy proceedings. In bankruptcy occurs the principal sanction of the law against failure to keep books in proper form, as an insolvent person or the administrators of an insolvent company may be accused of fraudulent bankruptcy if the books are not in order.

Books Required.

Belgian law requires every commercial person, understood in the broadest sense, to keep three books—a journal, a book containing copies of letters, and an inventory. These must be bound volumes, and all entries must be made in handwriting except in the case of the letter-copy book, where transferring ribbons may be used. Copying of letters may not be effected until after the signature has been affixed. Entries in books must be in chronological order, without spaces, omissions, or marginal transfers. Errors must be counterpassed.

Besides these books a merchant may keep any subsidiary books which experience has shown to be useful in his business, such as ledgers, stock books, and clients' account books. All books specified by law must be preserved for 10 years. The law does not rule as to the language in which entries must be made, and no stamp tax is levied on commercial books.

Code Provisions Relating to Required Books.

The Commercial Code stipulates that the journal must contain day-by-day entries of all debit or credit transactions, including commercial operations, negotiation of bills, acceptances, or indorsements. (The law specifically indicates that sums paid out for household expenditures must be entered monthly by the merchant, or in partnerships, etc., withdrawals from cash for personal account must be so entered.) Each page of this book must be numbered and, in addition, must be initialed by a judge of the commercial court, by the municipal burgomaster, or a member of the municipal council in the form laid down by law. In the interest of eliminating labor which would keep these functionaries initialing from morning to night, it has been provided that each page may, instead, be stamped with the court or municipal seal. Finally, a judge or city authority must visa the journal.

The code provides for keeping a book in which are copied all letters sent out by the merchant or company. In connection with this requirement it is necessary to note that all letters received must also be preserved in order of date and preferably be bound into a volume. The letter copy book for outgoing correspondence must itself be bound and the pages numbered, but other formalities to which the journal is subject are omitted. The ordinary process followed in copying is the employment of copying ink and ribbons and a letter-press. It has been learned, however, that many commercial enterprises content themselves with ordinary carbon copies.

The Belgian Commercial Code provides for keeping a yearly inventory book, most important of the required accounting documents after the journal. As with the journal, this book must be bound, initialed, and stamped and visaed by the judge of the commercial court, a burgomaster, or a member of the municipal council. Once each year a merchant or company must register in this book, under signature of a competent person, a full inventory of assets and liabilities, whether in fixed or in liquid form.

The Use of Other Books.

Strict compliance with the letter of the Belgian law in the keeping of books would be practically impossible in these days when thousands of entries must be made. Particularly in the case of banks, inscription of each transaction separately in a single journal would be extremely difficult. The law has been interpreted to mean that a merchant or company may keep various subsidiary books and at the close of the day assemble the different items, making one or more general entries in the journal.

Apparently there is some difference of opinion as to whether the law requires these subsidiary books also to be in bound form, with pages numbered, initialed, or stamped, and visaed. A strict interpretation would seem to indicate that if it is desired to give subsidiary books probative force they should be so kept. However, this

interpretation is not always held to, the essential element emphasized being that these subsidiary books be corroborated by the assembled entries in the journal and inventory and by the copies of letters. In contradiction to this opinion a prominent Antwerp jurist maintains that subsidiary books may in no case be offered in court as evidence unless they have fulfilled all legal requirements for the keeping of the journal, and he cites cases in which these documents have been thrown out of court for failure to comply with the provisions of the Commercial Code.

In general it may be stated that the keeping of subsidiary books is recognized by law, which seems, however, to insist that they be kept in the form prescribed for the required journal; but that in practice commerce and industry use loose-leaf forms, which may, at the option of the judge, be admitted as evidence when entries on a given page appear to be corroborated by the journal.

Commercial Code Limits Probative Force of Books.

Books of a merchant or corporation have probative force in commercial disputes between commercial parties. The law restricts considerably cases in which commercial books may be submitted or required as evidence, since they do not, for instance, constitute such in disputes between a merchant and his nonmerchant client over payment for goods, nor in disputes between merchants or corporations not involving a commercial transaction. In particular jurists emphasize that it is not sufficient for a merchant to produce his books to collect payment for merchandise he claims to have furnished consumers. This is extended so that even between commercial parties the dispute must arise out of a transaction in which both are acting in their capacity of commercial persons and neither one in the capacity of consumer.

Moreover, and of greatest importance, books, even when kept according to law, do not constitute absolute proof, as does a document witnessed by a notary. They may be admitted as evidence by the judge concerned, but there is nothing in the law which compels their admission. In addition, once he has admitted them as evidence, the judge decides what probative force the evidence will have.

Rules for the Submission of Books.

In submission of books in courts of justice the Belgian law provides two procedures.

In the first place the books may be "communicated" to the court—that is, submitted in their entirety and open for any examination by the court or by its representative. This procedure does away, of course, with secrecy, and is accordingly limited to cases in which the dispute is of a nature to depend entirely upon evidence contained within the books concerned. Thus a Belgian judge may require communication of books, subsidiary as well as principal, in cases of inheritance, division of property between man and wife, dissolution of a partnership or company, or bankruptcy. In bankruptcy occurs the only real sanction in respect of those who fail to live up to the law. A person or the administrators of a company which goes bankrupt and whose books are found not to have been kept in prescribed fashion may be declared by the judge fraudulently bankrupt. In this, of course, he makes use also of other evidence, but irregular books constitute a presumption of guilt.

In the second place books may be "presented" or "exhibited" in court—that is, they are brought to the court room and the owner exhibits only the page on which is inscribed the contested transaction. The books may not be consulted further. Under the code this presentation of books may be required by the court for any dispute between commercial persons, and if the books are in some distant place may delegate representatives to examine the page on which the disputed entry appears and render a report.

Should one party refuse to permit this presentation to the court, if the other party offers to accord probative force to the books which are refused, the presumption of right is against the party refusing the books and in favor of the person granting probative force. The judge may go further and administer an oath to the latter, who swears that his evidence is the truth. This oath, accepted by the plaintiff, has special force in Belgian law and may be accepted by the judge as final proof. However, it is important to observe that the judge has discretionary powers, and, besides deciding to what extent books may be admitted as evidence, decides also the probative force to be given to the oath when administered.

Inspection of Books for Tax Purposes.

Beyond the instances given above the Commercial Code provides for no further inspection of books of merchants or corporations. Postwar tax reforms, however, introducing as they have a greater amount of intervention in private affairs, necessitated widening the powers of tax collectors. In verifying income-tax declarations the tax office may call for exhibition of books. This can be refused by the interested party, but in that case the state fixes his tax at a figure indicated by his general mode of living, the burden of proving a smaller income devolving upon the taxpayer, who probably would need to bring his books as final evidence.

In order to control receipts from the business tax the Government has required that merchants and corporations keep a book of incoming receipted bills and a copy book of outgoing receipted bills. In this way collectors may verify whether the required stamps have been affixed. Should collectors detect or suspect fraud in their inspection of these receipt books, they are empowered to inspect the journal, inventory, and letter copy books.

Market for Loose-Leaf Books.

As has already been indicated, loose-leaf books are coming into wider use. This is the result of the obvious utility of loose-leaf accounting methods, encouraged by a liberal application of the law in so far as subsidiary books and their admission as corroboratory evidence are concerned.

Loose-leaf books for accounting purposes are manufactured by practically all the important printing establishments of Belgium. These are themselves stationery stores, in retail or wholesale trade, and they find it is as practical to take the loose leaves, perforate them, and place them in some kind of a holder as it is to bind them into a book. Requirements of clients as to ruling and headings are so different that each job is usually separate, involving special printing and assembling of the book. Devices for holding leaves frequently represent expired patents which are manufactured in Bel-

gium or Germany and can readily be obtained. Sale is usually from printing establishment to consumer.

Two Belgian firms have developed the sale of loose-leaf books to some extent and place small quantities of their goods with local stationery houses by means of salesmen; while one French patent is seen extensively, this model closely resembling that of an important American firm whose patents apparently have expired in France. The representative of a British company which holds the right of exploiting in Europe the patents of a large American house does an important share of the loose-leaf business in Belgium.

Increased Use of Card Systems.

Use of cards in place of books, especially for bank-client accounts and for department-store stock-room accounts, has received some extension and is encouraged by local agents for bookkeeping machines. It is claimed that the card system is an improvement over the loose-leaf book for most work because it saves time. The National Bank of Belgium, for example, has adopted the card system for its client accounts. However, for supplying material necessary, such as sets of drawers with fasteners to keep cards in place and the cards themselves to fit the drawers, Belgium is unfortunately situated. Office furniture is poorly gotten up, and the opinion has been expressed that Belgium is an unworked field which would be receptive to American office furniture and supplies.

Use of Bookkeeping Machines Not General.

Several types of bookkeeping machines are on the Belgian market, but there are three principal ones which divide 90 per cent of the business. Agents of one of the makes have a machine which will effect entries in bound volumes, but the practical results have not been successful and the machine is not being pushed. Other American patents use loose leaves or cards, and sales have been greatly increased since the war by the growing tendency to employ modern supplies in Belgian offices and stores.

However, while it can not be said that use of bookkeeping machines is common, big banks are beginning to install them. At the Bank of Belgium entries are still made on cards with ink, but the Bank of Brussels has just given a trial order for six bookkeeping machines, which presages a revision of its bookkeeping methods if the apparatus proves satisfactory. Agents are also working for an order from the Société Générale. The same is true of other banks, so that demand should increase rapidly in near future.

Various other statistical and accounting machines have been introduced in Belgium, as, for instance, one American make which is a combination of three machines operated on the principle of punching holes to denote figures, etc. In selling this, as well as bookkeeping machines, which are substantially cheaper, the original cost has so far kept down business. It will only be through careful process of education, joined with an efficient repair service and perhaps introduction of the American system of renting the apparatus, that modern office equipment can be introduced in Belgium.²

² See Trade Information Bulletin No. 376, *Installment Sales in Foreign Law (Part 2)*, issued by the Division of Commercial Laws, Bureau of Foreign and Domestic Commerce, Washington.

According to the agent for an important American make, two German machines, both excellent models, are preparing to invade the market. It is claimed that their prices will be considerably below those of American makes, which, selling in dollars, cost now between 20,000 and 25,000 francs apiece.

BULGARIA

Consul Stuart K. Lupton, Sofia

A law passed June 16, 1921, and amended February 10, 1922, covering commercial bookkeeping, prescribes that merchants as well as municipalities and the State, when transacting commercial business, are bound to keep certain specified books, namely, inventory, journal, ledger, and copy book. Certain small tradesmen are exempted from these requirements. The law settles in detail the manner and form of keeping these books, permitting the employment of any living language but requiring that they be sealed annually by a notary public. While the law briefly mentions that books kept in accordance with the regulations may serve as proof in suits relating to taxation, when not so kept they lose their probative force in favor of, but not against, the merchant.

Law Intended to Facilitate Taxation.

The purpose of the law is evidently to facilitate the collection of the business tax and the income tax, and the tax authorities are given broad powers of inspection. The law specifically states that all the required books may be purchased from the National Printing Office.

On account of the rigidity of the application of this law, loose-leaf devices, book typewriters, and similar modern appliances are not used at all so far as can be ascertained. There are no importers of such devices. As these laws apply both to commercial books and to those kept by Government offices, and as the users seem content with the recent enactments, there is little reason to believe that Bulgaria offers a field for marketing appliances of this character now.

[A translation of the laws referred to above is on file in the Division of Commercial Laws, for loan.]

CZECHOSLOVAKIA

Commercial Attaché James F. Hodgson, Prague

The laws of Czechoslovakia do not prescribe definitely that certain books be kept by merchants. According to the statutes "every merchant is obliged to keep books showing all his business transactions and his exact financial status; to keep on file all business letters received and copies of letters sent and enter them in a special book, according to date; to make an inventory showing all his assets and liabilities at the commencement of his business activity and every subsequent year, as well as a yearly statement of profits and losses." Corporations are amenable to the same legal requirements prescribed for individual merchants.

The usual books kept are ledger, journal, cashbook, inventory, and letter book; these are considered the principal books under the law. Others kept are daybook, bill book, stock book, and invoice book; these are considered subsidiary books under the law.

Evidential Value of Properly Kept Books.

Such books when kept in accordance with the law are accepted by the courts without reservation as evidence in litigation. When not so kept they are only acceptable at the discretion of the court. The law also prescribes that a business house may be called upon by the court to produce its books as evidence in a case against it. Its failure to do so is tantamount to an admission of guilt, and the case must be decided in favor of the plaintiff.

The laws of Czechoslovakia prescribe that "books must be kept in a living language." Among local business houses it is generally the practice to keep books in either Czech or German.

Stamp Taxes Applicable to Books.

Stamp taxes, enforced by the inspection section of the Ministry of Finance, must be paid on accounting books. The amount of the tax varies with the area of writing surface contained in the book and the use to which the book is put; that is, whether it is a so-called principal or subsidiary book. That part of the law referring to stamp taxes on bound books reads:

The standard size of a sheet in a principal book is fixed at 5,040 square centimeters, and is subject to a tax of 50 heller per sheet. The standard size of a sheet in a subsidiary book is fixed at 2,640 square centimeters, and is subject to a tax of 10 heller per sheet. In computing the amount of the stamp tax to be paid the actual amount of writing space in the book will be measured and divided by the prescribed size of a sheet to determine the number of sheets on which the tax is to be paid.

The following is prescribed for computing taxes on loose-leaf books:

Each sheet will be measured separately. If the writing surface on a sheet in a principal book is less than 5,040 square centimeters, the tax is 50 heller per sheet; if it exceeds 5,040 square centimeters, the tax is 1 crown per sheet. In subsidiary books, when the writing surface on a sheet is greater than 5,040 square centimeters, the tax is 30 heller per sheet; if less than 5,040 square centimeters and greater than 2,640 square centimeters, the tax is 20 heller per sheet; if less than 2,640 square centimeters, 10 heller per sheet.

It will be noted that the method of computing stamp taxes on loose-leaf books constitutes a discouraging factor in their use.

Law's Provisions Bearing on Loose-Leaf Devices.

In addition to those provisions of the law already noted, the following extracts bear directly or indirectly on the use of loose-leaf devices:

Inventories and yearly statements may be entered in a special book or kept on separate sheets, signed by the merchant, and put together in order of date. Merchants must preserve their books for 10 years after the date of the last entry.

It is not permitted to leave free spaces which are to be filled in by writing; the original text must not be canceled in such a way as to make it unreadable; no erasures are allowed, nor such changes as to make uncertain the time of the original entry.

The books kept by merchants must be bound, pages numbered consecutively, and tied together with a string, both ends of which are sealed to the inner side of the front cover of the book by the tax collector's office.

However, the law, in so far as it makes compulsory the use of bound books for bookkeeping, is not strictly enforced. Loose-leaf books are used, and that part of the law which provides for sealing with string and wax seal is met by stamping each separate sheet

with an official stamp. A documentary stamp is also affixed to each separate sheet.

Use of Mechanical Devices Limited.

The use of modern bookkeeping devices is very limited in Czechoslovakia. The Government has not yet adopted them, and it has been impossible to find any stores dealing in dry goods and general merchandise which have installed loose-leaf devices and book type-writing machines. Czechoslovakia has no department stores in the American sense of the word; in fact, there is only one store in Prague which even claims to be a department store. Merchandising here is done principally through specialty shops, which compare favorably with similar American shops.

The sale of loose-leaf books in Czechoslovakia is correspondingly limited and is confined to the larger banks and industrial organizations, but even these do not use them to the extent they are employed by similar organizations in the United States. Most of the loose-leaf books sold are of local manufacture, though some are imported from Germany. The best-known German brand is manufactured in Bonn; the most popular brand of domestic manufacture is made by a firm in Prague.

Loose-leaf books are generally retailed in Czechoslovakia by stationery and office-supply houses which purchase direct from the manufacturer.

The use of book typewriters is not at all common here except among the very large industrial corporations. Apparently there is no demand for such machines.

Liberal Administration of Law Favors Devices.

There is a tendency to be liberal in the interpretation of the requirements relating to the keeping of books, but it is not believed that there will be any alteration of the actual text of the law in the near future. It should be noted that the method of computing stamp taxes on loose-leaf devices causes firms adopting them to pay a heavier fee and therefore discourages their use.

DENMARK

Commercial Attaché H. Sorensen, Copenhagen

Law No. 98 of May 10, 1912, prescribes that, with few exceptions, persons and corporations carrying on business in the Kingdom of Denmark must keep a cashbook, a chief ledger, and a book containing the yearly balance. The two last-named may, however, be kept in one volume. Persons excepted from this rule are peddlers, etc. The law does not specify that books be kept in a certain language.

Local laws do not provide for an inspection of books, but the tax authorities as a rule demand that the taxpayer accompany his income statement with a copy of his books. If it is found that the books have not been kept in a proper manner, prosecution may follow. The same holds true in the event of bankruptcy, the bankrupt being deprived of certain privileges if his books are not in proper order. There is no special tax, but the civil authorities who visa the books charge as a rule 2 crowns for each book.

Evidential Value Limited.

The books as such have no probative force in local courts, but when a creditor makes claim in court according to properly kept books and the debtor has no positive proof against this, the latter can only free himself by means of oath. The claim, however, must not be more than two years old. Books not properly kept have no probative force whatever.

The law does not mention loose-leaf devices, but as the prescribed books have to be visaed, and as this is accomplished by means of a string drawn through the book—containing numbered pages—and sealed by the proper official, loose-leaf devices are useless as regards the obligatory books mentioned above. Loose-leaf devices, of course, have their use in connection with supplementary accounts.

Demand for Loose-Leaf Devices Growing.

No production statistics are available covering loose-leaf books, and as such books are not segregated in the import statistics it is impossible to make even a rough estimate of the number sold. However, their use is growing in Denmark.

Quite a number of loose-leaf books of American manufacture are sold locally in sizes varying from vest-pocket up to letter size. Still, American loose-leaf books for office and bookkeeping purposes are not common, due, it appears, to high prices and to the fact that local manufacturers make very good loose-leaf books.

One Danish manufacturing firm also operates a wholesale and retail store, and has traveling salesmen who cover all of Scandinavia. Loose-leaf devices are sold locally by stationery shops and bookstores. As far as local products are concerned, these shops buy direct from the wholesale department of the factory and not through jobbers.

Market for Mechanical Appliances Receptive.

The use of book typewriters is not common, being confined to one or two of Copenhagen's large department stores. In practically all offices where complicated accounting systems are necessary, the supplementary accounts are kept by a card system, loose-leaf devices not being used to a great extent as yet. This applies also to the Government offices. Typewriters with bookkeeping attachments, for writing out bills, statements, etc., are becoming more common in large firms, but their advent is comparatively recent. Large Copenhagen concerns, particularly the department stores, are up to date in most respects and highly interested in systems which will lead to greater efficiency in their accounting departments.

As already said, Danish law, while not prohibiting the use of loose-leaf books for keeping the chief accounts, makes such books useless by requiring that the pages of the main books be fastened by means of string and officially sealed. Danish importers and dealers handling loose-leaf devices are desirous of having this requirement altered in such a way as to permit the use of loose-leaf devices in the main accounts. As American manufacturers of loose-leaf devices are represented in this territory, it undoubtedly would react in their favor were the Danish law modified.

[A copy of Law No. 98, dated May 10, 1912, mentioned above, is on file in the Division of Commercial Laws, for loan.]

FRANCE

Assistant Commercial Attaché John F. Butler, Paris

Every merchant doing business in France must, under the law, keep a daybook, a book containing copies of letters, and an inventory book.

The daybook should show day by day all commercial operations, purchases and sales of merchandise, debits and credits, expenses, indorsements—in short, everything paid out and received under any heading. It should also show such items as gifts or donations, given or received, and doweries.

Merchants should keep in chronological order all letters received, and should keep in a register copies of the ones sent out.

Each year there should be inscribed in the inventory book a list of all movable or fixed property and of debits and credits.

Annual Inspection of Daybook and Inventory.

Under the law, merchants are required to present their daybooks and inventory books for inspection once a year. The inspection is done by one of the judges at the local tribunal of commerce or by the local mayor or his assistant. In practice the system of annual inspections is not observed. Now, the merchant, before beginning a new daybook or inventory book, takes it to the tribunal of commerce, where the first and last pages are stamped and signed by the judge and all of the pages initialed. Usually this is all that is done with regard to verification of the form of the books. There is no charge for the service. The daybook and the inventory book must be preserved for at least 10 years. According to law, both of those books must be kept in the French language.

In addition to the books noted above merchants may keep other books as the needs of their business require. It is important that these books be kept in good shape—that is, entries should be in chronological order, there should be no blank pages, omissions, etc. However, these books are not subject to inspection and no legal action can be taken with respect to irregularities of form. Books most commonly included under this heading are those in which the daily commercial operations are inscribed, to be later transferred to the daybook; the grand livre, or big book, which shows the names of customers and the business done with them; the cashbook, which shows all sums paid into or from the cash box; purchases and sales book; notes payable and receivable; merchandise received and shipped; current accounts; general charges; profit and loss accounts, etc.

Rules of Evidence Clearly Defined.

A merchant's books may be used as proofs against him, but it is not permitted to extract from the books any portion prejudicial to the merchant and neglect elements contained therein which seem favorable to him. This rule applies even in the case of books which have been kept irregularly.

However, the probative force of merchants' books in local courts depends largely on whether the dispute is between two merchants or between a merchant and a nonmerchant. In disputes between merchants books kept regularly and according to law may be admitted by the judge as evidence in cases having to do with commer-

cial matters. An examination is made of the books submitted by each party so as to guide the judge in making his decision. However, the judge is not obliged to admit evidence obtained as a result of examination of a merchant's books, even though they be kept in an entirely regular and legal manner. Inversely, the judge may, if he wishes, extract from books irregularly kept, evidence which may be in favor of the owner. In fact, under the Commercial Code, where testimonial proof is admissible—and such proof is always admissible in commercial cases—the tribunals are authorized to base their decisions even on simple presumption.

In legal disputes between a merchant and a nonmerchant the merchant's books can not be introduced as proof.

Use of Loose-Leaf Books Contrary to Strict Law.

Although there is no reference in French law to loose-leaf books, the legal requirements applying to the daybook and the inventory book have the effect of precluding the use of loose-leaf bindings for these.

It is probable that no loose-leaf book for use as a daybook or inventory book would receive the stamped approval required from the tribunal of commerce. However, many merchants interpret the laws in a much looser sense than was the case a few years back. For example, the practice seems to be growing of noting down daily sales on loose leaves and of transcribing only the totals on the permanently bound daybook. A similiar practice is often followed with regard to the inventory book, the inventory being drawn up in detail on loose leaves and later noted under suitable headings and in subtotals and grand totals in the permanently bound inventory book.

With the exceptions noted in the case of the daybook and the inventory book, all other books may be in loose-leaf form, and in such form may be admitted as evidence in commercial disputes.

Devices Becoming More Common.

The use in France of loose-leaf books is not yet general but tends to become so. The various journals devoted to bookkeeping (such as *La Comptabilité et les Affaires*) have helped the movement to spread. The tendency is also greatly stimulated by the increasing number of mechanical devices for making entries on ledgers, etc. Practically all of the large business organizations, including banks and department stores, have adopted the latest models of bookkeeping devices. Much progress has also been made along this line in Government offices. The success of loose-leaf books is illustrated by the fact that the sales of machines for writing direct on bound books have decreased steadily. The only American firm selling such machines in France does about 5 per cent of its total business in those machines, the other 95 per cent of its sales consisting of machines adapted to write on loose leaves.

There are no statistics giving even the approximate volume or value of the French production of loose-leaf books. More than 40 firms are manufacturing loose-leaf books in France, but only about a dozen of them are relatively important. Practically all of them produce these books in connection with other stationery supplies. One of the largest British companies manufacturing loose-leaf books under patents originally purchased for all Europe from an American

firm has a factory in France and imports only a few mechanical parts from England.

Sales Methods.

One of the largest single manufacturers of loose-leaf books never sells to retailers, practically all of his production being marketed direct to consumers—a practice that is fairly general. It is only in certain shipments to the colonies that sales are made by this manufacturer through wholesalers. This particular firm claims that it can not sell through retailers at a sufficient profit. It points out, further, that the nature of the products requires more sales attention than can usually be given by retailers. Also, in dealing direct with the manufacturer the consumer is sure of receiving promptly the refills and other material which may be required. However, most stores of any size handling stationery supplies sell loose-leaf books. Bookstores and department stores also act as distributors. Usually the retailers' stocks are comparatively small, often only one manufacturer's products being carried.

The prospects of importing loose-leaf books from the United States are not good. At least one large British company has found it advisable to manufacture in France, although import duties and transportation costs on English loose-leaf books are lower than on those from the United States. American firms which desire to compete seriously should consider the advisability of adopting this plan.

Some of the firms now manufacturing in France do considerable advertising and maintain large staffs of salesmen whose principal work is done direct with banks, insurance companies, department stores, Government offices, etc. It is rather evident that an American firm opening offices in France would have to work for some time on a small profit, or no profit at all, while getting established and becoming known. The market is a very competitive one, but sales of loose-leaf books are fair and are growing.

Contemplated Amendment of Legal Requirements.

French legislation applying to bookkeeping is over 100 years old, being included in the Code of Napoleon. The question of the application of the legislation to loose-leaf books is often raised among business people, due to the great value of such books in simplifying the keeping of records. In the absence of laws defining exactly when loose-leaf books may and may not be employed much uncertainty exists. Recently a bill was introduced in the Chamber of Deputies which would increase the number of books required to be permanently bound and inspected by the tribunal of commerce. Although the bill is said to contain a number of good points, it would, if passed, greatly restrict the use of loose-leaf books.

GERMANY

From a translation of the law submitted by Commercial Attaché C. E. Herring, Berlin

German law does not specify the books to be kept by merchants, but requires every merchant "to keep books which will reflect his transactions according to principles of proper accounting." He must also preserve his trade correspondence, but a copy book is not required. Periodical inventory and balance sheets must be drawn

up. Books must be kept in a living language. They must be bound and paged, but what constitutes a "bound" book has not been interpreted judicially. There are a few rules with regard to erasures and blank spaces, and it is provided that books must be retained for 10 years.

In litigation the court, on motion of a party to the suit or on its own motion, may demand the production of books, and the sole protection afforded their owner, seemingly, is the provision that books must be examined only in the presence of both parties and the court. If necessary, an extract may be made. Enough of the contents of the books, in addition to the entry under examination, must be shown to indicate that proper accounting methods are used. In cases of inheritance, community property, and settlement of partnerships the court can call for the presentation of books for examination of the entire contents.

GREECE

Assistant Trade Commissioner Charles E. Dickerson, Athens

Under Greek law merchants must keep (1) a special record of daily transactions, (2) a register of letter copies, and (3) a general book of enrollments listing all transactions. This provision of the law applies to all merchants and commercial companies and to foreigners operating commercial enterprises in Greece. In addition, certain merchants, such as exchange agents and transit commission agents, must keep special books. Law 281 of 1914 does not prescribe as obligatory any books to be kept by labor or professional unions.

As just said, commercial companies, corporations, etc., must keep the same books as those kept by merchants. Law 2190, on incorporated joint-stock companies, prescribes that at the beginning of its operations "the company must open the general book of enrollments stipulated in article 9 of the commercial law. This obligation is to be renewed at the end of each fiscal period of operation as provided in the charter of the company." An annual balance sheet is required.

Language—Inspection—Stamp Taxes.

Books must be kept in the Greek language even by foreign concerns, unless there is a public interpreter in the district knowing the language of the bookkeeper. The excess-profits tax requires books to be carried in Greek without exception, but this is not followed in practice.

Inspection of books may be effected only by officials of the service of taxes of the Ministry of Finance. Merchants, companies, and corporations must immediately deliver their books to these officials for inspection upon being shown the proper order of the ministry. No tax is paid for or during this inspection. Merchants not keeping a record of daily transactions or book of enrollments in accordance with the law are subject to a penalty equal to the professional or occupational tax which they pay; and if a merchant is not enrolled on that tax list he may be fined up to 500 drachmas.

The stamp tax law says: "Record books which have a probative force on behalf of those who keep them—that is, the record of daily

transactions and the general book of enrollments—are subject to a tax of 30 leptas per each integral leaf of four pages when not more than twice the size of the usual stamped paper, and to 60 leptas per each larger leaf.” To the above there must be added 10 leptas of the forced loan, increasing the stamp tax per leaf to 40 or 70 leptas. This stamp tax is to be deposited before any entry is made upon the numeration and initialing of each book leaf by a judge of a court of first instance; and a stamp is affixed to the last page of the book representing the tax paid.

Evidential Value of Required Books.

If the books are found to be kept in accordance with the law, they have against other merchants full probative force as to the existence and amount of a given claim. If it is requested, they may be certified to by oath. Against private individuals who are not merchants, the probative force of the books exists only as regards the extent of the claim; the truth (existence) of the claim must be established by other evidence. If the books do not bear the signature of the debtor, the duration of their probative force is one year and one day only.

If the books are not kept exactly in accordance with the law, they do not entirely lose their probative force. Owing to the fact that they are in such case considered as private documents, they may serve as ordinary probative means on behalf of whoever has kept them only in case the opponent has mentioned them in his claim. The opponent of the merchant has the right to call for them and request the court that their presentation be ordered, and they may be taken into consideration by the judge as simple evidence.

If the books are not duly stamped (if the stamp tax has not been paid), the books have no probative force in civil claims but may be used to defend a criminal action.

Use of Loose-Leaf Books General.

Although the law forbids the use of loose-leaf devices in the keeping of principal books, their use is permitted for subsidiary books. These are not prescribed but are permitted, and are kept by almost all merchants. Such books have probative force only if agreeing entirely with the record of daily transactions. No estimates of how many are in use can be given, as the import statistics do not classify them separately and the estimates of dealers are contradictory.

Loose-leaf devices are not manufactured in Greece but are imported principally from Germany, Italy, and France, and, in small quantities in the past two years, from the United States. American products, however, compete under great difficulties in price, due particularly to the depreciation of the drachma. The book typewriter is not common.

While the Government offices have not adopted modern book-keeping devices except to a limited extent, banks and corporations, particularly those more recently organized, are rapidly installing modern office equipment. Many of the more progressive smaller merchants are doing so as well, as the Greek is naturally astute in business and quick to take up new ideas.

ITALY

Assistant Commercial Attaché A. A. Osborne, Rome

Italian law as embodied in certain sections of the Commercial Code prescribes the keeping of two books, on the part of individual business men and of five in the cases of limited partnerships and of corporations. The two obligatory for the individual business man are the daybook or journal and the inventory, which latter need be compiled only at the end of the year. The journal, on the other hand, is supposed by the law to be written up day by day, giving in chronological order all transactions of the business involving receipts and disbursements or changes in debits and credits.

Corporations and limited partnerships are required to keep three additional books. These are the record of members or stockholders (practically the American stock-transfer book), the minute book of members' or stockholders' meetings with the decisions reached at such meetings, and a similar minute book for meetings of managers or directors.

It is also obligatory for the business concern, individual or corporate, to make copies of its outgoing letters and telegrams in a copy-press book and files of its incoming letters and telegrams as well.

The other book generally kept, aside from those mentioned above, is the ledger, classifying individual items by the accounts on which they are charges or credits. Curiously enough, the law ignores any current account book generally kept other than the journal.

No Requirements as to Language or Inspection.

Despite the general belief that Italian is the language prescribed for account books kept in this country, the law is silent on this point. This is probably because the keeping of accounts in any other language is rare. If such accounts are produced in court, the extra trouble and expense of interpretation is borne by the litigants.

Except for the access to books which the fiscal authorities may have in order to ascertain liability to taxes, there is no inspection of accounts as such. The inspection of the commercial tribunal or prætor applies to the number of pages making up the journal and inventory book according to the provisions of the Commercial Code. The number of pages in the book is noted before any entries are made at all, and each page is appropriately stamped officially. At the end of the year, when the books (journal and inventory) are finally closed, immediately after the final entry in each book is placed the official signature of the judge in the commercial tribunal or the prætor.

Stamp Taxes—Evidential Value.

A stamp tax of 10 centesimi on each sheet or double page of a commercial journal and inventory is imposed. Letter copy-press books pay 2 lire on each book of 400 or less numbered pages, and 50 centesimi on each hundred or part of a hundred pages in excess of 400.

The broker's notebook or "book of operations," as defined in the Commercial Code, article 33, is subject to a stamp tax of 2 lire on each sheet or double page.

A stamp tax of 10 centesimi is imposed on each sheet or double page of account books kept by various public-service agencies and contractors, as well as by shipping or forwarding agents and houses in general dealing in services rather than in commodities, if the books are to be considered valid should the entries in them be offered in evidence.

Only two brief paragraphs of the Civil Code appear to deal with the probative force of commercial account books. Those provisions have little to do with the legality or otherwise of the way in which the books are kept. Commercial account books or extracts therefrom do not seem to have preponderant weight over oral testimony.

Use of Loose-Leaf Books.

As the laws now stand which prescribe the nature of such books as the journal, broker's notebook, and inventory, and the character of the supervision the authorities are to exercise, those books of which the law takes specific cognizance may not be made up in loose-leaf form. However, such an important book as the ledger can apparently be kept in any form at all, or not kept if the head of the business so chooses, for all the law has to say on the matter. Only the special books named above need be bound.

There are no records of the sales of loose-leaf books in Italy. Generally speaking though, it may be said that the total volume of their sales must run low by American standards. However, they are used to some extent by large concerns to make original entries, which are later copied into the legally recognized books.

Large city stationers make their own loose-leaf binders and prepare the paper for insertion in them. One British device is known to some extent in this market, but it appears to be the only one which has made its name or brand distinct from the others. Stationers, too, are the usual medium through which bound or loose-leaf account books are sold; when they do not make these books up themselves, they purchase direct from the manufacturers.

Mechanical Appliances Not Common.

The use of the book typewriter is almost unknown except by hearsay in Italy. Some business men have the feeling that typewritten entries, if offered in evidence during a judicial process, would not be accorded the weight that would be given entries of the same items in longhand.

Italian business organizations are far behind those in the United States when it comes to the use of modern bookkeeping devices and systems. For one thing, office employees can be obtained in accounting offices at low rates of pay, so the amount of saving there does not loom large. While typewriters are used for correspondence and calculating machines for arithmetical computations, the employment of mechanical labor-saving devices in the actual maintenance of accounts has made little progress. However, there is no deep-rooted objection, on the part of either the law or business houses, to the modern bookkeeping systems in themselves.

No Movement to Revise Laws.

The laws that prescribe the ways in which accounts must be kept do not appear onerous to the Italians those laws concern. Late in 1921 the Parliamentary Commission for Reform of the Commercial

Code proposed some alterations, particularly regarding the probative force of legally kept accounts, but the proposals were dropped without exciting any discussion. There are no signs of a demand that the laws as they stand and affect bookkeeping should be changed.

[Translations of the Italian legal provisions relating to account books are on file in the Division of Commercial Laws, for loan.]

NETHERLANDS

P. J. Van Hess, of the trade commissioner's office, The Hague

Under the Dutch Commercial Code a merchant is obliged to keep "a journal," in which he must make entry in chronological order, without blank spaces, interlineations, or marginal notes, of the transactions in his business—the drawing, accepting, and indorsing of bills of exchange and other commercial documents, and his receipts and disbursements of whatsoever nature. In addition he should keep such books as are customary in trade, the keeping, of which, however, has not been laid down by law. The same act stipulates that the merchant shall preserve the letters he receives and copies of those which he sends. Furthermore, within six months after the termination of every year an inventory and balance sheet must be drawn up and entered in a separate register and signed by the merchant himself.

All this applies to the "merchant." According to the Commercial Code, merchants are those engaged in mercantile dealings and who make these their professions. For corporations, no special laws have been laid down regarding the keeping of books, and for private individuals no legal compulsion exists. For brokers the law stipulates that after the closing of a transaction they must immediately make a record thereof in their "carnet."

Many Subsidiary Books Kept.

In addition to the accounts mentioned, other books also are kept, depending largely on the nature of the business or the characteristics of the system of bookkeeping employed. The journal has become more or less obsolete because of its being somewhat unpractical. The first entries of the divers transactions generally are made in one of several auxiliary books. The principal auxiliary books which the trader (not manufacturer) keeps are cashbooks (for receipts and expenditures), purchases journal, sales journal, bank pass book, accounts receivable ledger, and accounts payable ledger.

The Dutch laws contain no regulations regarding the language in which books must be kept; neither do they provide for inspection, and no special taxes are levied. Every corporation, however, has its books regularly inspected by accountants. Inspection of books can be demanded by tax officials.

Probative Force as Provided in the Codes.

According to the Commercial Code.

Merchants' books, when correctly kept, furnish evidence of those facts only which are mentioned in the law, namely, that books shall have probative force between merchants regarding matters relating to their business, concerning the period of the transaction or delivery, and the quality, quantity, and price of the merchandise, except upon rebutting evidence, but only when the transaction

is not entirely denied or when the existence thereof is generally proven.

Regarding the probative force of the merchant's books between a merchant and a private person, the Civil Code states that a merchant's books, when kept conformably with the regulations, will be accepted as evidence concerning quality and quantity of deliveries mentioned therein, provided it be proved from other sources that the merchant was accustomed to make similar deliveries to the party of the other part on credit, and finally that the merchant shall confirm the truth of his claim upon oath. If the merchant's books have not been correctly kept, they may be used as evidence against him.

Recent Amendments to Code.

The Dutch Civil and Commercial Codes, both of 1838, were made to replace French legislation which had been in force before. Gradually it became apparent, however, that the laws of 1838 were too antiquated to be used as a guide for the more modern methods of business administration. On June 5, 1923, articles 6/10 of the Commercial Code and article 1919 of the Civil Code were replaced by the new articles 6/7 of the Commercial Code, which read as follows:

Every merchant is bound to make entries with respect to his capital and everything pertaining to his business in such a manner that at all times his assets and liabilities can be recognized from the entries made. Within the first six months of every year he must draw up a balance sheet according to the requirements of his business, which he must himself sign.

He is bound to preserve those books and documents in which he has made entries in accordance with the first paragraph, as well as the balance sheets, for a period of 30 years; the letters and telegrams received and copies of outgoing letters and telegrams shall be retained for 10 years.

It is left to the discretion of the court to attach to the entries, balance sheets, and copies mentioned in the previous article such probative force in favor of the merchant who has kept them as shall be deemed proper in each particular case.

In a commercial lawsuit the court can demand inspection of a merchant's books, which, if refused, would be taken as evidence against him. In the event of bankruptcy, the fact that books have not been properly kept renders the bankrupt open to prosecution, while upon falsification the person guilty thereof is considered a fraudulent bankrupt.

Introduction of Loose-Leaf Devices.

Loose-leaf devices were first introduced here some 12 years ago. The pioneer in this line was an American firm which opened a branch at Amsterdam for the sale of its product, then being manufactured in England. In the beginning the conservatism of the Dutch people made it extremely difficult to sell this new "fad," but soon its efficiency was generally recognized. At present every stationer and printer of importance sells loose-leaf devices.

In view of the fact that the Netherlands has an important paper industry, it is not surprising that several firms make a specialty of loose-leaf devices. Besides the local production there is also importation of English, German, French, and Swedish systems. In short, the market is flooded with this material, and every office-supply store sells a different make, either its own, like some of the printers who are also retailers, or an imported product. The latest

novelty in this line is a sort of card-index record in loose-leaf book form.

Sales Prospects.

In the face of all this competition, it is doubtful whether American manufacturers of ordinary loose-leaf devices would achieve more than a mediocre success in this market. Better results would be obtained with some entirely new system or scheme, provided liberal terms were offered to the prospective importer and a substantial advertising allowance made—which naturally is one of the first requisities in a country where modern advertising is growing to be more and more a recognized medium for trade expansion.

Moreover, the loose-leaf business is a little on the wane due to the retrenchment policy of most of the important business houses and public bodies after the period of postwar prosperity, when large orders were placed for office supplies which still fill their storerooms. Indicative of this situation is the discontinuance of an American branch at Amsterdam, with the substitution of a mere agent, and also the curtailment of the business of one of the leading Dutch office-supply importers and retailers.

Mechanical Appliances in Much Favor.

The Dutch business man has taken very quickly to the use of modern bookkeeping devices and labor-saving appliances. American, German, English, and French makes find a ready sale here. Government institutions also have adopted new methods. When the Government's postal check and transfer service was started some years ago, 1,000,000 guilders worth of machinery was installed. Unhappily many of these machines did not serve their purpose and were discarded. It is learned that preparations are being made at the department of finance for a new bookkeeping system on a more commercial basis.

The sale of modern requisites for factory and office administration is promoted through periodical exhibitions and demonstrations which are held under the auspices of the Dutch Association of Importers and Manufacturers of Office Machines. Books on the subject have been written by competent Dutch authors, as, for example, *The Machine in Modern Administration*, by Klijnvel, and *Economy in Bookkeeping Through a New System*, by E. Krikke. In addition, several Dutch magazines publish articles on relevant subjects and contain advertisements of office appliances and stationery, the principal periodicals being *De Accountant* (official monthly organ of the Dutch Institute of Accountants); *Accountancy*, *Wassenaar*; *Administrative Arbeid*, *Amsterdam*; and *Maandblad voor het Boekhouden en Aanverwante Vakken*, *Wassenaar*.

NORWAY

Consul S. Bertrand Jacobson, Oslo

Norwegian merchants as well as corporations are required by the terms of the law of July 16, 1907, article 11, to keep books showing the general turnover of their business and the purposes for which moneys are spent. The books must also indicate what merchandise and sums of money are used for private purposes.

The books prescribed by law are three in number, namely, the head ledger, the cashbook, and the account book. The law prescribes that these shall be bound and the pages consecutively numbered before entries are made in them. Entries in these books must not be made illegible by erasures or other alterations, and no pages may be torn or otherwise removed from the bound volume.

Effect of the Law—Probative Force of Loose-Leaf Books.

It will be seen that the last-mentioned requirement, which prohibits the removal of pages from account books, theoretically precludes the possibility of using loose-leaf devices, which, however, are being adopted in increasing numbers by banks, stock companies, department stores, and other businesses. In order, therefore, to meet the increasing use of loose-leaf systems in Norway, a new law is being prepared which will permit the use of loose-leaf systems in all books except the head ledger. Pending the adoption of laws specifically authorizing the use of loose-leaf systems, business circles in Norway are gradually going over to the use of loose-leaf systems.

Books which are kept in accordance with the law and produced in court can be admitted as proper proof, unless the opposing party to the action can prove the contrary. The Norwegian courts also admit for proof books using the loose-leaf system, unless the opposing party to the action can disprove their accuracy and validity.

MODERN DEVICES

Extent of Use of Loose-Leaf Systems.

Although accurate statistics are not obtainable to show the extent of the use of loose-leaf systems in Norway, they are gradually being adopted in nearly all businesses. The principal sources of loose-leaf devices are the United States, Germany, and England. Loose-leaf bookkeeping devices are purchased from importing stationers, who fit them with paper and covers manufactured in Norway, since the import duty on paper manufactures is rather high.

Book typewriters for making entries on ledgers are offered by local typewriter agents, but their use has not become as extensive as the use of loose-leaf systems themselves.

POLAND

Assistant Trade Commissioner James F. Hodgson, Warsaw ³

Merchant's and corporations are required to carry a journal and an inventory book, and it is customary to keep, in addition, a ledger and a cashbook. The use of the Polish language is habitual but not obligatory.

For the purpose of checking up on the turnover tax and the income tax, both of which are payable monthly, books are examined at frequent intervals by inspector auditors of the ministry of finance. Visits of the inspector are unannounced; one firm advised that its books were inspected on an average of twice a month, while another stated that its books were inspected once every three or four months.

³ Later promoted to the post of commercial attaché at Prague, Czechoslovakia.

Probative Value of Required Books.

When the journal and inventory have been sealed by the commercial court as provided by law, they are admissible in evidence in a court of justice, whereas subsidiary books enjoy no such privilege. Since loose-leaf books can not be sealed as the law directs, it is impracticable to use them for the required books. In Poland the laws of the countries formerly controlling the various parts of the nation are still in effect—that is, the law prescribed by the Russian Government is in force in Congress Poland, the laws of the former Austrian Empire are still used in Galicia, while in Upper Silesia, Posen, and Pomerania the Prussian code is effective.

The commercial law is now in process of codification, but it will probably be a period of years before the work is completed. However, there appears to be no tendency at this time to modify the present rules relating to bookkeeping.

Use of Office Appliances Limited.

Loose-leaf books have only lately been introduced in the Polish market; they are occasionally used for subsidiary books. Dealers say that sales have been very limited, but that inquiries are becoming more frequent. Several sales of book typewriters have been reported recently.

Little use of modern bookkeeping devices is made by either the Government or large business organizations. Office help is on a very low wage scale in Poland, and money is tight, with legal interest rates of 24 per cent a year. The investment of \$300 in a piece of office equipment is a serious matter when it means a loss of \$72 a year interest, and the average organization prefers to hire an additional bookkeeper or clerk, whose services may be utilized for other purposes when he is not occupied with his bookkeeping.

The industrial development of Poland has not progressed to the point where the general use of office-efficiency equipment and labor-saving devices is essential. The transition from the rather obsolete (from the American point of view) methods of doing business is bound to be a gradual one, dependent upon the success of individual enterprises. It is not believed that there is at present a sufficiently great potential demand for loose-leaf devices to make Poland an interesting market for American stationery manufacturers.

PORTUGAL

Consul General W. Stanley Hollis, Lisbon

In Portugal and its colonies the law very clearly and explicitly requires that all persons engaged in any sort of business whatsoever must keep certain account and record books. Books and records kept in accordance with the legal prescriptions are admitted as testimony in all lawsuits, while books not so kept are not admitted as testimony or in any way recognized by the courts, and a penalty also is incurred.

Books Required by Law.

The *Codigo Commercial Portuguez* prescribes the books which must be kept by merchants and corporations doing business in Portugal. These books are inventory and balance books, diary (day-book), "*razão*" (corresponding to record of debit and credit account

or ledger), and copy book of correspondence. Corporations must also keep minute books for recording their meetings.

Besides these books, called principal or essential books, various others are kept, such as accounts current, store books, order books, and draft-recording books, called subsidiary or auxiliary books.

Stipulations as to Language, Visas, Etc.

All principal books required by law must be kept in the Portuguese language. Books may be examined only by order of the court in specific cases.

The principal books are registered in the commercial court, the pages of every book first being duly numbered, and then initialed by either the judge or a clerk of the court. This initialing must be done by hand with pen and ink, and is tedious work, for which certain fees are charged.

The law does not permit the use of loose-leaf devices in the keeping of principal books and does not make any specifications for the keeping of subsidiary books.

Devices Becoming More Common.

It is a matter of considerable difficulty to even estimate how many loose-leaf books are sold locally, inasmuch as no statistical records concerning their use exist. In a general way it may be said that a fair number are sold and that the demand is increasing, notwithstanding their use as principal books is not allowed by the laws now in force.

The best loose-leaf books offered for sale here are imported from Germany and the United States, but by far the largest number are manufactured in Portugal. These domestic products are not so good in appearance and quality as the imported books, but they cost only about a third as much.

At the present time a few firms use book typewriters, and the use of these appliances is increasing slowly. The modernization of bookkeeping in department stores and other organizations, including Government offices, is progressing at a very slow rate. There is no tendency so far in this country to revise the laws relating to the keeping of books by merchants.

[A copy of the sections of the *Codigo Commercial* relating to account books is on file in the Division of Commercial Laws, for loan.]

RUMANIA

Commercial Attaché Louis E. Van Norman, Bucharest

The following paragraphs are quoted from the Rumanian Commercial Code of 1887 (which is still in force) as amended by laws passed in 1895, 1900, 1902, and 1906:

All merchants must keep a journal, an inventory book, and a copy book. There must be entered daily in the journal a complete summary of all transactions in connection with the merchant's business. Once every month the merchant will make an entry of his personal expenses.

All letters sent out by merchants must be copied in a special book kept for that purpose.

The "obligatory" books must be numbered consecutively and signed by a judge of the local court, who will place on them the official seal of the court. They must (with the exception of the copy book) be submitted to the court at the end of each year for verification and control. No taxes or stamps are necessary in connection with these formalities.

Books can be kept in Rumanian or in any other modern European language. They must be preserved for a period of at least 10 years after verification. A merchant's correspondence must also be retained for a similar period, and all invoices for merchandise purchased for at least two years.

The courts can not demand a merchant's books at the request of a litigant in a lawsuit unless a matter of succession, properties in escrow, or bankruptcy is involved.

Since the adoption a few years ago of the 1 per cent tax on business turnover (sales tax) merchants are supposed to present their books every month for inspection by the local tribunal.

There are no loose-leaf or other modern appliances sold locally, their use being confined to foreign concerns, which are supplied by their home offices; but there is an expectation that in the near future the regulations regarding bookkeeping will be revised and brought up to date, in which case it is possible that the use of loose-leaf books will be legalized.

SPAIN

Assistant Trade Commissioner Albert Noel, Madrid

The official Spanish prescriptions regarding the kinds of books to be kept by merchants and corporations are embodied in the Commercial Code (Código de Comercio), whose provisions are in force for the whole of Spain. They are not embodied in or modified by local laws.

Books Required Under the Code.

The books the keeping of which is obligatory are the daybook, ledger, cashbook, book of inventories and balances, and the book in which copies of letters and telegrams are kept. These books are obligatory for corporations as well as merchants. Corporations are obliged to keep furthermore a minute book containing the proceedings of directors' and general shareholders' meetings.

Certain kinds of merchants and corporations are obliged to keep additional books to facilitate official surveillance over their operations. For example, under a very recent royal decree manufactures of alcohol are obliged to follow a very complicated system of accounting which is not applicable to any other industry; likewise sugar manufacturers and warehousemen, manufactures of chicory, manufactures of and dealers in firearms, buyers and sellers of secondhand objects, banking institutions, insurance companies, etc., are obliged to keep special books of accounting for official inspection.

Official Stamp for the Obligatory Books.

Every page of these obligatory books must be stamped with an official stamp by the municipal judge upon presentation to him of a formal petition bearing revenue stamps whose amount varies with the number of pages, kind of book authorized, and nature of the business organization.

Merchants or corporations may keep such auxiliary books as they choose in addition to those which are obligatory. No authorization has to be taken out for the keeping of auxiliary books, nor need they bear the official stamp unless their owners so desire in order to make them more valid as evidence before the courts. In this case they must be bound.

Language—Inspection.

The obligatory books above mentioned must be kept in Castilian Spanish. Auxiliary books may be kept in any language the owner chooses, unless legalized like the obligatory books.

It is quite common for foreign concerns established in Spain to keep two sets of the obligatory books, one in Spanish in fulfillment of the laws of the country and the other in a foreign language. There is no prohibition against the carrying of such double sets of books. The earnings, distribution of capital, wages, etc., are frequently stated with more particularity in the foreign-language set.

Not local laws but the Spanish Commercial Code and income-tax law provide for official inspection of the books of a concern. The official inspection is not made in the majority of cases where income taxes are assessed and paid. They may be made when the taxpayer's sworn statement of the condition of his business is not convincing, where accusations of fraud are made against the taxpayer, and where the taxpayer himself asks for an inspection in protest against assessment of an income tax whose amount he considers exorbitant. The Commercial Code provides for official inspection in the event of legal proceedings.

Stamp Taxes—Evidential Value.

The daybook, ledger, and book of inventories and balances of banks, mercantile and industrial corporations, navigation companies, and insurance companies pay a stamp tax amounting to 10 pesetas for the first leaf and 25 centimos for each succeeding leaf. The book in which copies of letters and telegrams are kept pays 5 centimos per leaf for these institutions. These same books in the case of foreign or native individual merchants who legalize their accounting pay 5 pesetas for the first leaf and 15 centimos for successive leaves, except for the letter-copy book, the tax on this being 2½ centimos per page.

Books kept according to law have the same probative force before Spanish courts as before American courts. If not kept according to law they have none at all; this in so far as concerns both obligatory and legalized auxiliary books. Failure of a firm not keeping any one of the obligatory books is deemed fraudulent. Auxiliary books, no matter in what number they are adduced as evidence, have no weight before Spanish courts unless legalized.

The obligatory books must be permanently bound, have flyleaves, be ruled, and have their leaves numbered. A loose-leaf or any other system the owner chooses may be used for keeping subsidiary or auxiliary books, unless it is desired to have them also legalized.

Use of Loose-Leaf Books Limited.

None of the persons interviewed in Madrid would hazard a guess as to the number of loose-leaf books sold here. The use of even the simplest loose-leaf books is limited throughout Spain, owing to the difficulty of getting away from ancient custom, strengthened by the official insistence upon the use of permanently bound books for accounting. Card indexes, however, for follow-up systems, names of "prospects," etc., are coming into vogue.

The simpler forms of loose-leaf books are mostly of German or Spanish manufacture. The Spanish products are rapidly driving the German from this market. A Barcelona importer of metal

clasps, etc., used by the Spanish manufacturers of loose-leaf books says that he has more than a hundred clients throughout Spain and his annual business in this line is now above \$7,000. He imports mostly from the United States.

Simple loose-leaf books with plain or ruled paper are sold by stationery stores throughout Spain. Some of the larger establishments of this kind sell more specialized ones. Filing cabinets are sold by dealers in office furniture, some of whom sell also cards for them. (One well-known brand of American card-filing devices is quite widely distributed.) Up-to-date American loose-leaf systems are sold direct to the user by the Spanish representatives of the manufacturer. The simple loose-leaf books above mentioned generally are bought by retailers direct from the manufacturers through the latter's traveling salesmen. To a relatively small extent they are sold to the retailers by jobbers.

Mechanical Devices Not Extensively Used.

Book typewriters are not at all common. They are used by some of the largest electric light and power companies, some concerns exploiting municipal water supplies, etc.

Spain is a backward country in so far as the use of modern bookkeeping devices is concerned. The difficulty experienced by manufacturers of calculating machines in gaining a foothold in this market is evidence of this. Some few rich banking and commercial firms throughout the Provinces even refuse to use typewriters for their correspondence. Modern loose-leaf systems of bookkeeping are limited in Spain largely to foreign concerns established here and a few progressive Spanish institutions. The Government used practically no modern loose-leaf or card-filing devices until recently, when some not insignificant sums have been spent for the purchase of statistical machines for the Dirección General de Estadística and the statistical section of the Council of National Economy. It is believed by those who know Spain that when the resistance to the use of modern bookkeeping devices is overcome these will attain a considerable vogue, as have other modern things such as automobiles, elevators, and radio sets after gaining a foothold. The inertia to be overcome, however, seems to be holding its ground for the present.

Thus far no tendency has been shown toward revising the law relating to the keeping of books by merchants with a view to permitting the use of loose-leaf devices. There exists at present, however, a strong tendency to innovate in lawmaking, and none can tell what new laws may be promulgated any day.

SWEDEN

Consul Walter A. Leonard and Consular Clerk Harold Carlson, Stockholm

Sweden offers a good market for loose-leaf binders and bookkeeping machines. With the advance of bookkeeping methods and the development of bookkeeping machines, the practice of using loose-leaf records is becoming more and more general. While there are no restrictions covering subsidiary books, the use of loose-leaf devices for principal books was not permitted by the basic law of 1855. However, it appears that later amendments and interpreta-

tions of that law do not preclude the use of loose-leaf bookkeeping systems, and it is stated that the average Swedish business office nowadays employs loose-leaf books for ledgers and for subsidiary books.

Annual Sales of Loose-Leaf Books.

Loose-leaf binders have been known in Sweden during the past 10 years and have met with increasing popularity. It is stated that at present practically every Swedish firm of importance keeps loose-leaf books. Dealers estimate that 10,000 loose-leaf binders for bookkeeping are sold here annually.

There are, however, a number of concerns which prefer card systems, and it is stated that the Swedish Post Office Bank, which is a Government institution, now keeps all its records on cards. However, in a general way, it may be said that loose-leaf binders are preferred to cards because of the danger of losing a card. It is estimated that 70 per cent of all loose bookkeeping records in Sweden represent loose-leaf books, the remaining 30 per cent being cards.

Loose-leaf books are usually sold by agents directly to the users. However, some are sold through retail stationers, who purchase from the manufacturers or agents.

Makes of Loose-Leaf Binders Sold in Sweden.

Approximately 90 per cent of the loose-leaf binders sold in Sweden are said to be of Swedish manufacture, there being three important factories making such devices. Official statistics do not separately itemize loose-leaf binders, which are included in an item called "bookbinding" (bokbinderiarbeten), the value of which in 1923 amounted to 17,000,000 crowns. The balance of loose-leaf binders sold seem to be American, inquiries having failed to reveal the sale here of binders of other makes.

Some difficulty has been experienced in obtaining locally sheets of paper to fit the American binders because the punching machines of the Swedish mills are gauged according to the metric system. There are said to have been occasions when special punching machines have had to be made at considerable expense. It is found cheaper to procure the sheets for the binders in Sweden than to import them from abroad, but many Swedish business men prefer the American binders on account of their neater appearance and superior construction.

There does not seem to be any special brand names for the articles manufactured by Swedish firms, but only trade-marks in the form of an ink bottle or something similar with the name of the manufacturer. Until recently all Swedish loose-leaf books were made for handwriting purposes. With the increasing use of bookkeeping typewriters and machines, Swedish manufacturers are beginning to put out binders suitable for machine work.

Use of Bookkeeping Machines.

The use of typewriting devices for bookkeeping is undoubtedly increasing in Sweden, practically all of these devices being of American manufacture. Sweden's largest department store uses loose-leaf ledgers and bookkeeping machines of well-known American makes. It is also stated that the Government accounting office has adopted the loose-leaf system and bookkeeping machines.

As mentioned before, most Swedish offices of importance now use loose-leaf books, and bookkeeping machines are coming more and more into favor. Makes of loose-leaf binders are often sold as a side line by the companies which sell the office devices.

Kinds of Books Prescribed by Law.

Swedish laws and regulations prescribe that merchants and corporations shall keep such books of record as the daybook, letter book, and book of inventory. The basic Swedish law dates back to May 4, 1855, and is still in force, being included, together with the amendments of 1868, 1895, 1909, and 1914, in the law of 1924. Concerning the principal books that should be kept by a merchant the law reads:

Everyone who, in compliance with special regulations, in a city or in the country, has made it his calling to trade either wholesale or retail or to manufacture or prepare goods for sale shall, regardless of whether it is a private person, company, or association, keep proper record books as stated below. This law shall likewise apply to private companies which have been entered in the commercial register as well as corporations, the latter even when not engaged in any of the above-mentioned pursuits. (Law of June 28, 1895, valid as of January 1, 1897).

Under the regulations contained in the first section of paragraph 1 are included: Those who trade with money and engage in banking; those who buy domestic or foreign goods for the purpose of resale; those who professionally act as selling or buying commissioners or as trade agents for the sale of goods; those who build or furnish ships or vessels for coastwise or foreign shipping in order to sell or charter them out for carrying freight; those who engage in insurance business; keepers of drug stores; printers and publishers; those engaged in coarser or finer production of forged iron, who run furnaces for the production of pig iron, or run iron foundries; those engaged in fabrication or manufacture; those engaged in the preparation of foods or beverages for sale; those who make a profession of contracting for the building or improving of houses and buildings. Exceptions are: Agriculturists and those engaged in pursuits connected with agriculture or to be regarded as handicraft; those engaged in mining; artisans who make goods principally to order; and those who with the assistance only of wife and children carry on a small trade, such as peddling, or prepare foods or beverages or other goods for sale. (Law of April 18, 1914, valid as of January 1, 1915.)

The books prescribed in paragraph 1 shall be diary, letter book, inventory book; but a merchant shall have the right to keep any other additional record books he sees fit. If the size or condition of the enterprise is such as to make it inconvenient to keep an undivided diary book, this may be divided in several suitable parts.

A corporation must also keep a book containing a record of the stock of the corporation and its holders.

Subsidiary Books—Language.

In addition to the books prescribed by law, enterprises of any importance usually keep a complete set of the books commonly known to business men, such as general ledger, customers' ledger, and order book. The kind and number of additional books vary, of course, with the class of enterprise.

The Swedish law does not at present contain any restrictions with regard to the language in which commercial record books may be kept. A committee was appointed in 1912 to revise the existing laws on this subject and a proposal was laid before the department of justice in 1916, and has not yet been before the Riksdag. It is proposed to include in the new law the stipulation that commercial records be kept in a modern European language and in the ordinary characters of such language.

Probative Force of Commercial Record Books.

When kept according to law, commercial record books have full probative force in Sweden. When not so kept, they either lose their probative force entirely or retain it only to a limited extent and under special conditions. Concerning this the law states:

Commercial record books, properly kept, may serve as proof in controversies between merchants according to what is said below. (Law of September 12, 1868.)

If a commercial record book is not so kept as stated above, it shall not be valid in favor of the party referring thereto unless his opponent so permits or the case is such that the judge finds the book to have the merits of a valid testimony for that particular case.

The testimony of a properly kept record book may not be valid as final proof in commercial disputes between merchants unless the defendant so permits or other circumstances occur supporting the book, or the merchant or the person who has kept the book confirms it under oath; the judge having the right to prescribe such oath in each instance according to the nature of the case.

If a merchant has kept other record books in addition to those prescribed the judge has the power to demand that such additional books be laid before the court, under penalty of a fine or other punishment, and take part of their contents concerning the matter at issue, and have copies made. These books may not, however, be considered binding testimony, unless as far as is consistent with their purpose they comply with the requirements stipulated for the valid testimony of the former.

Revised Law on Bookkeeping Records Under Preparation.

As previously remarked the Swedish law prescribes that the diary (cashbook and journal) and inventory book shall be bound and the pages numbered consecutively, no stipulations having been made with regard to the binding of other books. It is stated that a revision of the present Swedish law on bookkeeping records has been placed before the department of justice. In the revised law the wording is said to have been slightly changed, but the substance remains the same, namely, that loose-leaf devices may be used for making entries only when the same entries are also recorded in a bound volume.

[The Swedish text of the original law dated May 4, 1855, together with the amendments of September 12, 1868, June 28, 1895, May 14, 1909, and April 18, 1914, are on file in the Division of Commerce Laws, for loan.]

SWITZERLAND

Vice Consul William H. Mathee, Zurich

In Switzerland all firms with a capitalization of 10,000 francs or more must be registered in the Federal register of commerce.

The Swiss law of obligations stipulated that firms so registered must keep books in an orderly manner and in such a way that the financial position of the proprietor as well as the assets and liabilities of the concern can properly be ascertained, and that these books must be preserved for 10 years after the date of the last entries. It also requires that all correspondence, including telegrams, be preserved for 10 years after receipt.

Kinds and Types of Books.

Neither the Swiss law of obligations nor local laws specify the kinds and types of books that must be kept. The five books commonly kept by organizations in Switzerland are the journal, cash-book, ledger, accounts current, and inventory.

It is generally believed that loose-leaf books greatly facilitate the operation of bookkeeping, but there seems to exist a tendency to adhere to the use of bound forms for the principal books such as the journal and the cashbook. It is estimated that only about 30 per cent of all the Swiss bookkeeping is done in loose-leaf books. Devices for making typewritten entries in books are not commonly used in Switzerland but are employed by a few large concerns which can afford the investment in such machinery.

Language—Inspection—Stamp Taxes.

There is no law prescribing the use of a certain language in connection with books of account. It is generally believed, however, that it is advantageous to keep the books in the official language of the Canton, because inspection by the court in bankruptcy proceedings is facilitated thereby.

Government inspection of books is permissible only in the event of bankruptcy, failure to pay, or for the purpose of making tax assessments. No stamp tax is levied on books in Switzerland.

Probative Force of Books.

The probative force of principal or subsidiary books in court when kept according to law is not in any measure influenced by the type of books, whether bound or loose leaf. If it appears, however, that the clearness of the material contained in the books exhibited has suffered because of the type of book employed the probative power of such books whether bound or loose leaf, would be materially affected. What little prejudice there may exist, not on the part of the court but on the part of the keepers of books, in regard to loose-leaf volumes can only be traced to the fear of a possible suspicion of substitution of material, facilitated by the interchangeability of pages offered by loose-leaf devices.

To the knowledge of prominent lawyers it has never occurred in the courts of Zurich that a decision has been rendered merely on the direct evidence of material contained in account books. It is customary for the court to appoint an expert accountant. The accountant's report can not be used, however, as the exclusive basis for final decision but only as rebuttable evidence.

TURKEY

Trade Commissioner Julian E. Gillespie, Constantinople

The Turkish Commercial Code, which is in fact an extract of the French Commercial Code with certain omissions, formally prescribes that individuals and corporations in Turkey shall use a journal, a ledger, an invoice book, a balance book, and a letter copy book in the conduct of their business. The journal, the balance book, and letter book are considered by law as of primary importance. Merchants and business concerns may keep any additional books they desire.

It must be pointed out, however, that in actual practice the majority of small traders in Turkey do not adhere strictly to the prescriptions of the Turkish Commercial Code. Actually, it is believed, most of the small merchants and traders of the country keep

only a very primitive cash or sales book, due to the fact that they are not sufficiently versed in modern business administration and can not afford to employ a bookkeeping staff.

Use of Turkish Language Urged.

The Turkish Commercial Code does not prescribe the use of any specific language in bookkeeping or record making. Since the coming into power of the present Turkish nationalist government and the application of the companies' registration law, the Government has insisted that joint-stock companies holding a Government concession must keep their principal books in the Turkish language. This requirement was doubtless formulated with a view to enabling Turkish employees to secure employment on the staff of concessionaire companies.

During the past two years or so this aim has been partly attained in the case of the more important joint-stock companies holding Government concessions. However, the Government has not insisted as yet in the case of these companies that all books be kept in Turkish, as this is impracticable at the present time, because of the lack of adequately trained Turkish personnel.

Private commercial companies and business concerns keep their books in their own language. French is the most common language in which books are kept by the greater proportion of the leading local commercial institutions and business men in Constantinople, Smyrna, Mersina, and Samsun.

Inspection and Legalization of Books.

The Turkish law provides for the inspection of books of joint-stock companies only, regardless of whether or not the company is the holder of a Government concession. Inspection is primarily for the purpose of safeguarding the interests of Turkish citizens who may be stockholders. Except in the event of bankruptcy, dissolution, inheritance, or communal or commercial litigation, the local laws do not provide for the inspection of the books of private individuals, traders, merchants, or other commercial organizations. The commercial courts of the country may, of course, order the inspection of all books in connection with any civil proceedings.

The law governing the use of commercial books provides that before entries are made in a journal it must be numbered, initialed, and visaed by an official of the commercial court.

No stamp taxes are levied on bookkeeping journals, ledgers, cash-books, etc., and no stamp tax is paid for the inspection of such books.

Evidential Value of Books Restricted.

Books which have not been numbered and initialed as above may not be submitted to nor serve as evidence in the Turkish courts. In litigation before commercial courts the presentation of books may be officially required for the purpose of making abstracts of such entries as have reference to the case.

Generally speaking, books have probative force before courts only in case of bankruptcy, provided they have been properly numbered, initialed, and visaed by an official of the commercial court. It goes without saying, however, that the entries in such books may be attacked in the courts in an endeavor to show fraudulent entries, conspiracies, collusion, etc.

According to a statement made by a prominent attorney in Constantinople, it is generally admitted and accepted that by virtue of usage and custom only bound books can be employed in bookkeeping, and that if loose-leaf devices were used for principal books such books might be contested by an interested party or lose their probative force before a court. I am informed that this point has never as yet been raised in the local courts. It is possible, of course, that in the keeping of the principal books loose-leaf devices might be accepted if the leaves were previously subjected to the numbering and initialing formalities provided for in the law.

Use of Loose-Leaf Books.

There is no provision of law which prescribes the form of books to be used by individuals or concerns engaged in business, and the law makes no mention whatsoever regarding loose-leaf devices. This is easily understood when it is realized that the Turkish Commercial Code has not been materially modified since it was first adopted in 1850.

The use of loose-leaf books and devices in Turkey is exceedingly limited. Several of the leading banks in Constantinople have adopted to a limited extent certain loose-leaf books which are ordered at the present time almost exclusively from local printing houses. During the armistice period American loose-leaf books were used by a few large establishments in this city, but these books were generally found to be too expensive for this market and their cost has been further raised as a result of the increased import tariff.

There are no figures available as to the number of loose-leaf books and loose-leaf devices sold locally, but it is safe to say that the market is so limited as to be of no commercial importance, and, furthermore, there seems little opportunity at present for extending their introduction. Most of the leading financial and commercial institutions in Turkey use the ordinary type of bound books; small business concerns, traders, etc., demand the cheap types of bound books. The few loose-leaf books which were imported during the armistice period were brought in by a local manufacturer's representative agent who personally offered them to the various concerns in this city.

Mechanical Devices Not Commonly Employed.

Book typewriters are not used locally. Indeed, it is doubtful if there is a single book typewriter in the entire country. All bookkeeping entries are made by hand.

Generally speaking, modern bookkeeping devices are practically unknown here. Most of the large commercial organizations and department stores in Constantinople employ the double-entry system and ordinary bound books. The bookkeeping system of Government offices, based on methods in vogue two decades ago, is so complicated as not to permit of any real comparison with present American methods. Modern bookkeeping devices are used only to a very limited extent even by foreign commercial and financial establishments in this city.

No tendency to revise the laws relating to the keeping of books has been noticed. It is the opinion of this office that the use of loose-leaf books and loose-leaf devices in bookkeeping and record making will not witness any material development for some time to come.

LATIN AMERICA

ARGENTINA

Commercial Attaché Edward F. Feely, Buenos Aires

Argentine law requires that all "traders," whether individuals, partnerships, or corporations, shall keep at least a daybook, stock book, and letter-copy book. Other books vary with the type of business, but a cashbook and sales book are usually kept by all merchants. These books must be ruled, bound, and paged and submitted to the commercial court for rubrication; that is, a declaration of the number of leaves contained in each book inscribed on the first page thereof and signed by the judge of the court and his secretary. There is no charge for the rubrication of books, but a stamp of 50 pesos is required on the application. A corporation's books will not be rubricated until it has had its articles of incorporation registered in the public register of commerce.

From this it follows that the use of loose-leaf devices for principal books is not acceptable; that is to say, they could not be rubricated by the court, not being bound. Supplementary books may be of the loose-leaf kind, although there is some question as to whether the sales book, so called, should not be bound and rubricated.

Value of Books as Evidence.

Books are not subject to inspection except in bankruptcy and on due order of a court. The principal advantage accruing to the merchant who complies with the law in respect to the keeping of accounts in that his books are then accepted as evidence by the courts.

In cases involving a merchant and a person not engaged in business the merchant's books are accepted as conclusive evidence. When the case is between two merchants the one whose books seem to be in the better order will have the advantage. When books are not kept in accordance with the law they are not admitted as evidence by the courts.

Books may be kept in any language, but can be used in evidence only after translation into Spanish.

Extent of Market.

As long as present legislation remains in force the sale of loose-leaf devices in Argentina will be greatly restricted. The total value of the trade is probably around \$30,000 (United States currency) a year.

The latest development in the loose-leaf business is the importation of parts and assembly in Buenos Aires, and this practice is now being followed by large importers to avoid the high duties on the finished product. American manufacturers will be obliged to follow this practice if they wish to retain their business here, as otherwise it will be found impossible to compete.

The use of loose-leaf devices, while somewhat restricted by Argentine legislation, is growing and is gradually being introduced into business houses and wholesale and retail stores. The large British department stores use many loose-leaf books for minor and supplementary accounts, and a few departments of the Government are introducing loose-leaf systems for special purposes.

The use of book typewriters is not common and is limited to a few of the banks and one or two branches of American manufacturers established here.

BRAZIL

Assistant Trade Commissioner M. A. Cremer, Rio de Janeiro

Local laws prescribe that merchants and corporations must keep a journal and a letter copy book. These books can not be in loose-leaf form and must be rubricated by the board of trade (*Junta Commercial*). Each leaf is initiated by the official legalizing the book. These books can be inspected only by order of court. When not in proper form they are evidence in court against the merchant or corporation keeping them, and in the event of bankruptcy there are penalties to be paid. There is no legislation pending to permit the use of loose-leaf books for the journal and letter copy book. No obligation to keep the books in Portuguese is imposed.

Besides the above books, ledgers, cash, stock, and other subsidiary books are generally kept, many in loose-leaf form. No regulations exist governing these. There are, however, certain other records which are required:

Record of stamps used (stamps are required on various documents, etc.).

Copy book of invoices for goods sold on time. This can be in the form of a book with numbered stubs, to record the main items of the invoices which bear corresponding numbers.

Register of cash and time sales, giving number and date of invoice.

Those importing or manufacturing an article which pays a sales stamp tax, are required to keep a record of their importation or production, and also of the stamps used.

It is very difficult to determine how many loose-leaf books are sold and used locally. One estimate is that of all the large books kept about 20 per cent are in loose-leaf form. At present most of the loose-leaf books being sold in Brazil are of local manufacture. The metal parts are imported and put on cheap canvas binders. The books still being imported come from the United States. Most of the stationery stores sell the locally made binders, while the imported ones are handled by office specialty houses. Retailers usually purchase direct from manufacturers.

The use of book typewriters is negligible at present, although slowly growing. Modern bookkeeping devices are not in great demand.

Trade Commissioner R. M. O'Connell, Sao Paulo

Use of Devices in Sao Paulo Region.

There are no laws in any of the southern Brazilian States affecting the use of loose-leaf devices, all regulations covering them being Federal and applicable over the whole of Brazil. Some attempts have been made to have the Federal laws revised to permit the freer use of loose-leaf devices, but so far no changes have been made.

About 5 per cent of the total sales of bookkeeping books in the Sao Paulo district are loose-leaf devices. Small loose-leaf books are generally retailed through stationery stores, but loose-leaf devices to be used in bookkeeping are distributed in Sao Paulo through a single large retailer. The retailers of the small devices usually buy direct from manufacturers.

Book typewriters are not unknown though they are not in common use, it being estimated by dealers that there are probably not more than 100 in use in Brazil at the present time. Large department stores and other organizations are slow in adopting modern bookkeeping devices.

The sales of loose-leaf devices for bookkeeping by the large retail house referred to above amounted in the year 1923 to 160,000 milreis, and in 1924 to 120,000 milreis up to September. These figures can be considered as well representative of the total business done in this district.

CHILE

Railton Squirrel, of the Commercial Attaché's Office, Santiago

The Commercial Code of Chile obliges individuals and concerns engaged in business to keep a journal, a ledger, and a record of balances, and it further requires retailers to keep daybooks for both sales and purchases. The record of balances may be entered periodically in the journal, and in the event of a cashbook and invoice book being carried the journal may be used for totals only.

In actual practice what books of account are used depends largely on the particular business or industry, but in general it may be said that they are the same as in the United States, namely, ledger, journal, cash, sales, purchases, and stock (the voucher register is not used), with such others as may be warranted by the size of the business. In addition the Commercial Code requires companies and corporations to carry a register of shareholders, while business people generally are obliged to use a press copy book in which all commercial correspondence emanating from them must be copied. These books, however, are not books of account.

In regard to the subsidiary books no requirements are imposed concerning the method of preparation or binding; consequently, loose-leaf books are frequently used. Such liberty, however, is not allowed in the case of the ledger, the journal, and the record of balances. Clause 5 of article 31 of the Commercial Code stipulates: "Merchants are prohibited to withdraw leaves, alter the binding of the book or the number of the folios, or mutilate any part of the book." This provision is strictly enforced.

Language—Inspection—Stamp Taxes.

The code permitted the merchant to carry his books in any language he desired, but this is no longer the case, since several recent laws, notably the income-tax law and the private-employees law, provide that entries must be in Spanish.

So far as is known merchants and people in business are not required to submit their books periodically to inspection, but the Commercial Code specifies that in the event of litigation the judge may

order an exhibition of such books of account as he considers necessary. In this respect article 33 of the code reads: "The commercial man who hides any of his books upon an exhibition of them being ordered will be adjudged by the entries in the properly kept books of the opposite party, without admission of any proofs to the contrary." As a matter of fact, although specific official inspection of books is not provided for, such an occasional examination is inevitable if certain laws are complied with.

In Chile there are two stamp laws applicable to books of account, one an impress stamp and the other an adhesive internal-revenue stamp. Before any of the obligatory books may be put into use each folio must bear a 5-centavo impress stamp, which is secured at the office of the internal revenue department. In this same office a 50-centavo adhesive stamp is affixed on the first page of the book, and is defaced by the internal-revenue officer, who annotates at the same time the date the book has been presented to him and the number of folios it contains. This operation, so far as both the stamp and annotation are concerned, is repeated on the last page of the book. In addition adhesive stamps at the rate of 10 centavos paper currency for every 100 pesos must be affixed and canceled daily in the journal, or in lieu thereof the equivalent may be paid into the treasury within five days after the termination of each half-year.

Rules of Evidence as to Account Books.

The probative force accorded commercial books of account in lawsuits is increasing as time goes on, and, furthermore, properly kept accounts have far more weight among business people themselves to-day than they had only a few years ago. The recent introduction of an income tax law in Chile has tended to render accurate bookkeeping more important than ever, and such tendency must increase in the course of time.

Regarding the force or value of these records in the event of litigation, the Commercial Code provides that such books as contain any of the defects enumerated in article 31 shall have no judicial value in favor of the merchant to whom they belong, and that disputes which may arise as the result of commercial operations with another party will be decided upon the books of the latter provided they are kept in accordance with the provisions of the Commercial Code and no proof to the contrary is submitted. The Commercial Code further stipulates that subsidiary books have no value as proofs unless they are accompanied by the principal books already named.

However, for its purposes the income tax law modifies what has just been quoted from the Commercial Code and specifies that account books "will not, of themselves, serve as proof in favor of any claimant."

Accounting Books of Local Manufacture.

Almost all of the accounting books employed in Chile are of local manufacture and can be secured in varying grades, the best of which are well finished, have a good quality of paper, are well ruled and printed, and have a good leather binding. As mentioned, the ledger and journal may not be altered, and consequently for this purpose loose-leaf records can not be used.

Owing to the wide range of quality, it is impossible to give a complete list of prices of locally bound books, but an idea of selling prices may be derived from the following:

	Paper pesos
Record of balances, 6 by 12 inches (approximately), with 50 leaves, two-column, on fairly good paper with stiff cardboard cover-----	4.80
Ledger, 500 leaves, 8 by 12 inches, two-column, on good quality light-blue paper, with rough-finished calf binding-----	65.00
Journal, 8 by 12 inches, two-column, 120 leaves, common paper, with stiff cardboard cover-----	6.00
Ledger, 8 by 12 inches, two-column, 100 leaves, good paper, cardboard cover with cloth corners, and cloth binding at back-----	14.50
Journal, 8 by 12 inches, two-column, 75 leaves, common paper, stiff cardboard cover, cloth corners and cloth binding at back-----	8.00

(NOTE.—The American dollar is worth approximately 8.70 Chilean paper pesos.)

All the above-mentioned books are ruled in two colors. It will be observed that the common dimensions of ledgers and journals here are 8 by 12 inches.

Use of Loose-Leaf Devices Growing.

It is common practice at this time to use loose-leaf books for the subsidiary records. This practice widens every day, especially among those concerns which have extensive and complicated accounting systems. Loose-leaf books with stiff cardboard and cloth covers are made in different sizes and of a good quality in Santiago, and these books are being used in comparatively large numbers by the leading firms. The accounting office of the Chilean State Railways (probably the largest and most modern in the country) uses many of the ring type, and they have proved very satisfactory for its purpose.

These loose-leaf books are made up according to client's requirements, and for this reason general prices can not be given. A locally made loose-leaf book of the ring type, 14 by 18 inches, retails for 28 paper pesos. This could be satisfactorily used as a ledger. The covers are of very stiff cardboard bound in coarse cloth, and the binding at back is of metal and composed of two pieces kept closed by a small lock at one end.

Loose-leaf ring binders with the flexible leather cover are used widely in this territory for statistical purposes and technical notes. The sale of them has been large, and, as is the case with all other articles developing considerable volume of business, local imitations have come on the market, but their poor quality and defective workmanship explain their inability to compete with the imported product.

Retail Distribution Methods.

All booksellers and stationers of any pretensions retail loose-leaf binders, the large majority of which are well-known American or British products, and they are procurable in about 10 different sizes. These binders are also retailed as a rule in the stores which handle typewriters and calculating machines. With few exceptions, the retailers purchase direct from the manufacturers in the United States and Great Britain, and a lot of this business is obtained by manufacturers' traveling salesmen when making periodical visits to the South American Republics.

The bulk of the demand for loose-leaf books is for one with a black-leather cover, measuring approximately 5 by 7 inches, with index letters. This type is in very general use among traveling salesmen and commission men.

Introduction of Mechanical Appliances.

In Chile it is the universal custom to make entries in pen and ink, and local people are almost entirely unaware of the existence of equipment for typewritten entries. Nevertheless, there are several large commercial and industrial enterprises handling a great number of accounts which, it would seem, could profitably install more modern bookkeeping devices. The great obstacle in the way of such equipment is the fact that bound books only may be used for the ledger and journal, whereas bookkeeping machines generally are designed to handle loose-leaf records. The sale, therefore, would depend upon their use for supplementary books.

With a view to reducing costs, it might even be possible to make a combination between two concerns to use the same machines. Such an arrangement was recently studied by one of the largest industrial enterprises here with a view to its using the machine installed in the State railway office. The manager of this same corporation indicated that his firm would probably be interested in hearing from a manufacturer of some up-to-date bookkeeping machines which would tend to concentrate the work and thus avoid the necessity of his firm's acquiring more space for its accounting section. Space economy in this instance is of primary importance, although naturally the labor-saving aspect would also have its due weight. Mechanical devices for the various arithmetical operations are abundant and are to be found in all offices and banks of importance.

Progress in Systematic Bookkeeping.

Accurate bookkeeping and bookkeeping equipment and devices are being accorded more and more attention by commercial and industrial enterprises, and this very largely has been brought about by legal requirements. In their attitude toward proper bookkeeping, however, business people are prompted not alone by legal provisions but also by the desire to be methodical and progressive. Production and selling costs are followed very closely by some manufacturing concerns, and minutely analyzed records are kept.

Some knowledge of bookkeeping or accountancy is a requisite today for all office employees of business houses, and this branch of commercial education commands a very large part of the commercial schools' time. It is now quite the exception to find a man, even in a very small way of business, who does not keep a regular set of books, whereas a few years ago the same man would probably have considered bookkeeping a waste of time and money, trusting largely to his memory and unsystematized slips of paper for his accounting.

COSTA RICA

From a translation of the law submitted by Consul Henry S. Waterman, San Jose

Every merchant must keep inventory and balance sheets, a journal, ledger, and correspondence copy book, except that small merchants whose accounts (giro) do not exceed 2,000 colones are not required

to keep books. Corporations must keep, besides, a book of resolutions adopted by general meetings and meetings of boards of directors. Banks of issue must keep certain additional books.

If the merchant keeps a cashbook, it is not necessary to enter the cash items in the journal; otherwise every transaction must be entered in the journal. However, if such cashbook is kept, it must form an integral part of the journal and be subject to the same regulations.

The required books must be bound, ruled, and paged. In this form they must be presented to the civil judge or justice of the peace, who will inscribe on the first page a signed, sealed, and dated certificate stating the number of pages.

Provisions for Guarding Privacy.

Detailed instructions are provided for the keeping of books. They need not be in any specified language, but if not in Spanish the merchant must pay translation costs if any part must be certified for judicial proceedings.

Except in the case of pawnshops, no official is authorized to investigate whether books are properly kept; and except in the event of sale of the business, bankruptcy, or liquidation exhibition of books and documents may be ordered only through legal process. Such examination must be made in the office of the merchant and in his presence or that of his representative, and will be limited to copying entries connected with the point in question. When the merchant keeps auxiliary books he may be compelled to exhibit them in the same way.

Probative Value of Required Books.

The books of a merchant constitute evidence against him, but his opponent may not accept certain entries and refuse others. If the books of two merchants do not agree and those of one are improperly kept the entries of the books properly kept will be given preference unless the contrary is legally proven. If one of the merchants does not present his books or states he does not keep any, his adversary's books, if properly kept, will be accepted as evidence, unless he can prove that the lack of his books is due to an act of God (*fuerza mayor*) or can otherwise legally controvert the statements in his adversary's books. If the books of the two merchants are kept equally well but are contradictory, the judge will decide on other proofs.

The books of merchants will not be accepted as conclusive evidence against those small merchants mentioned above.

Subsidiary Books No Proof—Preservation of Volumes.

Books other than those prescribed by law will not be admitted as proof if the prescribed ones are missing, unless it can be proven that the latter were lost through no fault of their owner.

The merchant must preserve all his books all the time he is in business, and for five years after he retires. Documents which relate to a specific case may be destroyed after the prescribed time of the case to which they relate has elapsed, unless there is some unsettled question which may directly or indirectly relate to them, in which event they must be kept until the case is settled. It is presumed that the heirs of a merchant retain the books and must exhibit them as required by this law.

Loose-Leaf Books Not Commonly Used.

As a consequence of these stringent rules of law, it is apparent that the loose-leaf book faces great odds. They can not be used for primary books because of the necessity of keeping bound books for this purpose. As subsidiary books they have little standing in court. Because of the necessity of storing the books for years loose-leaf devices are impracticable, and as a consequence very few are sold, although some of the larger foreign firms use them as auxiliary books. There seems to be no movement to liberalize the laws to permit the introduction of modern methods of bookkeeping.

All loose-leaf books used are of American origin.

CUBA

Assistant Trade Commissioner O. R. Strackbein, Habana

The Commercial Code of Cuba prescribes the following books to be kept by all merchants: Book of inventory and balances; daybook (journal); ledger; copy book for letters and telegrams; other books that may be prescribed by special laws. Companies and "sociedades" (partnerships and corporations) must also keep a minute book, in which are recorded the proceedings and resolutions adopted by the board of directors and in general meetings.

Aside from the books which are prescribed the companies are free to keep whatever other books suit their convenience and may follow whatever system of bookkeeping they consider best. The subsidiary books that are kept naturally differ with the kind of business engaged in.

Language—Inspection—Stamp Taxes.

The code does not require that the books be kept in Spanish, but in practice the books are almost universally so kept because of the trouble that might be involved in keeping them in another language. It is said that some firms keep their books in English, but that if their books are to be presented as evidence in court they must be translated.

The law provides for the inspection of the books but only for specific purposes. There is no periodic inspection, although in the collection of the one-half per cent sales tax inspection is made, and such inspection may approach a certain periodicity. This is carried out by visits on the part of the officials to the places of business of the firms. No stamp tax is exacted by law for such inspection.

At the opening of each new set of books of the class required, the books must be stamped by a Government official on each page, and a certification of the act must appear on the first page. For each book a stamp tax is exacted. Once a book is stamped in this manner it is considered legalized and no further stamping is necessary until the next new book is opened. Books which are not prescribed by law escape the legalization and stamp tax. In the case of the copy book containing letters and telegrams, the tax is considerably lower than the one on the other obligatory books.

Production of Books in Evidence.

The law does not permit the use of loose-leaf devices in the keeping of principal books, but these devices and any others are permitted in

the keeping of subsidiary books. To violate the law lays the offender open to fine and the books lose their standing in court. Properly kept books are admitted into court in accordance with the law of evidence and civil procedure and are accepted as absolute evidence of the standing of the accounts of the company unless they are found to be contradictory. In that event the judge passes on the relative weight to be given the conflicting data. The probative force of the obligatory books is graduated as follows:

1. Books of merchants shall be evidence against themselves, no proof to the contrary being admitted; but the opponent can not accept the entries which are favorable to him and reject those which prejudice him; but, having admitted this means of evidence, he shall be subject to the results which they may conjointly entail, taking into equal consideration all the entries relating to the matter in litigation.

2. If the entries of the books exhibited by two merchants should not conform, and those of one of them have been kept with all the formalities mentioned in this title, and those of the other contain any defects or lack the requisites prescribed by this code, the entries of the books correctly kept shall be admitted against those of the defective ones, unless the contrary is demonstrated by means of other proofs legally admissible.

3. If one of the merchants should not present his books or should state that he does not possess any, those of his adversary, kept with all the legal formalities, shall be evidence against him (unless it is proven that the lack of said books is caused by force majeure), always admitting, however, any evidence against the entries exhibited which may be otherwise legally admissible.

4. If the books of the merchants conform to all the legal requirements and are contradictory, the judge or superior court shall determine by the rest of the evidence, classifying it according to the general legal rules.

Growing Use of Modern Devices.

A great many American firms and some of the European firms located in Cuba use loose-leaf devices in keeping their subsidiary books. Most of these are imported from the United States, a few come from England and Germany. Retailing is chiefly through stationery stores. Although some importers sell direct to consumers, most of their sales are to retailers, with some to wholesalers. There is a mixture of functions in this respect, the importer often selling to the three different members of the trade, wholesaler, retailer, and consumer.

Book typewriters are not in any sense common, although they have been installed by banks and a few other houses. Their use is restricted even when it is adhered to, because of the legal necessity of keeping the major accounts in books with nonremovable leaves, and because many of the leaves are not adapted to typewriter use or the typewriters already purchased are not adapted to the loose leaves.

No Trend Toward Liberalization of Requirements.

The old Cuban and Spanish houses are said to follow complex systems of bookkeeping, and only a negligible percentage of them employ the modern methods, their adoption being confined almost wholly to the foreign concerns (mostly American) doing business in Cuba. The railroads and the sugar centrals are said to have adopted modern methods quite generally.

There seems to be no likelihood of liberalizing the requirements relating to commercial bookkeeping with a view to permitting the use of loose-leaf devices. The laws were framed largely with a view to preventing fraud in payment of taxes, court proceedings, etc.,

and it is thought that no change is to be looked for within the near future. At least no agitation looking toward modification of the law had come to the attention of the houses chiefly interested in such a modification.

DOMINICAN REPUBLIC

Consul Charles Bridgham Hosmer, Santo Domingo

Although certain provisions of the Commercial Code of the Dominican Republic limit the use here of loose-leaf devices in book-keeping and record making, nevertheless they are purchased in fair volume by the banks, sugar centrals, and well-organized business houses.

The law requires the keeping of a daybook, and although it need not be written up in any specified language the entries must show, by days, the active and passive debts, commercial operations, negotiations, acceptances, and indorsements of commercial paper, and, generally, everything received or paid out on any account. It must also show the overhead expenses of the firm, by months, and the prescribed entries must be shown without the necessity of referring to supplementary books.

The code also provides for the preservation and binding of commercial correspondence received and the maintenance of a letter copy book of commercial correspondence dispatched. It further requires the keeping of an inventory book giving an annual balance sheet showing all active and passive debts and movable and immovable properties of the firm and signed by the owner or duly authorized agent.

Annual Legalization Required.

There are no stamp taxes or other internal-revenue taxes in the Dominican Republic which are applicable to the books and records of commercial houses. However, the daybook and inventory must be signed and visaed once a year, but not the letter copy book. It is also required that these books be chronological and free from blanks, marginal notations, erasures, and interlined entries.

The code sets forth the manner of obtaining the official visa upon these books and the period during which they must be preserved. It may be explained that, in actual practice, firms which use the same books for a period of more than one year may obtain this official visa at the close of each fiscal year in the same book. Firms which use one or more such books in the course of a year have the proper authorities place the official visa setting forth the nature of the book and the number of pages, on the first and last pages thereof and then proceed to fill these pages with entries.

Admissibility of Books in Evidence.

The official visa is quite informal. It is in no sense an inspection or evidence that the books have been correctly kept. It is simply a condition precedent to their being kept in a manner permitting their use as evidence in court, and the only penalty for not observing the rules laid down by law would be the inadmissibility of the books for that purpose.

Under certain circumstances books kept in accordance with the Code of Commerce may be offered to the courts as prima-facie proof

of the entries contained therein. Books not so kept may not be presented in behalf of either party in a suit at law, but may be used in bankruptcy proceedings to determine the assets and liabilities of the bankrupt firm.

Use of Loose-Leaf Devices.

For the keeping of books and records not required by law loose-leaf devices are quite extensively employed. If the prescribed books are kept there is nothing to prohibit the keeping of as many others as a firm may consider expedient. Considering such additional books as "subsidiary," they may be in the form of loose-leaf devices appropriate to the needs of any particular business.

Sugar mills are extensive users of loose-leaf devices, as few of the accounts and records kept by these institutions pertain to matters likely to become the subject of litigation in the Republic. All the sugar mills have offices or purchasing agents in the United States for procuring such supplies.

There is a tendency for well-organized mercantile establishments to use loose-leaf devices, which are purchased through local stationery dealers and printers. These merchants are all importing retailers, and there is no wholesale or jobbing business in this class of material. There is a moderate tendency toward the increased use of these devices, although there are no large department stores in the Republic and the installation of modern bookkeeping devices in Government offices is still very limited.

Book typewriters appear to be unknown in this Republic up to the present time.

Sentiment Toward Change in Requirements.

There is a strong sentiment among the principal business establishments and industries of this Republic for the amendment of the Commercial Code to permit the further modernizing of books and records, involving the employment of additional loose-leaf devices. Although this sentiment is quite general, it does not appear that any organized effort has been made to bring about this amendment or that such a movement is imminent.

ECUADOR

Consul Richard P. Butrick, Guayaquil

According to the Commercial Code of Ecuador, every wholesale merchant (the term "merchant" including corporations and partnerships) must keep a daily journal, general ledger, inventory, and cashbook, all of which must be kept in the Spanish language, and are to be bound, covered, and paged. Retail merchants are required to keep but one book, which must be in the Spanish language and be bound, covered, and paged. In this book must be recorded the daily operations, a résumé of all cash transactions, and detailed accounts of all credit transactions.

There is no inspection of these books, nor is there any stamp tax upon them. A special book of sales is now kept and serves as a basis upon which the recently imposed sales tax is levied; it is apparently not subject to any of the restrictions of the Commercial Code.

The books previously mentioned, if properly kept, will be admitted as conclusive evidence in legal disputes. Improperly kept books have no value as affirmative evidence in favor of the merchant presenting same. In a dispute between two merchants whose books are improperly kept the court will decide upon the merits of all evidence presented.

Use of Loose-Leaf Devices.

There is no reference in the law to the use of loose-leaf devices. Without doubt they are not permissible for the accounting books specifically mentioned in the Commercial Code. Subsidiary books of which the law makes no mention may be kept in loose-leaf form and are being so kept.

While no official statistics are available, from sources believed to be reliable this office bases its estimate of importations as follows: 1923, \$1,700; 1924, \$4,000 (United States currency). These figures give some idea of the growing popularity of loose-leaf devices. Many business houses and some of the banks are using ledgers of this type for such accounts as the law does not require to be entered in bound books. There is also a fair market for the smaller types, such as notebooks and pocket memorandums.

At present the United States dominates this market, it being estimated that 90 per cent of this class of imports comes from that country. German products are upon the market, but are of inferior quality and finish, especially as regards the nickered parts, which oxidize quickly. Although the German brands are cheaper, the consumer prefers to pay more for the proven American article.

Trend Toward Modern Methods.

The past two years have witnessed a marked tendency upon the part of the larger business houses to install more modern bookkeeping methods. Merchants selling long-carriage typewriters report a substantial increase in the demand. While it is not believed that any of the governmental offices have taken steps in that direction, nor have any of the larger firms completely revised their systems, the trend is that way. There has been, however, no special agitation toward a liberalization of the requirements relating to accounting books.

GUATEMALA

Consular Clerk Stewart Eagan, Guatemala City

In the Commercial Code of Guatemala no distinction is made between corporations, companies, and privately owned business concerns as to the books which must be kept. Every commercial house, regardless of its organization, must keep three books—a daybook, a book of current accounts, and a book of inventories or balances. In addition to those required by law most merchants keep for their own convenience a sales book and a trial-balance book.

Article 21 of the Commercial Code specifies that all books required by law must be kept in the Spanish language. This requirement also applies to auxiliary books if they are expected to have probative force in court. Books not kept in the Spanish language and offered as evidence in court will subject the owner to a fine and the cost of translation.

The Commercial Code provides for the inspection of merchants' books at any time the courts may deem it necessary, but no regular inspection is attempted by the Government. There are no stamp taxes imposed on books kept by commercial concerns.

Probative Value of Properly Kept Books.

In order to have probative force, books must be kept in accordance with the law. When they are filled they must be registered. Registration is accomplished by sending the books first to the office of the collector of internal revenue for inspection and indorsement and then to the clerk of the court of justice. When books which have been properly kept and registered are submitted as evidence they are accepted by the courts as conclusive proof; when not so kept and registered they have no probative force.

The law requires that the principal books be bound and lined with cloth and that the pages be numbered consecutively. Books not so constructed can not be registered and consequently are valueless as evidence in court. These requirements restrict the use of loose-leaf devices to the purposes which are purely for the convenience of the owner of the business. Loose-leaf books are used, however, by merchants to record data pertaining to the stock carried and the other details which change from day to day, such as price lists and sizes in stock.

Trade in Loose-Leaf Books.

No statistics are available giving the value or number of loose-leaf books imported into Guatemala. However, a canvass of dealers in Guatemala City shows that loose-leaf books and devices to the value of about \$2,700 are imported annually—all from the United States. This importation consists mainly of leather or imitation-leather binders ranging in sizes from 3 by 5 inches to 8½ by 11 inches. The smaller sizes are most in demand.

Loose-leaf books are retailed exclusively by dealers in stationery and office supplies. These dealers carry a complete line and usually operate job-printing establishments in connection with their retail stores. The retailers have found it more satisfactory to purchase loose-leaf books and devices, as well as general office supplies, from jobbers.

There are no devices in use in Guatemala for making typewritten entries on ledgers.

Revision of Present Laws Under Consideration.

There are no large or small department stores in Guatemala. The Government books are kept to-day as they have been for a century. Salaries for office employees are low, and no attempt is being made to eliminate complicated systems of bookkeeping or improve upon them.

A contract was given by the Government in 1923 to a local lawyer for revising the present commercial law, but this work has not been completed and the effect it will have on the use of loose-leaf devices by business houses is not known. Inasmuch as the contract was given for the purpose of simplifying and clarifying the law, as well as making it modern, it would seem that some liberalization might be looked for in the requirements affecting loose-leaf books and devices.

HAITI

Consul Winthrop R. Scott, Cape Haitien

The Commercial Code of Haiti prescribes certain books to be kept by business houses, namely, a daily journal, which is to be used as a master record for all accounts; an inventory, which, as the name implies, contains a stock inventory brought up to date yearly; a letter book containing a true copy of all correspondence dispatched, and a file of all correspondence received.

Books must be kept in the official language of the country, which is French. A yearly inspection of the books is provided for by law; this provision, however, is merely formal and is never applied. A stamp tax amounting to 10 centimes (2 cents in American currency) must be paid for each page of the daily journal. When a new journal is put in use a Government official stamps each page and makes a formal entry as to the number of pages on the flyleaf of the journal.

A member of the Haitian bar states that as a general rule books not kept in accordance with the law are not given probative force in local courts, while those which comply with legal requirements are given such force.

No Local Sale of Loose-Leaf Books.

The use of loose-leaf devices is not permitted for the principal books. The law makes no mention of subsidiary books, and in a few instances such books are of the loose-leaf type.

The number of loose-leaf books used locally is negligible, the writer knowing of only two firms employing them. A loose-leaf book of American make is used by the Banque Nationale d'Haiti, a branch of the National City Bank of New York, and another is used by a German firm of this city. These books were purchased direct from America. There is no store or agent handling books of this kind.

There is no manufacture of books of this type in this consular district. Most Haitian merchants use very few books and these of a very simple kind and generally of French origin. Foreign merchants customarily purchase ledger books from their own country. No book typewriters are in use here.

Reasons for Limited Market.

There are no department stores or other large institutions in the Cape Haitien district, and in my opinion the prospects for the sale of loose-leaf books are not good. This opinion is based on the following reasons:

1. The laws do not permit the use of loose-leaf devices for the principal books.
2. There are no firms of sufficient magnitude to require the use of these books for auxiliary purposes.
3. The labor costs of copying and maintaining books in longhand are relatively small.

It is not believed that there is any tendency to revise the laws relating to the keeping of books by merchants with a view to permitting the use of loose-leaf devices.

HONDURAS

Consul George P. Waller, Ceiba

Under the Commercial Code of Honduras all merchants are required to keep an inventory and balance book, a daily ledger, a letter copy book, and a telegram copy book. The law further prescribes that these books must be kept in the Spanish language. No regular inspection seems to be provided for, except when books are offered in evidence. A stamp tax equivalent to 2.5 cents United States currency per page is imposed on each book.

Books kept under the above specifications are accepted as evidence in civil cases, and under normal circumstances great weight is given to the entries therein. When books are not kept according to law they would not only be valueless as evidence but would probably subject the merchant presenting them to prosecution for violating the law.

No Demand for Loose-Leaf Devices.

No provision appears for loose-leaf systems of bookkeeping. The Ceiba consulate is informed that such systems would be impossible in Honduras, for the reason that when a new book is commenced the municipal alcalde cancels the stamp on the first page, and in his own handwriting makes an entry stating the number of pages of the book and that the stamp tax has been paid for each page. No loose-leaf books are sold in this territory, in so far as Ceiba booksellers and stationers have knowledge.

Modern bookkeeping devices do not appear to be employed except by a large fruit company and its subsidiary organizations, which employ American methods where these do not conflict with local law. There seems as yet no tendency to revise the requirements relating to the keeping of books with a view to permitting the use of loose-leaf devices.

MEXICO

Assistant Trade Commissioner Leonard M. Brin, Mexico City

The laws of Mexico require all classes of business, from the small commission agent to the large corporation, to keep accounts and make all entries in certain prescribed books. The principal books required are the ledger, sales book, and daybook. These three books must be legalized by the revenue office, and this is accomplished by means of a rubber-stamp impression of the official seal of the Government on each page. The tax for this imprinting is 5 centavos (about 2.5 cents United States currency) per page. In addition, corporations must keep a register of stock transfers, resolutions pertaining to the operations of the company, minutes of meetings, etc.

Besides these books an invoice book must be kept. This contains sheets of special make-up, perforated along the margin or stub, in which all sales are recorded. Stamps in the amount of one-half of 1 per cent of the amount of each sale are affixed across the perforation, so that when the invoice is torn from the book a record of the sale remains for the view of inspectors who, from time to time, go over the books of every business concern. This invoice book is not legalized in the same manner as the other principal books, since each entry takes care of this automatically when stamps are affixed.

Books kept according to the letter of the law are considered legal evidence whenever their introduction in court is required. If they are not so kept they have no legal weight.

Language—Inspection—Stamp Taxes.

The law requires that all books be kept in the Spanish language or, if kept in any other, that a true translation of every transaction be kept concurrently. Any failure to observe this law will result in heavy fines.

Inspection of all books is made at least once a year, but in most cases oftener, the number of times being left to the inspector's discretion. Inspectors operate under the supervision of the Mexican Government revenue office.

It is not feasible to list the many stamp taxes applied by the Mexican Government. Practically all the revenue of the Government is derived from tax stamps, which are sold to commercial houses and attached to nearly every class of document used in the conduct of business.

Use of Loose-Leaf Systems.

Mexican law does not permit the use of loose-leaf systems except for auxiliary purposes or to present items in greater detail for the convenience of firms in computing costs, maintaining running inventories, striking trial balances, etc. Bookkeeping records must be kept in the required stamped books. It is contrary to law to make erasures on any record or bookkeeping entry. Alterations on books must be made by drawing a light line in ink through the errors and inscribing the correction along the margin of the page or above the cancellation. Complete obliteration is not permitted.

Various estimates of the number of loose-leaf books sold in the Mexico City market put the number all the way from 10,000 to 30,000 a year. These estimates include every size, although the principal sizes sold are from 5½ by 3 inches to 8½ by 5½ inches. One concern reports an average weekly sale of about four loose-leaf books of the size 11 by 8½ inches. This is the size used by commercial houses for auxiliary books.

Local manufacture of loose-leaf binders is insignificant but the making of inserts is quite a large industry. The reason for this is the high import duty on paper, especially sheets imported already cut to size for use in binders. The trade in binders is practically monopolized by American manufacturers.

Outside of one or two stores handling typewriters and office supplies the bulk of the loose-leaf retail business is in the hands of stationers. For the most part these are Spanish houses. The trade is handled mainly through direct shipments from manufacturers. This of course applies to binders only, as sheets for filling these binders are manufactured locally as a general rule.

Few Bookkeeping Machines Installed.

Modern bookkeeping machines have been placed in several of the banks in Mexico City, but these are used only in rendering monthly statements to customers and for other auxiliary work. Perhaps a few of the larger American commercial houses employ them, but their number will be small. Such machines are considered too expensive in the first place, bookkeepers may be hired at

very small wages, and the majority of concerns, through lack of education in modern office practice, prefer to cling to methods they have used for generations.

There seems no present trend toward change in the laws of Mexico to permit the use of loose-leaf systems for all classes of office recording.

NICARAGUA

Consul Harold Playter, Corinto

The laws of Nicaragua provide that specified books be kept by all commercial houses and that these be stamped and inspected, hence there is no sale for loose-leaf bookkeeping devices. Article 28 of the Commercial Code reads:

Merchants must carry (1) a book of inventory and balances; (2) a day-book; (3) a ledger; (4) a copy book for letters and telegrams.

Mercantile or industrial societies or companies must carry also a minute book, a stock-registration book, and a stub book of values to bearer.

Unless these books (with the exception of the letter and telegram copy book) are kept in the Spanish language, the firm is liable to a fine of \$8 to \$40, and only these books are recognized by the courts.

Consul A. J. McConnico, Bluefields

Registration of Required Books.

The books prescribed by the Nicaraguan code to be kept by merchants and corporations must be registered by an official of the public mercantile registry. Registration consists in recording certificates, one on the first page and one on the last, classifying the book, and specifying the number of pages, and stamping each page with an official rubber stamp of the registry office.

The charges for registration are one-half cent for each page stamped and \$1 for the certificate. The charges for a book of 1,000 pages are therefore \$6.

Probative Force—Market for Modern Devices.

In order to serve as evidence in lawsuits, books of account must be registered and be kept in Spanish. By complying with these requirements a merchant's accounts, as shown in his books, have the same probative force, as accounts verified by a duly commissioned officer of the law have in the United States. No provision is made for the inspection of books kept by merchants and corporations.

There is no demand or market for loose-leaf devices in the Bluefields consular district; very few people here know anything about them. Book typewriters are practically unknown. There are no large department stores or organizations in the district having complicated systems of bookkeeping. If there were, they would not be willing to adopt modern bookkeeping devices in the face of implied governmental interdiction.

There appear to be no tendency toward revision of the present laws.

PANAMA

Consul George Orr, Panama

Laws relating to books and records required to be kept by commercial establishments are to be found in the Commercial Code of the

Republic of Panama, as amended by Laws Nos. 37 of 1917 and 43 of 1919. [The Spanish text, as amended, is on file in the Division of Commercial Laws, Bureau of Foreign and Domestic Commerce, Washington.]

Each merchant is required to keep books to show readily, clearly, and accurately his commercial operations and his wealth. Funds or merchandise withdrawn for the use or consumption of the merchant or his family must be clearly indicated.

The books prescribed as indispensable to merchants of all classes, except very small retailers, are inventory and balances, journal (or daybook), and ledger. Stock companies are required to keep one other book which must show a complete record of stock ownership, transfer, and pledging.

Language—Inspection.

The Commercial Code, as amended, provides that accounts must be kept in Spanish or English. Correspondence records may be kept in any language, but in lawsuits, where it is necessary to translate the accounts or correspondence into Spanish, the cost of translation must be borne by the merchant keeping the books.

The law does not provide for inspection of commercial account books, but specifically states on the other hand, that no authority, judge, or tribunal may order an examination of a merchant's books to ascertain whether or not they are properly kept. Certain specified entries may be ordered to be examined in due process of law, and all books and records are subject to legal inspection in cases of inheritance, failures, or liquidations.

Stamp Taxes—Evidential Value.

By decree No. 23 of 1918 the secretary of treasury and finance established that each leaf of books required to be kept by merchants in accordance with the Commercial Code must pay a stamp tax of 2 cents. This tax is paid by the merchant before he opens a new account book upon taking it to the public registry office for registration.

Books kept in accordance with the provisions of the laws are accepted as legal evidence in the local courts, as against other books not so kept; and while not provided for specifically in the law, in litigations where neither party to the action produces books kept in accordance with the code it is held by legal advisers that irregularly kept books could not be ignored as evidence.

Loose-Leaf Books Not Provided for by Law.

The Commercial Code prescribes that books required by law to be kept by merchants and brokers shall be bound, ruled, and paged, and that entries in the books shall be in chronological order, without leaving blank pages or making alterations. There is nothing in the code to prevent the keeping of duplicate journals, ledgers, or other books in loose-leaf form, and these are actually in use to a limited extent.

Comparatively few loose-leaf books are sold in Panama, and these, for the most part, are of the cheapest varieties, used for duplicate journals and customers' ledgers. No loose-leaf books are manufactured locally, and up to the present time all imports have come from the United States.

The volume of business done in Panama is not sufficient to warrant a firm engaging in a wholesale trade in loose-leaf books, consequently the same firm acts as both importer and retailer, purchases usually being made direct from manufacturers in the United States, though some business is done through exporting houses.

Adoption of Modern Business Devices.

There are few commercial organizations in Panama which require complicated systems of bookkeeping; the records of the Government are kept in rather simple form, credits extended to customers by retail stores are greatly restricted, and the number of accounts carried by local banks is small. One dealer of Panama City reports that the sale of loose-leaf devices by his stores at Panama City and Colon has proved to be unprofitable. Nevertheless it is evident that the use of modern business devices is increasing slowly.

The Panama Canal, with headquarters at Balboa Heights, Canal Zone, is equipped with all modern accounting and record devices, but its purchases are ordered through its offices at Washington and New York.

PERU

Assistant Trade Commissioner W. N. Pearce, Lima

The Peruvian Code of Commerce provides for the compulsory keeping by all merchants established in the country of an inventory book, a journal, a ledger, and a correspondence and cablegram copy book. In addition, corporations or stock companies are required to keep a minute book, containing all agreements and resolutions adopted by either the administrative board or shareholders at general meetings. Merchants may keep, however, as many subsidiary books as the nature of their business may require or which may be deemed convenient to facilitate accounting operations.

Merchants must present the required books, duly bound, ruled, and folioed, to the judge of the primary court of the Province where their business establishments are located, in order that the official may verify and indicate on the first page of each book the number of pages it contains.

Spanish Language Required.

In order to counteract the practice of numerous oriental merchants in Peru who kept their accounts in their native tongue, the following law was recently passed:

ART. 1. Commercial and industrial companies as well as merchants and industrialists in general are hereby obliged to keep all their accounting books (which must first be legalized) in the Spanish language.

ART. 2. Accounting books not kept in the Spanish language will be valueless to merchants to whom they belong in the event of judicial action.

ART. 3. The Executive Power will impose on the infractors of this law fines from Lp. 30 to Lp. 3,000, according to the case and the financial position of the offenders.

ART. 4. Letter and telegram copy books referred to in section 4 of article 33 of the Code of Commerce are not included in the provisions of this law.

Inspection and Taxation of Books.

Concerns other than stock companies are not subject to account-book inspection. Books of stock companies are inspected monthly by Government officials appointed for the purpose under a reso'u-

tion of May 7, 1921. The Peruvian Code of Commerce provides for the publication of monthly balances of corporations in the daily newspapers, but only on condition that such balances have been duly inspected and signed by the proper Government officials.

The Peruvian stamp and sealed-paper law provides for the collection of a stamp tax of 2 centavos per page on all ledgers, journals, balance and inventory books, and cash books. This tax is applicable also to navigation, accounting, and cargo books kept by mercantile steamship companies, journal books kept by pawnshops and stock-exchange and trade-brokers, stock-company minute books, and water, light, and power contract registration books.

Probative Force Specified in Detail.

The following rules for appraising the relative evidential value of merchants' books are given in the code:

1. Merchants' books will be used as evidence against them, without any option to submit proof to the contrary; plaintiffs will not be permitted to accept entries in their favor only and reject those proving against their interests. The latter, further, having accepted the exhibition of books as evidence, must abide by the results on the whole, taking into consideration all entries concerning the matter under dispute.

2. If discrepancies appear in the entries in books kept by two merchants, one of whom has complied with all provisions established in this section, and the books of the other show annotations out of order or not in accordance with the regulations contained in this code, the former's books will attest against the latter's, unless evidence is submitted to the contrary and through vouchers permitted by law.

3. Should one of two merchants not exhibit his books, or should he state that no books have been kept, his opponent's books will attest against him, provided they have been kept in accordance with all legal requirements, and unless the former can prove that his failure to submit his books is due to force majeure; with the exception, further, in the event that he is able to submit proof against the entries exhibited by his opponent through other legal means.

4. If the books of two merchants are in accordance with all legal requirements and are contradictory, the judge or tribunal will decide on other vouchers submitted, the admissibility of which will be determined according to general legal principles.

Prospects for Modern Appliances Not Bright.

With the exception of the larger foreign concerns, such as banks and mining companies, and a limited number of the more important Peruvian institutions, no other business organizations have adopted modern bookkeeping devices. Generally, accounting systems in Peru are of the most antiquated type, little or no attention being paid to up-to-date methods or appliances.

There seems to be no move toward liberalizing bookkeeping requirements. On the contrary, there is a tendency on the part of the Government to be more exacting in requiring compliance with existing regulations, as witness the creation of the bank supervising bureau in 1922 and the passage of the law compelling all foreign-managed concerns to keep their books in Spanish. In order to prevent fraud, owing to the possibility of removal of pages, it is not believed that loose-leaf devices would be permitted to any great extent.

SALVADOR

Consul W. J. McCafferty, San Salvador

The laws of the Republic of Salvador regarding the keeping of books by merchants and corporations are very strict, and at the present time there appears to be little tendency to liberalize them.

Under the Commercial Code all business firms in Salvador, whether individuals or corporations, are required to keep certain prescribed books. Merchants, both large and small, must keep an inventory and balance book, daily journal, ledger, and a copy book of letters and telegrams.

In addition, companies and corporations are obliged to maintain a minute book in which must be kept a record of all the resolutions of the board of directors concerning the company's operations, minutes of meetings, stock transfers, and other proceedings.

Merchants may maintain such other books besides those required by law as may be convenient for the particular system which they use, but in order to be valid in legal proceedings these books must comply with the same requirements as those prescribed by law.

Language, Visa, and Stamp Taxes.

All the required books except the book for copying letters and telegrams must be kept in the Spanish language, otherwise the merchant is liable to a fine of \$25 to \$50. If presented in court, books kept in a foreign language will be translated at the cost of the owner by an interpreter named by the court, but this will not exempt him from the payment of the fine.

With the exception of the record of letters and telegrams, merchants must present the books required by law, bound and folioed, to the judge of the court of first instance of the jurisdiction in which the establishment is located, in order that on the first page of each volume may be placed a signed and sealed annotation of the parties who are to keep the books. In addition, the seal of the court must be placed on all the leaves of each book. The tax for this service is 15 centavos (\$0.075) per page.

The book for copying letters and telegrams may be kept either in handwriting or by the use of mechanical devices, but it must be strictly by order of dates and must not contain blanks, intercalations, erasures, or other changes.

The Commercial Code does not mention anything concerning the inspection of commercial accounting and record books.

Use of Loose-Leaf Devices.

From the above it will be seen that under the law it is not permissible to use loose-leaf devices in the keeping of principal books, and that in order to have probative force in local courts subsidiary books must be kept in the same manner as the principal ones. Under the circumstances, loose-leaf devices are not used in this territory, and there seems little prospect of their employment in the near future, because there is apparently no sentiment among the merchants here for a change in the requirements now in force.

Letterpresses are used extensively in Salvador for the recording of correspondence in the telegram and letter book, but book type-

writers for the making of typewritten entries in account books are unknown.

URUGUAY

Commercial Attaché L. B. Clark, Montevideo

The use of loose-leaf devices in commercial and governmental circles in Uruguay has been only slightly developed. Among the banks their use is more general, and indeed the banks were pioneers in and continue to be the first customers for this line. Uruguay import customs statistics do not classify loose-leaf devices separately, but it is estimated by reliable authorities that sales thereof do not exceed \$20,000 per annum at the present time and are practically confined to Montevideo.

The bulk of the business is in the hands of one firm, which handles the lines of two or three American manufacturers. Most of its sales are of the heavy, durable binders requiring a key to unfasten them when removing or inserting pages. Sales of this type are fifteen to twenty times greater than of the lighter and smaller ring books.

Sales Plan of One American Manufacturer.

The United States firm supplying one of these lines has found it to advantage to establish a small plant in Buenos Aires, Argentina, where it imports the materials and manufactures for distribution in the River Plate countries. By doing this the company effects a considerable saving in import duties into Argentina, its largest market, and at the same time performs a service to dealers in adjacent territory, who are relieved from carrying considerable stocks on hand and the uncertainties of delivery when importing from distant markets in Europe or America. Frequently, too, orders for special types are received, and these can be made up and delivered to any point in the Plate in less time than it would take to place the order abroad.

Some of these books or binders are 2 or 3 feet long and very solidly made. They are guaranteed for 10 years and sell as high as \$125 apiece. The customs duty on loose-leaf devices is heavy (45 per cent on an official valuation, plus surcharges which bring it up to very nearly 59 per cent).

Customary Methods of Distribution.

Loose-leaf devices are commonly imported by an agent and by him redistributed to dealers, although one firm both imports and sells direct to the consumer. Otherwise the only firms handling loose-leaf devices are the librerías, or stationer's shops, and only a few of these at present include the line.

The use of book typewriters in Uruguay is in its initial stages. It is believed that there are not over 12 in operation in the whole country, all owned by private concerns and representing one good American make. The principal objection to their use is the expense, although it will require considerable missionary work to convince the local merchants of their advantages. It is believed there will be a gradual increase in their use, as has been the case with loose-leaf devices. The Government has not yet adopted them.

There is a field among the more progressive ranch owners for the sale of loose-leaf books for recording data relative to their herds. A

few of the largest ranch owners have already recognized the practical advantages of the system and are utilizing it, and it is believed that this will eventually become one of the principal sources of demand.

Books Required by Law.

Uruguayan laws, while prescribing that certain books must be kept by merchants and business organizations, and imposing certain restrictions in the form in which they are carried, do not affect materially the sale of loose-leaf devices. Only three books are specifically required to be kept by a business house in bound form, and there are no restrictions whatever regarding the number or type of additional account books. The principal reason why loose-leaf books are not more widely used is because the general public as a whole has not yet come to appreciate their advantages.

Every merchant is by law obliged to keep books of record of his accounts and of his commercial correspondence. The number and form of these books are left entirely to the discretion of the merchant, so long as they are kept in proper order and include those which the law indicates as indispensable.

The books which merchants are obliged to carry are the daybook, inventory book, and copy-press book. This applies to banks, corporations, and all other forms of business organizations, except only small retail stores carrying a stock of goods of less than 2,000 pesos in value, which are specifically required to have only one legalized book, namely, the *borrador*, which corresponds to the daybook of the country store in the United States.

Subsidiary Books—Legalization and Inspection.

As already said there are no restrictions whatever regarding the books that may be carried in addition to those prescribed by law. Indeed most merchants keep one or more auxiliary books, usually the ledger or the cashbook, but frequently a stock book, a statistical book, or some similar record. These or any auxiliary books which a merchant elects to keep may be of the loose-leaf type, but the Commercial Code specifies that the principal books must be bound.

"The three books declared to be indispensable shall be bound, ruled, and the pages numbered, and . . . every page stamped and the total number of pages in the book entered on the first page thereof." There is no charge for this service and there is no stamp tax in connection with the keeping of the books. The accounts of banks and corporations are subject to periodical inspection by representatives of the division of bank and corporation inspection of the ministry of finance. These inspections are unheralded and usually occur once or twice in the course of the year.

Commercial books and accounts must be carried in the Spanish language.

Evidential Value of Prescribed Books.

The keeping of books as prescribed by law is of very considerable value in Uruguayan courts. Commercial books, when so kept, are admitted in a suit between merchants as a medium of proof. The entries are final proof against the person or firm to whom they pertain, or their successors, except in bankruptcy; but the adversary having once resorted to this medium of proof must abide by the

result of the combined entries affecting the case. He can not, in other words, take advantage of those entries which appear to be in his favor and reject those which might prejudice his case.

Furthermore, such books are proof in favor of their owner when the adversary does not present contrary entries in the prescribed books or some other clear and conclusive proof against them. Even in such event the judge may weigh this proof and, if he considers it necessary, require further substantiating evidence. Finally, when the evidence of two firms' books properly kept and without faults or imperfections is contradictory, the court may dispense with this medium of proof and proceed to the settlement of the case on the merits of other evidence submitted.

In the event the books required by law to be kept can not be produced, the auxiliary books can not be adduced as proof unless the regulation books have been lost or destroyed through no fault of the person offering the auxiliary books in evidence.

Loss of Probative Force.

When books are not kept in accordance with the law, they are practically useless for trial purposes. The code provides that books "which are in any way lacking in the required formalities or which embody any of the defects or faults noted in section 66," shall be without any value whatsoever at a trial as evidence in favor of the person or firm to whom they belong. Section 66 reads:

In the keeping of books, those of an auxiliary character as well as the regulation ones, it is prohibited:

1. To alter the progressive or chronological order of the entries or operations entered therein.
2. To leave blank spaces or vacant lines, as one entry must clearly follow the preceding one without leaving spaces for interlineations or additions.
3. To make interlineations, erasures, or additions, as all errors or omissions must be corrected by a new entry of the date on which the error or omission was first noted.
4. To blot out an entry.
5. To mutilate any part of the book, tear out a leaf, or in any way alter the binding or paging.

Future of Market.

Inasmuch as the law imposes no restrictions against the use of loose-leaf devices in the keeping of auxiliary books, there is every prospect of an increasing demand for loose-leaf books and binders as the Uruguayan public comes to a gradual appreciation of the advantages of their use. At present, American products control the market, and there is no indication that they will not continue to do so. The local agents handling the lines seem to be active, and it is undoubtedly preferable to handle the business through them than to try to sell each stationer direct.

ASIA

JAPAN

Don C. Bliss, jr., of the commercial attaché's office, Tokyo ⁴

The first five questions outlined in the questionnaire are answered below by quotations from J. E. de Becker's "Commentary on the Commercial Code of Japan," the standard work on the commercial law of Japan in English.

Required Books for Ordinary Traders.

The law specifically provides that ordinary traders (not petty traders) must keep books, and "accurately and clearly" enter certain particulars therein.

The trade books specified in the code are three in number, namely, daybook, inventory, and balance sheet. (1) The daybook is a book in which a trader must record systematically his daily dealings, and all facts and circumstances affecting his property, and the rights and duties arising between him and other persons—that is, lending and borrowing resulting from mercantile transactions, goods received and delivered, and money paid and received; but as to household expenses it is sufficient to record the total monthly amount; and as to the dealings of a retail business it suffices to enter only the total amount of each day's sales. But cash and credit sales must be entered separately. (2) The inventory is a general list, schedule, or enumeration in writing of property for business purposes, and a correct valuation as at the time of making the inventory must be given of movables and immovables, of credits and debits, and of other property entered in the list. (3) The balance sheet is a statement based on the actual property of a trader, and it should exhibit all items of debit and credit, and also the value of merchandise, and the result of the whole.

Required Books for Joint-Stock Companies.

Books and documents to be kept by joint-stock companies comprise:

1. Regular trade books containing a complete and accurate record of all business transactions.
2. A book containing a general inventory of assets. (*)
3. A book containing balance sheets. (*)
4. Copy of the articles of association (company contract). (*)
5. Business correspondence.
6. Minute book containing a record of resolutions passed at general meetings. (*)
7. Reports on the company's business. (*)
8. Profit and loss account. (*)
9. Proposals relating to the reserve fund and to the distribution of profits or interest. (*)
10. Copies of instruments of subscription.
11. List of shareholders; register of members containing:
 - (a) The names and domiciles of the shareholders.
 - (b) The number of shares held by each shareholder and the serial numbers of the certificates.
 - (c) The amount paid upon each share and the date of payment.
 - (d) The date of the acquisition of each share.
 - (e) If certificates to bearer have been issued, their total number, their serial numbers, and the date of their issue.

⁴ Later promoted to the post of assistant trade commissioner at Bombay, India.

12. A debenture list (debenture register) containing :

- (a) Names and domiciles of creditors.
- (b) Serial numbers of the debentures.
- (c) Total amount of the debentures.
- (d) Face amount of each debenture.
- (e) Rate of interest.
- (f) Manner and time of payment.
- (g) If the debentures are to be paid by several installments, the amount and date of such payments.
- (h) The amount paid on each debenture and the date of payment.
- (i) Date of issue.
- (j) Date of acquisition.
- (k) If debentures to bearer have been issued, their total number, their serial numbers, and the date of their issue.

Time for Making Entries.

The time for making entries must necessarily be such time as is most suitable for ascertaining the state of the business and property. The daybook must be kept and entries made at all hours while business is going on, but the inventory and balance sheets are to be made at the time when business is commenced in the case of an individual trader, or, in the case of a company, when its formation is registered, and, in both cases alike, once in each year at a fixed time. But in the case of a company which distributes profits twice a year or more frequently, the inventory and balance sheet must be made at the time of each distribution.

Books may be kept in any language.

Right of Inspection Limited.

To quote again from De Becker :

In order to guard the private details of commercial transactions and other business secrets of traders against disclosure to other persons, the code omits any provision for the inspection of trade books. It is only when an action is instituted that the court may on demand, or even ex officio, order a party to the action to produce his trade books . . . Certain administrative authorities—for example, tax, customs, and tobacco and salt monopoly officials—possess the right to enter premises and inspect trade books without the intervention or permission of the court.

In the case of private railways, insurance companies, trust companies, exchanges, banks, etc., which are governed by special laws, these may be examined at any time by the administrative authorities having visitorial jurisdiction ex officio.

While article 191 of the code gives to shareholders and creditors only the right to inspect documents to be produced at an ordinary general meeting [indicated by an asterisk (*) in the foregoing list of books and documents to be kept by joint-stock companies], article 198 permits a minority group of shareholders representing not less than one-tenth of the capital to make an application to the court to appoint examiners to inquire into the affairs of the company and the state of its property. If the court considers that cause has been shown, it may appoint such examiners, and the latter must report to the court the result of the examination.

Probative Force of Account Books.

The code merely provides that a person who carries on commercial transactions as a business must keep trade books; but nowadays it is more than ever necessary to take the greatest pains to keep a perfect set of books, because the entries therein furnish valuable evidence of the transactions entered into in the course of trade or business.

Should the books of a bankrupt be found to be in confusion and disorder, this constitutes a case of penal bankruptcy, and the bankrupt is liable to serious penalties for his negligence.

The code does not say what the form of trade books is to be; and while the usual conception of a book is a collection of several sheets of paper bound up together and protected by outside covers of cardboard or other strong material, it has been aptly pointed out by Professor Matsunami that binding is not an essential condition of books. The law requires certain books to be kept, but the form is left to the individual discretion of the trader using them.

Banks, however, are required to keep bound records.

Extent of Market for Loose-Leaf Devices.

At least half of the business firms in Japan use loose-leaf systems in keeping their accounts, and practically all of the business houses of any size employ bookkeeping systems modeled after American or European practice. The books kept, therefore, are practically the same ones that would be found in an American business house of the same size.

No possible estimate can be made of the number of loose-leaf books sold and used in Japan, but the number is increasing yearly. Students in the commercial schools are all taught the advantages of the method and are familiar with the use of loose-leaf books. One manufacturer and dealer in office supplies states that he sells about 500 post-binder ledgers a month, and there are three or four organizations of a size to do the same, besides a number of small stationery shops carrying office supplies. Students use a great many spring-binder notebooks in the classroom, usually of domestic manufacture, although some American lines are imported and sold. In offices post-binder ledgers are used extensively, but the spring-binder appears to be the favorite for the smaller record books.

In addition to four large manufacturers, a great many small manufacturing stationers and printers make loose-leaf books and forms in limited quantities for their local trade. Both large and small manufacturers are prepared to make up forms to order, as well as binders to fit the forms, and they are produced in a great variety of shapes and sizes but in general follow the American practice.

Distribution Methods.

Practically all office supplies are sold by retail stationers—generally small firms buying from manufacturers or jobbers and occasionally doing a little manufacturing in a limited way. However, some of the retailers are also manufacturers, producing much more than they sell and distributing either direct to other retailers or to jobbers. Again, some of the retailers are also importers, distributing the imported article to jobbers and retailers.

In the large cities, where direct negotiation is convenient, retailers generally purchase direct from the manufacturers of the locality, but retailers in the outlying towns generally arrange their purchases through the jobbers in the large cities who specialize in supplying out-of-town buyers.

Mechanical Appliances Infrequently Used.

Very few book typewriters are used in Japan. The principal difficulty is the language, which can not be adapted to a typewriter without great inconvenience. Practically all records are kept by hand, in the native characters, although there is a strong tendency to use Arabic numerals, and the population generally is familiar with them. Another difficulty is the high cost of the machines. The cost of clerical labor is still low in Japan compared with the United States, and economy of labor is not so keenly appreciated.

In general it may be said that large offices do not employ mechanical appliances where the object of the device is to avoid the necessity of making book entries by hand, but so far as the forms used, loose-leaf binders, sales slips, and similar written records are concerned they are quite up to date. Card-filing systems for the recording of

facts in an orderly manner are also quite generally understood and appreciated, but all entries are made by hand.

The present law is quite liberal, as cited above, but in general it may be said that Japanese law is always interpreted strictly to its letter, and the development of law by judicial interpretation is prohibited.

JAVA

Trade Commissioner J. F. Van Wickel, Batavia

The commercial laws of the Netherlands East Indies are, for the most part, identical with the laws of the Netherlands. Article 6 of the local Commercial Code requires that merchants, firms, or corporations, of whatever nature, must keep a daybook or daily register, in which, from day to day, without blanks, interlineations, or marginal notes, must be recorded debits and credits, all actions relating to the business, bills of exchange, acceptances or indorsements of drafts and other commercial papers, obligations, and agreements, and, in general, everything receivable and accountable, of whatever nature; all without prejudice to such books as are customary in trade, but of which the keeping is not prescribed by law. Until 1922 the Netherlands law was ambiguous, but has now been amplified and liberalized. The local law may, in course of time, be similarly liberalized.

It will be observed from the above that the law specifies only the daybook which the merchant is required to write up. This book can be submitted as proof in a court of law, hence it is subject to strict legal regulation. Under "other books usually kept in trade" are meant the cashbook, register, and ledger. The keeping of these books, however, is not prescribed by law. For associations with legal standing (that is, royally or governmentally approved) the cashbook and the minute book are equally admissible as evidence before the courts. Such associations have practically become corporations and subject to the existing commercial laws.

The Commercial Code prescribes the keeping of copy books with numbered pages in which all letters sent out by merchants must be copied, and from which, under no circumstances, may any pages be removed. The same article of the code requires the merchant to preserve all letters which he receives. Annually he must compile and sign a statement and balance sheet, to be entered in a separate register intended solely for that purpose. The merchant furthermore must preserve his records for a period of 30 years.

Law Does Not Specify Language.

The law does not prescribe that books shall be kept in any particular language. However, so many difficulties have arisen in the past that an attempt is being made to have the following stipulations included in the corporation income-tax bill now before the States General in Holland for ratification:

Making compulsory the keeping of books to clearly show the amount of taxable income.

No definite regulations are made with reference to language or method, but permission of the director of finance is necessary for the use of any language

other than Dutch and the indigenous languages or of characters other than Latin or Arabic.

It is understood that permission to keep books and records in French, German, English, and Chinese can be readily obtained.

Inspection of Books Not Compulsory.

The Commercial Code does not require, nor does it regulate, the inspection of books except in that it gives any judge the right to demand the production of books in court.

When an action is not entirely denied or the existence in general is proven, correctly kept account books, strengthened by oath if so required or confirmed by death, establish the proof of details in business relations between merchants, that is in regard to time of action, delivery, quality, and price, except for counterevidence. Letter copy books when correctly kept may also be admitted as evidence by the court.

From the above free translation it can be seen that the law does not speak of control nor does it require the merchant to submit to inspection. There are, therefore, no special stamp taxes to be paid in connection with inspection of books. A refusal to submit to an inspection is generally interpreted disadvantageously, whereas the probative force of books will be strengthened by an accountant's report, though there is no official sanction to the latter.

When books are kept according to the requirements of the Commercial Code they may be admitted as evidence in any suit at law, but when not so kept they may be proof against the party submitting them.

Law Does Not Prohibit Use of Loose-Leaf Books.

The Commercial Code is dated April 30, 1847—before loose-leaf devices came into general use, and it therefore makes no mention of them. In recent years the larger mercantile concerns and banks, have adopted loose-leaf and card systems for some of their records. There is at present no objection to the loose-leaf system provided it is properly kept; however, local opinion is that such devices do not preclude the possibility of deceit, hence it is thought that in course of time regulations may be drawn up to cover this phase of accounting. It is not at all unlikely that this subject will come up for consideration when the new corporation income tax bill becomes law.

Both the civil and the commercial laws are in process of revision, which, however, will require several years. In the meantime, in a case at law, rule of reason seems to apply more than the wording of the law and common or accepted practices establish the precedent.

Sale of Loose-Leaf Devices Small.

Nearly all large department stores, business organizations, and Government offices use complicated systems of bookkeeping, but surprisingly few of them have installed the modern card or loose-leaf system. Many of them do not even use typewriters except for letter writing.

Importers of loose-leaf devices expect the number of users to increase as the advantages of these appliances become better known. There are no import statistics specifically covering this item, and importers are reluctant to even hazard a guess as to the probable

total volume of business annually available. However, it may be said at the moment to be very small, possibly not more than 1,000 binders per annum.

Loose-leaf devices are sold chiefly through retail book stores and in a few instances by importers of office equipment and by printers. The larger booksellers and office-appliance dealers usually have their own office or buying agents in Holland, and sometimes London as well, through whom they make all purchases. Some of the dealers who represent American manufacturers conduct their business direct with such manufacturers.

Book Typewriters Not Common.

The use of book typewriters is not common in Java, but, as with loose-leaf devices in general, there is a good market waiting to be developed by some enterprising firm. It is a matter of educating prospective purchasers to the advantages of modern labor and cost-cutting systems. General business conditions to-day are good, but firms are confronted with an overhead considerably greater than in pre-war years without a corresponding increase in the margin of profit, hence there is now a greater opportunity for the introduction of modern systems than ever before.

In recent months a few combination bookkeeping, adding, and calculating typewriters were sold to one of the large steamship companies and are giving satisfaction. The prices of these machines ranged between \$1,000 and \$2,000 (United States currency), so it can be seen that their use must not only result in a better system of record keeping but must also displace a considerable number of low-wage clerks and bookkeepers to justify the investment.

Native copyists and bookkeepers are paid from 50 to 60 guilders per month. Chinese bookkeepers with a knowledge of Malay and Dutch receive 125 to 200 guilders, while those knowing English as well generally secure 25 to 50 guilders per month extra. Indo-European clerks usually get from 200 to 400 guilders, and European clerks, bookkeepers, and typists are paid from 300 to 500 guilders. Groups 1 and 2 require a great deal of supervision by Europeans, group 3 somewhat less.

Sales Hampered by Lack of Organization.

The biggest drawback to the development of the use of loose-leaf devices and mechanical bookkeeping in this territory is lack of a real selling organization capable of explaining to prospective users the saving in time and overhead resulting from the installation of systems designed to meet users' particular requirements. It is almost impossible to obtain qualified salesmen locally, and with the limited knowledge on this subject possessed by the importers themselves it is difficult to train an effective sales crew.

Selling expenses are very high, and present importers say they do not see sufficient profits ahead in these lines to justify the development of a specialty selling organization. However, it is certain there is a great need for the introduction of up-to-date office systems; and the manufacturer with patience and vision who comes into this market, makes an arrangement with one of the local importers of office appliances and trains a crew to operate under the direction of

an American specialist will find the eventual profits justify the venture.

Not only do numerous Government departments desire the modernization of their record systems, which have remained practically unchanged for many decades, but the large banks and commercial houses likewise offer a wide field for the introduction of modern systems and mechanical equipment. The sugar mills and estate offices and the numerous other agricultural enterprises run along European lines extend the field to cost-accounting systems and card records of all kinds. Only recently the customs department purchased the necessary mechanical equipment from an American firm for the recording and tabulating of customs returns and statistics to replace hand written and mentally totaled records.

PALESTINE

Consul Oscar S. Heizer, Jerusalem

Most of the commercial laws now applicable in Palestine are the same as those enforced before the war by Turkey. The Government of Palestine has, since the institution of the civil administration, made certain rules affecting cooperatives and corporations.

The code provides that merchants must keep a journal, a correspondence register, and an inventory book. In addition, and varying with the needs of each, merchants usually keep a day book, ledger (double entry), cashbook, invoice book, bill book, auxiliary books for purchases, sales, etc.

Required Books for Cooperatives—Language.

Trading corporations other than cooperative societies come within the definition of the term "merchants" in the Ottoman Code and must keep the first three books. With regard to cooperative societies, the registrar has power, under the cooperative societies ordinance 1920, to make rules as to the books and registers to be kept by such societies. The only rules made by the registrar are those given in the August 1, 1922, supplement to the cooperative societies ordinance 1920, which prescribes that:

In addition to the books and registers required by a society in the ordinary course of business, the society shall keep (1) a register of mortgage and discharge, (2) a register of members, (3) a register of transfers, (4) minute books for the record of minutes of meetings of directors, boards of management, and general meetings of the society, (5) cashbook showing receipts and expenditures, (6) nomination book.

The laws do not prescribe the use of any specific language. The Government of Palestine recognizes three official languages, English, Arabic, and Hebrew, but in the opinion of local auditors the use of any other language will not be considered improper by the courts. Books are usually kept in Arabic, Hebrew, Greek, Spanish, Armenian, Persian, English, French, or German.

Inspection and Legalization Requirements.

There is nothing in the Ottoman law with regard to the inspection of books. It provides, however, that the journal should be produced at the end of each year to an officer of the commercial court for marking. Also, before anything is written in the journal or in the inventory book they must be produced to that officer for marking.

The function of numbering, sealing, and marking commercial books is now performed by the notary public of the court within the jurisdiction of which the firm or corporation is situate. In practice traders' books are not often marked, as many of the provisions of the law are found to be obsolete.

Books of companies registered under the cooperative societies ordinance 1920, as provided in the supplement of August 1, 1922, or under the companies ordinances 1921 and 1922 have to be audited by one or more properly qualified auditors licensed by the Government of Palestine. The auditors are to be elected at a general meeting of members in the case of a cooperative society or of shareholders in the case of companies with limited liability. Failing an election, the registrar has a right to appoint auditors at the society's expense. The audited balance sheet must be submitted to the registrar once every year. There is no stamp tax on inspection or auditing of books.

Value of Loose-Leaf Books in Evidence.

Merchants' books which are kept in conformity with the provisions of the Ottoman law and cooperative societies' books kept in accordance with the new regulations of the Government of Palestine are admissible as evidence in litigations between merchants and societies. If they are not kept properly it would be very difficult to prove any claim solely by entries in the books. In the opinion of the attorney general of the Government of Palestine, the Ottoman commentators incline to the view that it is the intention of the law, that, if the books are not kept in accordance with its provisions, they shall not be admitted as evidence in favor of the merchant who has kept them, but they may be admitted as evidence against him.

In modern practice among a few of the more Europeanized native merchants and among some of the more important companies and cooperative societies loose-leaf devices are very extensively used for ledgers, etc. Local auditors do not advise their use for books of original and chronological entry such as the journal and cashbooks; but for all other books of classified entries, such as ledgers, into which transactions are posted from the journal, loose-leaf books can be advantageously used, with adequate references to the original documents in support of each entry. Provided this procedure is followed there seems to be no legal objections to the loose-leaf system.

Extent of Market for Loose-Leaf Devices.

Loose-leaf devices consisting of about 150 ledgers, indexes, etc., were originally used in Government offices, but were subsequently discontinued because they were found to be unsuitable for permanent records, though one American make is still retained for stock-book purposes, requisitions, etc. Their use otherwise is limited to a few larger business houses, cooperative societies, and organizations controlling national Jewish undertakings, such as the Palestine Zionist Executive, Palestine Land Development Co., Palestine Building Loan & Savings Association, and certain banking institutions. A few of the American institutions in this country had loose-leaf ledgers sent to them from the United States. Only American devices are used locally.

Doubt has been expressed whether business books without supporting documents will ever be acknowledged as sole proof in suits at

law. So long as the books are supported by documents there would seem to be no legal objection to loose-leaf devices. Usage, not law, stands in the way of their popularization. Small quantities could be introduced, but it should not be forgotten that many of the most elementary ideas of bookkeeping have not yet been universally adopted here.

PERSIA

Vice Consul George Gregg Fuller, Teheran

There are no local laws which prescribe what books shall be kept, nor is there any law regarding the inspection of books. A tax law is now under debate in Parliament, and if this is passed it will probably include some provisions for the inspection of a merchant's books. However, records kept in loose-leaf devices would not be accepted as evidence by the courts.

No loose-leaf books are sold in Persia. The only ones in use—by missionary societies or other foreign associations—are purchased in the United States or Europe. There are no mechanical appliances in use.

Modern bookkeeping has not been adopted anywhere. The Government has a system, similar to one in use by certain merchants, whereby books are kept in symbols. This system of symbols is known as "Syagh" and is handed down from one generation to another, no one but the Government clerks being able to read it.

SYRIA

Vice Consul Paul H. Alling, Beirut

The Turkish law relating to bookkeeping, which is still in force in Syria, prescribes three books that must be kept by merchants, viz, daybook (journal) letter-copying book, and inventory book. Individuals, firms, and corporations are governed by the same regulations in this respect. In addition to the required books, local merchants usually keep a ledger and an entry book. The latter is used to record sales as they are made, the entries being later transferred to the daybook.

The law does not specify that books be kept in any particular language. As a general rule, the small shops keep their books in Arabic and the department stores, banks, and similar institutions keep theirs in French.

Inspection of Books—Evidential Value.

Local tribunals do not have authority to inspect such books except in disputes arising in cases of partnership, succession, dissolution of companies, and bankruptcy. Before a daybook is used, however, it must be numbered, initialed, and visaed by an official appointed for that purpose by the tribunal of commerce. Also at the end of every calendar year the book must be visaed by the same official in the presence of the merchant, but the official has no authority under any circumstances to inspect the contents.

When kept according to law, books are admitted as evidence by the local courts to prove commercial facts when all parties to the dispute are merchants. Books not kept in accordance with the law are not admitted as evidence in the courts.

Use of Loose-Leaf Books.

The Turkish law does not mention the use of loose-leaf devices in the keeping of either principal or subsidiary books. The question of loose-leaf books seems never to have come before the courts. Though there might be some objection to them at first, it is thought that this might be overcome. For example, if the daybook or journal were a bound volume while the ledger or entry book was a loose-leaf device, it is believed that entries made in such loose-leaf record book would be accepted, inasmuch as they would be supported by the records in the bound daybook or journal.

In this connection it may be noted that the local courts are less inclined to stress technical details than are the courts of America and England. Frequently judgment is rendered upon what is termed the equity of the case rather than upon fine legal points. For this reason it is thought that the courts would be inclined to overlook the fact that loose-leaf devices are not specifically recognized under the Turkish law and accept such books as evidence if it appeared that they had not been tampered with.

At the present time loose-leaf books are not sold in this market. With the growing use of typewriters and other labor-saving devices it is probable a market could be created, though a modest beginning would no doubt be necessary.

Modern Bookkeeping Devices in Large Organizations.

Long-carriage typewriters are used to a considerable extent in the local banks, but not for making typewritten entries on ledgers. They are employed principally in making up periodical statements of customers' accounts.

Practically none of the department stores, Government offices, and other large institutions use modern bookkeeping systems in the sense of making typewritten entries. The large institutions use the double-entry system, but entries are all made by hand and the systems in use are comparatively simple.

A tendency toward liberalizing requirements is noticeable in the matter of letter copy books, which in many instances are being displaced by carbon copies made on typewriters. As a matter of practice, carbon copies of letters are accepted as evidence in the local courts, although no mention of such appears in the Turkish law. It is explained that this method of making copies of letters has become so common in modern business that it has been found feasible to accept such copies in the local courts in spite of the fact that they are not specifically authorized. A similar attitude might be adopted toward loose-leaf devices once they were introduced in commercial circles.

AFRICA

ALGERIA

Vice Consul David C. Elkington, Algiers

Commercial practice and accounting and the laws affecting these operations in Algeria are identical with those of France. One record book only is required to be kept by those engaged in business; that book is the journal.

Other books, however, are kept, such as the brouillard, in which daily items are entered prior to being transferred to the journal; ledger, where customers' accounts are kept; inventory, bills payable, and bills receivable. The last two accounts often are kept in one book. Sometimes still other books are kept if the nature of the business makes it desirable, but there is no uniformity in them.

Legal Verification and Inspection.

Legal verification is not practiced in Algeria beyond such inspection as is made by fiscal agents of the Government for the purpose of income-tax assessments. To be admissible in court as evidence, however, the journal must have each page numbered and stamped with the name of a judge especially designated for this purpose. The total number of pages is then recorded at the end.

It appears that a loose-leaf journal would be unacceptable for page numbering. This being the only "official" book which it is necessary to keep, it follows that any of the others may be kept by the loose-leaf system.

Although no language is prescribed by law, any other than French would create difficulties in the hearing of a case.

Loose-Leaf System Little Used as Yet.

It is impossible to state the number of loose-leaf bookkeeping devices sold annually in Algeria, but it is small compared with the number of bound volumes. They are favorably looked upon, however, and their use is on the increase. This is especially true of card-index systems.

Large corporations, like railways and department stores, and Government offices have not taken up the loose-leaf system of bookkeeping to any extent. They adhere to old systems of special books adapted to their particular needs.

Book typewriters are unknown. In fact, the dealer who furnished much of the information upon which this report is based expressed surprise that such a machine existed.

Importation Almost Exclusively from France.

Three-fourths of Algeria's foreign trade is carried on with France. This holds true for loose-leaf bookkeeping devices. Many of these, however, are of American origin, but having passed the French customs they enter Algeria as French goods.

Inasmuch as the journal is the sole volume which is required to be kept in the bound form, liberalization of the laws on the subject is unnecessary for the introduction of loose-leaf systems. The market in Algeria for these devices, therefore, should be an expanding one, provided advertising is done effectively. For the time being, however, the high exchange on the dollar is detrimental to American exports.

Distribution of loose-leaf devices in Algeria is, for the most part, from manufacturer direct to retailer. Sometimes French manufacturers have agents or representatives in Algeria who take care of the distribution to local retailers. Jobbers do not enter into the process.

Method of Entering the Market.

For the sale in Algeria of a product like loose-leaf bookkeeping appliances, the quantity of which would hardly warrant special shipment from the United States, it would be more advantageous to enter the market by way of a representative or agent in France. He could quote prices in francs, the local currency; keep stocks, from which orders could be filled promptly; get them to their destination rapidly, for steamship connections between Marseille and Algerian ports are good; and carry on his business, including the extension of credit, by methods familiar to local firms. Practically none of these advantages is at present available to local firms doing business direct with the United States.

EGYPT

Trade Commissioner Richard A. May, Cairo

The Egyptian code governing the trade of Egypt, which is based on the French Commercial Code, prescribes that all commercial organizations and individuals engaged in commerce keep a journal and a register of business letters received and transmitted. Both must be bound volumes. Also, they are obliged every year to make a complete inventory of property (movable and immovable) and enter the same in a special bound register. These requirements apply both to individual merchants and to local corporations of whatever type, although there are no Egyptian corporations of the same corporate form common to the United States. The usual type of business organization in Egypt, outside of individuals and partnerships, is the "société anonyme," based on the French system of commercial practice and law.

According to the provisions of the Egyptian law, the journal should give day by day a statement of the debt and credit balances, the value of purchases and sales, acceptances and indorsements, and, generally, all which is received and paid—cash, securities, or goods; moreover, every month a statement must be entered of the expenses of the previous month. Other books usually kept by individual merchants, partnerships, and other corporate forms of commercial enterprise in Egypt are those ordinarily used in other countries, that is, ledger, bills payable, bills receivable, accounts current, daybook, cash-book, inventory (running), and other books of lesser importance for filing invoices, receipts, etc.

The Mixed Courts recognize and approve the use in books of French, English, Italian, and Arabic. The code does not specify any language.

Evidential Value of Principal Books.

Books when kept according to law may be presented for evidence in commercial cases before the Mixed Courts, and when not kept according to law have no force and, generally, will not be admitted for purposes of evidence before the Mixed Courts. In order to facilitate the use of books for court-evidence the registrar of the Mixed Courts makes the following special arrangements whereby journals, inventory books, and all other bound books may be recognized by the court with probative force. A firm or individual presents to the Mixed Courts, before entering any transactions in them, such books as are required to be visaed by the registrar of the Mixed Courts. The registrar affixes his signature to each folio of the books by means of a rubber stamp. He also stamps on the first folio, duly filled in according to each individual case:

We (the name of the actual registrar) of the Mixed Courts, by delegation of the Tribunal of Commerce, hereby declare having opened the present book-----containing----- (number of folios is mentioned) ----- used for bookkeeping-----date-----

(Signature of the Chief Registrar.)

The registrar performs this service without charge, as regards journal and inventory books. The charge for other books is 20 piasters for books containing less than 20 folios and 40 piasters for books of more than 20 folios.

The local law does not recognize in any form, shape, or manner loose-leaf devices in the keeping of principal or subsidiary books. However, this does not mean that it disapproves of their use, but rather that for evidential purposes and other court proofs it can not recognize such devices.

Loose-Leaf Devices Little Known in Egypt.

Due to the fact that the Egyptian commercial law courts do not accord probative force to loose-leaf books, their use in bookkeeping here is limited. However, loose-leaf books are well liked among commercial establishments and banks for keeping minor records such as invoices, receipts, trial balances, and accounts current. The use of loose-leaf books in Egypt may be said to be increasing gradually with the introduction of modern office systems from Great Britain and America. Book typewriters and other modern office appliances incidental to loose-leaf systems are still practically unknown in Egypt. Nevertheless, there are several large commercial establishments, with offices in various Egyptian cities, which transcribe on loose-leaf sheets the daily accounts and other daily records of their subsidiary offices for transmission to their head offices. There is no manufacture of loose-leaf books or sheets in Egypt.

It is understood that large department stores and other similar commercial organizations adhere in their bookkeeping practice to methods prescribed by the home organizations in Paris, London, or elsewhere. Many retail establishments falling within the category of department stores, dry-goods establishments, etc., have very primitive methods of bookkeeping and accounts control. For example, such modern innovations as cash registers are not used in the majority of retail establishments in Egypt, daily cash receipts being entered in pencil or ink on cash-receipt forms by a special cash clerk, who totals the daily receipts as payment is received for each

item. These daily cash-receipt forms usually are not put in loose-leaf books but are tied up in bundles.

As regards the government offices, bookkeeping methods vary somewhat between each. Some already use loose-leaf devices for filing documents and forms of various kinds.

Method of Distribution—Probable Demand.

Such loose-leaf devices as are now found on the market are generally imported by retailers purchasing direct from the foreign manufacturers. In other words, the market has not as yet developed to the point where the foreign manufacturer considers the appointment of exclusive sales representatives or the restricting of sales to wholesalers justified. The retail stationery stores of Egypt, many of which are organized and operate along American and British lines, nevertheless offer a splendid outlet for modern office appliances, including loose-leaf devices.

It is believed that through scientific sales promotion and the appointment of exclusive sales agents in a position to push their sales American loose-leaf systems can be introduced on the Egyptian market with considerable success. The tendency to modernize office record systems in Egypt is very distinct, and the field is large, considering the opportunities presented through the numerous commercial schools, the government offices, and the many progressive commercial organizations of the principal cities.

[Copies (in French) of the text of the Codes Egyptiens et Lois Usuelles, paragraphs 12 to 19, and of section 3 of the Code de Commerce Mixte, which covers completely all prescriptions under the jurisdiction of the courts as to commercial bookkeeping, are on file in the Division of Commercial Laws, for loan.]

LIBERIA

Consul General Solomon Porter Hood, Monrovia

There are no laws affecting the use of loose-leaf devices in bookkeeping and record making in Liberia. Liberia is a tropical country with agriculture as its chief industry. There are no other businesses than governmental and a few small European branch mercantile stores which would possibly keep record books. All books are kept in English, which is the official and commercial language of the country.

The books used for records are permanent-bound ledgers. In fact, the writer has seen very few modern accounting devices in Liberia, and there is no agency or store selling such manufactures. Should a firm desire modern devices it would import them direct from abroad; therefore, the best plan of introduction would be through circulars and general letters to European firms which have agencies here.

The only law which would affect loose-leaf devices here is evidence. Liberian law upon the keeping of records and the admission of record books in evidence is that of the American common law unaffected by statutory enactments. In view of this it is not at all improbable that the permanent-bound record book would be preferred because of the comparatively small chance or opportunity of fraud through substitution.

MOROCCO

Consul H. Earle Russell, Casablanca

The Moroccan Code of Commerce prescribes certain books to be kept by merchants regardless of the form of business association. This provision of law is not obligatory in the sense that business men are penalized for failure to comply with it, but if in litigation where the production of commercial books becomes necessary none can be produced, or if produced they are found to have been irregularly kept, the trader is at once summoned on a criminal charge and in the civil action is put at a disadvantage with his opponents and creditors.

This law is applicable to all persons and firms in Morocco, except those of American or British nationality or protection, which are liable only to their consular courts under treaty rights.

Books Required—Language—Visa.

The code prescribes the keeping of a daybook, a file of correspondence received, a register of correspondence sent, a register of property inventories, and one of debts of all kinds. Nearly all firms keep certain private books, such as cash books, books for accounts current, etc., the number and type varying with the kind of business carried on.

The Moroccan code does not prescribe the language in which commercial books shall be kept, but the court rules prescribe the use of French. This is quite natural, as French tribunals have jurisdiction in all such cases that involve Europeans as defendants, and the common business and social language is French.

Local laws provide for the numbering, vising, and initialing of the pages of the daybook and the register of inventories once a year by the judge of the tribunal de paix of the municipality. The tax for this service is about 20 francs per year (a little less than \$1).

Probative Force of Regularly Kept Books.

When commercial books are kept according to law they may be admitted by the court as full proof of commercial facts as between merchants. The production of these books may be ordered by the court, either on its own motion or that of counsel, in cases of inheritance or succession, community property, dissolution of business associations, and bankruptcy. When commercial books have not been properly kept they can not be produced in court or be considered as proof in law for the profit of the holders, though the court may consult them for the purpose of information and find in the agreement of their statements with other documentary evidence certain presumptions determining its final decision.

In a controversy between merchants, one of whom has correctly kept books and the other either has none or has irregularly kept books, the legal presumption always favors the former.

Many cases arise in French Morocco, especially among Moorish merchants where, because of illiteracy or a lack of knowledge of French, books are either not kept at all or are irregularly kept by both parties. In such controversies, if the transaction in dispute has been made through a sworn broker the latter's records will be accepted as evidence.

Use of Loose-Leaf Books.

The local law does not in terms prohibit the use of loose-leaf devices in the keeping of principal commercial books. However, it may be easily inferred from the elaborate provisions regarding the numbering, visaing, and initialing of the pages, especially of the daybook and register of inventories, that such devices would not be recognized as valid in the case of the two named books. It seems to be the very essence of the law that there shall be a system whereby a record can be kept of every page and in which no page can be removed.

Nothing is said as to subsidiary books, and as a matter of fact loose-leaf devices for these are used by a few of the larger firms.

Extent of Market.

There are no available statistics as to the importation, sale, and use of loose-leaf books in French Morocco. Inquiry at the leading dealers in stationery and office supplies reveals practically no demand for them. The banks and a few of the leading importers and exporters use them for subsidiary bookkeeping, but they buy them from jobbers in France. The books are almost invariably of American manufacture, though bought in France. Retail firms do almost entirely a cash business, and consequently have no need for a large number of books.

This consulate is informed by local dealers that a year and a half or two years ago they placed some small trial orders, but the stock stayed so long on their shelves that they were discouraged from purchasing more. The firms that did the previous purchasing are dealers in typewriters and office supplies generally.

The use of book typewriters is not common here. Outside of three or four of the principal banks (Bank of British West Africa, Banque d'Etat du Maroc, Société Générale, Société Marseillaise, etc.) they are not to be found.

ADDITIONAL COPIES OF TRADE INFORMATION BULLETINS

Additional copies of this bulletin may be procured from any of the district and cooperative offices of the Bureau of Foreign and Domestic Commerce throughout the United States, or in Washington from the Superintendent of Documents, Government Printing Office; price, 10 cents.

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Bridgeport, Conn.: Manufacturers' Association.
Charleston, S. C.: Chamber of Commerce.
Chattanooga, Tenn.: 1301 Market Street.
Cincinnati, Ohio: Chamber of Commerce.
Cleveland, Ohio: Chamber of Commerce.
Columbus, Ohio: Chamber of Commerce.
Dallas, Tex.: Chamber of Commerce.
Dayton, Ohio: Chamber of Commerce.
Des Moines, Iowa: Chamber of Commerce.
El Paso, Tex.: Chamber of Commerce.
Erie, Pa.: Chamber of Commerce.
Fort Worth, Tex.: Chamber of Commerce.
Houston, Tex.: Chamber of Commerce.
Indianapolis, Ind.: Chamber of Commerce.
Jacksonville, Fla.: Chamber of Commerce.
Los Angeles, Calif.: Chamber of Commerce.
Milwaukee, Wis.: Association of Commerce.
Mobile, Ala.: Chamber of Commerce.
Muncie, Ind.: Chamber of Commerce.
Newark, N. J.: Chamber of Commerce.
Norfolk, Va.: Hampton Roads Maritime Exchange.
Orange, Tex.: Chamber of Commerce.
Pensacola, Fla.: Chamber of Commerce.
Pittsburgh, Pa.: Chamber of Commerce.
Providence, R. I.: Chamber of Commerce.
Richmond, Va.: Chamber of Commerce.
Rochester, N. Y.: Chamber of Commerce.
San Diego, Calif.: Chamber of Commerce.
Syracuse, N. Y.: Chamber of Commerce.
Tacoma, Wash.: Chamber of Commerce.
Toledo, Ohio: Chamber of Commerce.
Trenton, N. J.: Chamber of Commerce.
Worcester, Mass.: Chamber of Commerce.