

BONDED EMPLOYEES

ALL EMPLOYEES OF THIS PLANT ARE COVERED UNDER THE BLANKET BOND OF ANACONDA COPPER MINING COMPANY.

SIGNATURES ON CHECKS AND DRAFTS

THE FOLLOWING LISTED PERSONS ARE AUTHORIZED TO SIGN AND COUNTERSIGN CHECKS DRAWN ON THE FIRST NATIONAL BANK IN EAST CHICAGO AND NEW YORK DRAFTS:

G. E. JOHNSON	PLANT MANAGER
F. E. STOLTE	ASSISTANT SECRETARY
L. A. MILNE	CHIEF CLERK
A. A. MILLER	ASSISTANT CHIEF CLERK

TWO SIGNATURES ARE REQUIRED ON ALL CHECKS AND DRAFTS.

ERRORS AND DISCREPANCIES

THE FOLLOWING IS A LIST OF ERRORS AND DISCREPANCIES DISCOVERED DURING THE PERIOD OF THE AUDIT AND WHICH HAVE NOT BEEN SHOWN PREVIOUSLY IN THIS REPORT.

SALARY PAYROLLS

THE FOLLOWING PAYROLLS HAD NOT BEEN APPROVED BY THE MANAGER AND WE HAD THEM APPROVED.

MAY 31, 1944	-	SALES DEPARTMENT
AUGUST 15, 1944	-	ZINC OXIDE DEPARTMENT
NOVEMBER 15, 1944	-	ALL DEPARTMENTS
NOVEMBER 30, 1944	-	ALL DEPARTMENTS

GENERAL LEDGER

PAGE 170 - CUSTOM METAL PURCHASES, DEBIT COLUMN ADDED AS \$317,479.69 INSTEAD OF \$317,479.67.

PAGE 188 - OPERATING EXPENSE, LEAD REFINING DEPARTMENT, CREDIT COLUMN ADDED AS \$480,809.95 INSTEAD OF \$29,857.23.

PAGE 254 - OUTBOUND LEAD FREIGHT DEBIT COLUMN ADDED AS \$68,111.95 INSTEAD OF \$58,111.95.

N10137

PNYC00000974

FIXED ASSETS

BUILDINGS AND MACHINERY AND EQUIPMENT ACCOUNTS ARE CARRIED ON THE BOOKS AT THE NEW YORK OFFICE AND THE FURNITURE AND FIXTURES ACCOUNT HERE.

THE ENTIRE BALANCE IN THE CONSTRUCTION ACCOUNT IS TRANSFERRED TO THE NEW YORK OFFICE AT THE END OF THE YEAR REGARDLESS OF WHETHER THE JOBS ARE COMPLETED OR NOT, WHICH IS CONTRARY TO THE PRACTICE AT OTHER ANACONDA OFFICES WHERE WE HAVE MADE AUDITS. COMPLETED JOBS SHOULD BE TRANSFERRED TO NEW YORK IN THE MONTH FOLLOWING COMPLETION AND THE OPEN JOBS LEFT ON THE BOOKS AT THE PLANT. SOME JOBS RUN FOR TWO OR THREE YEARS BEFORE THEY ARE CLOSED AND THE PLANT RECORDS DO NOT SHOW THE TRUE PICTURE. THIS WILL BE PARTICULARLY TRUE AT DECEMBER 31, 1944 IN CONNECTION WITH APPROPRIATION NO. 161, DISCUSSED IN THIS REPORT UNDER "FIRE LOSS ACCOUNT", "CONSTRUCTION", AND "COMPANIES AND INDIVIDUALS". THE CHECK FROM JOHNSON & HIGGINS FOR \$11,379.07 WILL BE TRANSFERRED FROM COMPANIES AND INDIVIDUALS TO CONSTRUCTION. THE JOB HAS NOT BEEN FINISHED AND IT HAS NOT BEEN DETERMINED AS TO HOW MUCH SHALL BE CAPITALIZED, HOW MUCH IS FIRE LOSS AND HOW MUCH OF THE ORIGINAL ASSET SHOULD BE DISMANTLED. WHEN THESE AMOUNTS ARE SET UP IN 1945 THEY WILL CREATE A PECULIAR PICTURE, WITH NO BALANCE CARRIED OVER FROM 1944.

ACCOUNTS RECEIVABLE

CUSTOMERS ACCOUNTS WERE FOUND TO BE IN GOOD ORDER, ALL PAST DUE ACCOUNTS ARE BEING CLOSELY FOLLOWED.

VERIFICATION STATEMENTS WERE MADE UP ON THE PRESCRIBED FORMS AND SENT TO POGSON, PELOUBET & CO. FOR MAILING. THE FOLLOWING IS A SUMMARY OF THE STATEMENTS PREPARED BY US:

	<u>NUMBER OF ACCOUNTS</u>		<u>AMOUNT</u>	
	<u>PER BOOKS</u>	<u>STATEMENTS</u>	<u>PER BOOKS</u>	<u>STATEMENTS</u>
ZINC OXIDE DEPARTMENT	35		\$ 51,332.76	
LESS: INTER-COMPANY ACCOUNTS	2		14,107.50	
	33	25	\$ 37,225.26	\$ 36,833.19
WHITE LEAD DEPARTMENT	176		\$ 76,462.93	
CREDIT BALANCES	5		133.46	
	171		\$ 76,596.39	
UNCOLLECTIBLE ACCOUNTS	2		17.12	
	169	71	\$ 76,579.27	74,891.83
ANACONDA SALES COMPANY	191		\$ 33,596.87	
LESS: INTER-COMPANY ACCOUNTS	1		67.50	
	190		\$ 33,529.37	
CREDIT BALANCE	1		1.02	
	189		\$ 33,530.39	
UNCOLLECTIBLE ACCOUNTS	2		70.12	
	187	66	\$ 33,460.27	30,257.67
TOTALS	389	162	\$147,264.80	\$141,982.69
PERCENT OF ACCOUNTS VERIFIED	41.64		96.41	

GENERAL REMARKSCONSIGNED STOCKS

THESE RECORDS WERE FOUND TO BE IN VERY GOOD CONDITION. THERE WERE VERY FEW STOCKS WHICH WERE NOT CURRENTLY MOVING AND A VERY LARGE PERCENTAGE OF AGENTS ARE SENDING IN MONTHLY INVENTORY REPORTS. WE CHECKED THIRTY-TWO OF THESE REPORTS RECEIVED FROM AGENTS TO WHOM WE HAD NOT SENT VERIFICATION STATEMENTS AND FOUND THEM TO BE IN AGREEMENT WITH THE CONSIGNED STOCK RECORD.

VERIFICATION STATEMENTS WERE MADE UP ON THE PRESCRIBED FORMS AND SENT TO POCSON, PELOUBET & CO. FOR MAILING. THE FOLLOWING IS A SUMMARY OF THE STATEMENTS PREPARED BY US:

	<u>NUMBER OF ACCOUNTS</u>		<u>POUNDS</u>	
	<u>PER BOOKS</u>	<u>STATEMENTS</u>	<u>PER BOOKS</u>	<u>STATEMENTS</u>
<u>ZINC OXIDE</u>				
WAREHOUSES	3	3	88,450	88,450
IN NAME OF ANACONDA SALES COMPANY	10	10	408,000	408,000
<u>DRY WHITE LEAD</u>				
WAREHOUSES	3	3	75,650	75,650
IN NAME OF ANACONDA SALES COMPANY	13	13	605,300	605,300
<u>WHITE LEAD-IN-OIL</u>				
WAREHOUSES	-	-	-	-
OTHERS	468	100	481,014	240,981-1/2
IN NAME OF ANACONDA SALES COMPANY	12	8	161,406	145,835
TOTALS	509	137	1,819,820	1,564,216-1/2
PERCENT OF ACCOUNTS VERIFIED				
	26.91		85.95	

GENERAL LEDGER

THE GENERAL LEDGER IS KEPT IN BOUND BOOK FORM AND IS POSTED MANUALLY. A NEW LEDGER WILL BE OPENED AS OF JANUARY 1, 1945 AND IT IS PROPOSED TO USE A MODERN LOOSE LEAF LEDGER SO THAT ACCOUNTS CAN BE KEPT IN TRIAL BALANCE ORDER AND NEW ACCOUNTS CAN BE INSERTED IN THEIR PROPER PLACES.

THE ASSET AND LIABILITY ACCOUNTS ARE STILL BEING KEPT BY REFINING, ZINC OXIDE AND WHITE LEAD DEPARTMENTS ALTHOUGH FOUR YEARS AGO IT WAS SUGGESTED BY THE NEW YORK OFFICE THAT THEY BE COMBINED IN ONE ACCOUNT. ALL THAT WAS DONE AT THAT TIME WAS TO COMBINE THREE LEDGERS INTO ONE BOOK.

CURRENT ASSETS

FREIGHT ON AGENCY STOCKS - ZINC OXIDE DEPARTMENT (CONTINUED)

AT NOVEMBER 30, 1943 AVERAGE FREIGHT PER POUND OF MATERIAL STANDS AT \$.0046 AS AGAINST \$.006 PER POUND AT BEGINNING OF THE AUDIT PERIOD. THIS ACCOUNT IS SET UP ON THE BASIS OF MULTIPLYING THE POUNDS ON HAND AT EACH LOCATION AT THE END OF THE MONTH BY THE FREIGHT RATE TO THAT LOCATION. THE DECREASE IN THE RATE PER POUND IS ACCOUNTED FOR BY THE FACT THAT AT THE BEGINNING OF THE AUDIT PERIOD THERE WAS APPROXIMATELY 336,000 POUNDS OF MATERIAL AT PACIFIC COAST AGENCIES AS COMPARED TO APPROXIMATELY 80,000 POUNDS AT NOVEMBER 30, 1943.

THIS BALANCE WAS VERIFIED AGAINST THE RECORD OF AGENCY STOCKS AS AT NOVEMBER 30, 1943.

FREIGHT ON AGENCY STOCKS - WHITE LEAD DEPARTMENT

LEDGER DEBIT BALANCE - NOVEMBER 30, 1943

\$ 7,262.64

RECONCILEMENT

	<u>WHITE LEAD</u>		<u>LEAD-IN-OIL</u>	
	<u>POUNDS</u>	<u>AMOUNT</u>	<u>POUNDS</u>	<u>AMOUNT</u>
LEDGER DEBIT BALANCE - JUNE 30, 1942	542,150	\$ 2,988.60	1,880,730	\$ 11,077.50
DEBITS - JULY 1, 1942 TO NOVEMBER 30, 1943, INC.				
TRANSFERS TO STOCKS	<u>2,325,348</u>	<u>12,924.25</u>	<u>1,478,265.5</u>	<u>10,919.41</u>
	2,867,498	\$ 15,912.85	3,358,995.5	\$ 21,996.91
CREDITS - JULY 1, 1942 TO NOVEMBER 30, 1943, INC.				
SALES FROM STOCKS	<u>2,412,061</u>	<u>13,528.56</u>	<u>2,530,752</u>	<u>17,118.56</u>
LEDGER DEBIT BALANCE - NOVEMBER 30, 1943	<u>455,437</u>	<u>\$ 2,384.29</u>	<u>828,243.5</u>	<u>\$ 4,878.35</u>

THIS ACCOUNT IS SET UP ON TWO DIFFERENT BASES:

WHITE LEAD IS HANDLED IN THE SAME MANNER AS ZINC OXIDE, BY MULTIPLYING THE POUNDS ON HAND AT EACH LOCATION AT THE END OF THE MONTH BY THE FREIGHT RATE TO THAT LOCATION.

LEAD-IN-OIL IS SET UP ON THE BASIS OF AN AVERAGE RATE OF \$.00589 PER POUND, WHICH HAS BEEN USED SINCE DECEMBER, 1940, ALTHOUGH THERE HAS BEEN A NET INCREASE OF 3% IN FEDERAL TAX ON FREIGHT RATES SINCE DECEMBER 1, 1942.

AT NOVEMBER 30, 1943 AVERAGE FREIGHT PER POUND OF WHITE LEAD WAS \$.00523 AND LEAD-IN-OIL WAS \$.00589 AS AGAINST \$.00551 AND \$.00589 RESPECTIVELY, AT THE BEGINNING OF AUDIT PERIOD.

THESE BALANCES WERE VERIFIED AGAINST THE RECORD OF AGENCY STOCKS AS AT NOVEMBER 30, 1943.

PNYC00000977

ANACONDA SALES COMPANY

EAST CHICAGO, INDIANA

GENERAL LEDGER TRIAL BALANCE - NOVEMBER 30, 1943

	<u>Dr.</u>	<u>Cr.</u>
WHITE LEAD PURCHASED	\$ 133,175.93	\$
WHITE LEAD SALES		133,175.93
WHITE LEAD-IN-OIL PURCHASED	84,249.47	
WHITE LEAD-IN-OIL SALES		84,249.47
ZINC OXIDE PURCHASED	143,002.91	
ZINC OXIDE SALES		143,002.91
NEW YORK OFFICE		38,869.39
CUSTOMERS LEDGER	<u>38,869.39</u>	<u> </u>
	<u>\$ 399,297.70</u>	<u>\$ 399,297.70</u>

DUPLICATE