This account represents amount of State Sales Taxes collected through Customers Accounts, which is set up and paid to the various states at end of monthly business. In the case of Ohio, the Company buy stamps and affix same to invoices when issued for sales made in that state.

An analysis of this account indicates that a part (Ohio State stamps purchased) is a "Prepaid Expense" item, while the tax collected through Customers Accounts is an "Accounts Payable" item.

LIABILITIES

ACCOUNTS PAYABLE:

Customers Ledger:

Ledger Credit Balance, March 31st, 1937 — $ 89.59

The following is a list of accounts, which at March 31st, 1937, have been on the books for a period of ninety days or more:

E. Bailey and Sons, Inc - Patchogue, Long Island, N. Y: — $55.65

This balance dates from May, 1935, and represents amount of Credit Memorandums issued to adjust Consigned Stock reports. This company has $400.81 in Consigned Stock on hand and have not reported a sale since August, 1936. I have called this to Mr. Stolte's attention and have asked that he arrange to have an inventory taken.

Caroll Ames Company - Bryan, Ohio: — $ .88

Balance represents overpayment on invoice of December, 1936. Amount will be deducted from next purchase if made in a resonable time or else refunded.

Co-operative Farm Supplies:- Buffalo, New York: — $15.00

Balance represents amount of Credit Memorandum issued in September, 1936, adjusting price on prior purchases. This amount will be refunded.

Kazdan Wallpaper and Paint Company - Detroit, Michigan: — $ 1.70

Balance represents amount of Credit Memorandum issued in November, 1936, covering cartage. Will be refunded.

Thomas Hardware Company - Galion, Ohio: — $ 2.19

Balance represents correction of difference in Consigned Stock report and dates from November, 1936. Will be cleared at next settlement.

(Continued)

LIABILITIES

ACCOUNTS PAYABLE (Continued):

Customers Ledger (Continued):

W. E. Wilson and Company - Russelville, Kentucky: $ .82

This balance represents difference between invoice for $.26 and a credit memorandum of $1.08 issued in December, 1935. I was unable to locate any correspondence in the files to indicate that this balance had ever been called to the customers attention.

Companies and Individuals Ledger:

Ledger Credit Balance, March 31st, 1937		$10,351.71
Audited Vouchers Payable	$10,351.71	

All open items in this account were verified.

SALES COMMITMENT ACCOUNT:

Ledger Credit Balance, March 31st, 1937		$30,430.00
This balance was verified as follows:		
Amount covering billings to customers for materials not delivered, and which have not been paid for	$ 3,430.00	
Amount covering billings to customers for materials not delivered, but which have been paid for	27,000.00	
	$30,430.00	

It was found that it had been the practice to bill some customers for materials before making shipment. These billings were not charged against "Customers Accounts" until after shipment was made. In cases where payment was received before shipment was made, payment would stand out as a credit to customers account until after application of shipment.

Instructions were issued, that all future billings to customers for unshipped materials were to be charged against "Customers Accounts" and credited to "Sales Commitment Account". As shipments are made against these commitments, they are to be charged to "Sales Commitment Account" and credited to "Sales".

All accounts of the above nature, which dated from December, 1936, were set up on the books as of March 31st, 1937.

ACCRUED TAXES:

Ledger Credit Balance, March 31st, 1937 $ 697.50

(Continued)