
JEWELLERS' ACCOUNTS.

“THE ACCOUNTANTS’ LIBRARY.”

VOL. XXIII.

JEWELLERS’, SILVERSMITHS’
AND
KINDRED TRADERS’ ACCOUNTS

FOR

MANUFACTURING JEWELLERS,	SILVERSMITHS,
WHOLESALE JEWELLERS,	ELECTRO PLATERS,
RETAIL JEWELLERS,	GILDERS,
DIAMOND MERCHANTS,	WATCH MANUFACTURERS.

BY

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"THE ACCOUNTANTS' LIBRARY."

(SECOND SERIES)

Edited by the Editor of "The Accountant."

VOL. XXI.—**Municipal Accounts**, by J. ALLCOCK. (*Ready.*)

„ XXII.—**Underwriters' Accounts**, by SPICER & PEGLER.
(*Ready.*)

„ XXIII.—**Jewellers' Accounts**, by ALLEN EDWARDS.
(*Ready.*)

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(*Ready September 1903.*)

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by LAWRENCE R. DICKSEE. (*Ready October 1903.*)

EDITOR'S PREFACE.

THE object of the series of handbooks that is being published under heading of THE ACCOUNTANTS' LIBRARY is to provide, at a reasonable price, detailed information as to the most approved methods of keeping accounts in relation to all the leading classes of industry whose books call for more or less specialised treatment. No such series has hitherto been attempted; but there exist, of course, numerous separate works dealing with the accounts of one particular class of undertaking. These separate works are, however, for the most part either too expensive, or too superficial to answer the purpose that is particularly aimed at by THE ACCOUNTANTS' LIBRARY, which is intended to supply the student with that specialised information which he may require, while at the same time affording to the trader, banker, or manufacturer who is not in a position to secure the fullest information for his purpose, knowledge which can hardly fail to be of the very greatest assistance to him in the correct keeping of his accounts, upon a system specially adapted to his requirements, and therefore involving a minimum expenditure of labour. It is expected that the series will also be found of material assistance to bookkeepers of all classes.

Without aiming at giving an exhaustive account of the manner in which each separate business is conducted, the technical points in connection with each industry will receive as much attention as is necessary in order fully to elucidate the system of accounts advocated, while each volume will be the work of one who has made that particular class of accounts more or less a speciality. It is obvious, however, that to enable the necessary ground to be covered in the space available, it is incumbent to assume upon the part of the reader a certain knowledge of general bookkeeping. The extent of the knowledge assumed will vary according to the nature of the class of accounts considered. For example, in the volumes on "Bank Accounts" and "Shipping Accounts," a thorough acquaintance with ordinary double-entry bookkeeping is not unnaturally assumed; but in the case, for instance, of "Auctioneers' Accounts," "Domestic Tradesmen's Accounts," and other similar volumes, such explanations are included as will enable the ordinary intelligent reader fully to grasp the methods described even although his knowledge of bookkeeping may be of an elementary description. These explanations are, doubtless, superfluous as far as accountants are concerned, but are necessary to make the volumes of value to the majority of those specially engaged in these particular industries.

To subscribers for the whole series it may be added that, when completed, it will form a most valuable and practically complete library, dealing, at the hands of specialists, with practically every class of accounts, and illustrating the application

of the theory of double-entry as described in general works on bookkeeping.

The first series (of twenty volumes) has already been completed, and particulars of the subjects dealt with will be found on p. xvi. A second series (which will comprise about thirty more volumes) is now in progress, which when issued will complete the scheme. Many of these have already been arranged for, but the Editor will be glad to receive suggestions and offers from accountants of experience for the undertaking of volumes not yet announced.

34 Moorgate Street,

London, E.C.

June 1903.

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INTRODUCTION.

AN elementary knowledge of Bookkeeping and of the Jewellery Trade is pre-supposed in the reader of this book. No apology is required for the introduction of a book upon Jewellers', Silversmiths', and Electro-Platers' Accounts and Bookkeeping. The importance of the subjects, both for ordinary office purposes and for protection against theft, embezzlement, bad debts, and other contingencies cannot be over-estimated. In a book of this character it is impossible to provide forms suitable for every variety of jeweller's business, or business allied to the jewellery trade. In most of those cases, however, where this book does not make provision, it will probably be found necessary to have special expert assistance.

It will readily be understood that something further than systems and methods is required for good bookkeeping, and that the best systems in the world are useless unless care is exercised in the carrying of them out. It may take some months to train a clerk to work a system correctly. If the clerk has acquired this knowledge, and he uses it zealously in the cause of his employer, he becomes an exceedingly valuable co-worker for the prosperity of the business; and it should be remembered that, if his services are lost to the concern, it may be many months before a suitable successor can be found and trained. Good systems and methods of bookkeeping, as in other departments of a business, if properly carried out, render the work of a Principal much less arduous and anxious, and

enable him, if needful, to absent himself from his business with much greater freedom than if the business be carried on on mere rule of thumb principles.

It should be remembered also that all good bookkeeping should be in this direction—viz., that from the Principal's point of view it is a good rule for him to endeavour to so arrange his business that he never does a thing himself which he can pay another person to do. The man who is not tied to the desk, or to the warehouse, or to the journey, is, as a rule, free to devote his energies to the development of his business in new directions—viz., in the bringing out of new patterns and designs, the finding of fresh markets for his goods, or the cheapening of the cost of production. All good systems of bookkeeping should be such, therefore, as will enable the Principal to overlook the work at the least possible cost of his own time.

The Principal should, however, remember that where Cash, Precious Stones, and Precious Metals are concerned, and systems are in operation for the purpose of checking them, it is not sufficient to rely blindly and altogether upon the systems and those who are employed to carry them out. A certain amount of overlooking on the part of the Principal should always be exercised. For instance, the Principal should personally count the cash in hand from time to time. He should personally, from time to time, examine his banker's Pass Book, and compare it with the entries in his Cash Book. He should personally, from time to time, weigh the stock of Gold and Silver, in order to see that the weights tally with the weights which the books show should be in hand. In the same way, from time to time, he should check the stocks of Diamonds and Precious Stones. If he cannot always do this, he should appoint a trusted member of his staff to do it, and one that is not in

charge of the Cash, Stones, Gold, &c. In this latter case, there could not well be robbery without conspiracy, or collusion.

It always takes some little time, and involves some patience, before a new system can be made to work satisfactorily. In far too many cases this patience is not shown, and the trader will blame the system, instead of blaming his own want of care, or careless habits, which are really the elements that are in fault.

Some of the forms or methods recommended in the book may be condemned as being too troublesome, but they are practicable, and it is for the trader to decide to what extent he shall adopt them, or modifications of them.

Much information of a useful character for jewellers' offices will be found in the book, which can only be said to have an indirect reference to Jewellers' Accounts and Bookkeeping. The chapters upon Bad Debts, Income Tax, Appro., Limited Companies, &c., &c., will, it is hoped, be found of service to the reader.

The book does not treat of "Company Bookkeeping." That is a subject which is treated of in books specially written for the purpose. But, speaking generally, nearly all that is contained in this book will apply, whether the business be carried on by a company or a private firm.

In most books upon Bookkeeping it is the custom to show a number of transactions, and to carry these through the various departments of the bookkeeping, and thus show their history and treatment in a consecutive manner, until finally they are dealt with in a Balance Sheet and Profit and Loss Account. In

this book, however, this course has not been followed, because so many varieties of businesses are dealt with. What we have done, therefore, has been to devote the opening chapters to describing in general terms the methods for keeping Cash Books, Day Books, Purchase Books, Ledgers, &c., &c., and these methods will apply generally to all the trades we refer to in the later chapters. It is in these later chapters that the special bookkeeping required by the different trades concerned is described. It is difficult for any professional man to write upon the requirements or practices of a number of special and diverse trades with the same facility as if he actually belonged to those trades. The indulgence of the reader is therefore asked in cases where the want of exact knowledge upon technical details may be apparent. The writer has, however, by submitting many portions of the work to those in the trades, well qualified to advise, attempted to insure the book against inaccuracies, or statements at variance with trade customs, and he takes this opportunity of thanking those gentlemen who have so courteously and so generously assisted him in this direction. In the Jewellery, Diamond Trades, &c., among those who have lent most valuable aid are Messrs. Alabaster & Wilson, Messrs. C. B. Bragg & Co., Messrs. Brights, Lim., Mr. Hermann David, Messrs. W. Ehrhardt, Lim., Mr. A. A. Fridlander, Mr. G. E. Gee, Messrs. Charles Green & Son, Messrs. B. H. Joseph & Co., Messrs. Payton, Pepper & Sons, Lim., Messrs. Sydenham Bros., and Messrs. Wright & Hadgkiss, Lim. Especially the writer's thanks are due to Mr. H. M. Ryder and Mr. J. F. Mills, of Messrs. Elkington & Co., Lim., and also to Messrs. Barker Bros., for the invaluable assistance rendered by them in the preparation of the chapters upon Silversmiths', Electro-Platers' and Gilders' Accounts, and, lastly, he thanks Mr. Frank S. Pearson, LL.B., Solicitor, of Birmingham, who has kindly

advised in respect to many of the legal points referred to in the book.

A certain amount of repetition will, perhaps, be found in the book, but it has been difficult to avoid this where so many kindred subjects are treated of.

It has been the ambition of the writer to submit the book in a comparatively simple form, and free from technical expressions, so that every chapter can be readily understood by the ordinary trader. It is believed that this is the first book of its kind which has as yet been attempted. It is proposed to issue future editions of the work from time to time, and the writer, feeling that the present work is by no means perfect, would be glad to receive suggestions, so that future editions may be improvements upon the present one.

A. E.

Birmingham,

August 1903.

"THE ACCOUNTANTS' LIBRARY."

Edited by the Editor of "The Accountant."

(FIRST SERIES)

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* DOUBLE NUMBERS.

† TRIPLE NUMBER.

JEWELLERS', SILVERSMITHS' & KINDRED TRADERS' ACCOUNTS.

CHAPTER I.

CASH BOOK.

IN FORM I we have shown a system for a Cash Book, which should meet the requirements of different sections of the trade with very few exceptions.

Special forms of Cash Book will probably be found necessary in the following among other cases:—

For the Advertising, Agency, and Instalment Jeweller.

For the Retail Jeweller and Pawnbroker.

For the Trader who has several Branches or Dépôts.

As to the rulings for such books, the trader should be advised by an expert. The form we have given, however, will answer all the usual requirements of the ordinary trader. The advantages of the method are:—

(1) The Cash and Bank transactions are shown together.

(2) Cheques are only entered once, instead of three times, as in other systems—namely, twice in the Cash Book (once on each side) and once in the Private Ledger—thus saving much labour, not only in entering, but also in additions and postings.

(3) The method shows at a glance which payments are made by cash and which by cheque. This information should be useful to the trader, because he should know that, where he has signed cheques, the accounts have passed under his notice, whereas in the case of payments by cash, these are generally

Form 1.—**79.—Dr.****CASH.**

Date	RECEIPTS	Folio	Discounts	Paid into Bank	Cash received																		
1902			£ s d	£ s d	£ s d																		
June 30	To Balances	C.B. 78		250 0 0	25 0 0																		
July 1	" Jones & Co.	237	0 5 0	..	9 15 0																		
	" F. Jackson	23	2 14 4	..	51 13 2																		
	" T. Mason	782	0 11 0	..	10 11 0																		
	" Arthur & Co.	85	35 0 0																		
2	" Cash	C.B. 79	..	106 19 2	..																		
3	" T. Dixon—Bill due Oct. 6..	389	100 0 0																		
4	" T. Mason	67	1 8 6	..	27 2 6																		
	" Cash	C.B. 79	..	100 0 0	..																		
	" M. Cohen	98	3 7 6																		
	" W. Smith	103	0 10 0	..	19 10 0																		
5	" Cash	C.B. 79	..	50 0 0	..																		
	" W. Smith—Repaid to Bank	19 10 0	75 0 0																		
	" Bank	"																		
<div>Agreement of Bank Balance.</div> <table><tr><td>Pass Book</td><td>£89 5 8</td></tr><tr><td>Less—</td><td></td></tr><tr><td>Unpresented, T. Jones</td><td>19 2 10</td></tr><tr><td></td><td>70 2 10</td></tr><tr><td>Add—</td><td></td></tr><tr><td>Not credited</td><td>£19 10 0</td></tr><tr><td>" "</td><td>50 0 0</td></tr><tr><td></td><td>69 10 0</td></tr><tr><td></td><td><u>£139 12 10</u></td></tr></table>						Pass Book	£89 5 8	Less—		Unpresented, T. Jones	19 2 10		70 2 10	Add—		Not credited	£19 10 0	" "	50 0 0		69 10 0		<u>£139 12 10</u>
Pass Book	£89 5 8																						
Less—																							
Unpresented, T. Jones	19 2 10																						
	70 2 10																						
Add—																							
Not credited	£19 10 0																						
" "	50 0 0																						
	69 10 0																						
	<u>£139 12 10</u>																						
			£5 8 10*	£526 9 2	£356 19 2																		
5	To Balances	79		139 12 10	32 17 1																		

* This Total is either carried forward or posted to the Private Ledger.

made by the cashier. Thus the trader can see at a glance which are these payments which have been made by cash. There are other advantages in the system which it is not necessary here to refer to.

Briefly explained, the method of keeping the Cash Book is as

CONTRA.

Cr.—79.

Date	PAYMENTS	Folio	Discounts	Drawn from Bank	Cash Paid
1902			£ s d	£ s d	£ s d
July 2	By Bank	C.B. 79			106 19 2
	" B. Levi & Co.	34	1 5 0	98 15 0	
4	" Bank	C.B. 79			100 0 0
	" Do. Charges for discounting Dixon's Bill	P.L. 83		1 5 0	
	" F. Morris & Co.	727	0 3 3	3 1 2	
	" L. Simon	351			0 8 4
	" S. Thomas	67		44 2 7	
	" Currie & Co.	532		14 6 1	
	" T. Jones	417		19 2 10	
	" Bills Payable, W. Dickenson	P.L. 81	7 10 0	92 10 0	
5	" Bank	C.B. 79			50 0 0
	" W. Smith, returned improperly endorsed	"		19 10 0	
	" Cash from Bank	"		75 0 0	
	" Wages	P.L. 31			51 7 4
	" Salaries	P.L. 41			8 10 0
	" Petty Cash	P.L. 51			1 17 3
	" C. Mark's Drawings	P.L. 21			5 0 0
	" S. Timmins, Bill returned and Expenses	S.L. 423		19 2 2	
		"		0 1 6	
	" Balances	79		139 12 10	32 17 1
			£8 18 3*	£526 9 2	£356 19 2

* This Total is either carried forward or posted to the Private Ledger.

follows:—All items of cash received are entered in the *Dr.* Cash column. All payments out of the cash in hand are entered in the *Cr.* Cash column. The larger portion of the cash received will be dealt with as payments into the bank. Thus, these payments will be entered, first, in the *Cr.* Cash column, and, secondly, in the *Dr.* Bank column. The *Dr.* Bank column will therefore contain all amounts paid into the bank. On the other hand, all sums which are drawn from the bank are entered in the *Cr.* Bank column. Thus, the difference between the *Dr.* Bank column and the *Cr.* Bank column should correspond with the balance of the Pass Book, after reckoning for cheques not presented and amounts paid in and not yet credited. The difference between the *Dr.* Cash column and the *Cr.* Cash column should be the cash in the cash box. In well regulated offices the cash and bank balances should be agreed and brought down each week. The bank balance should be checked with the Pass Book, and, as regards the cash balance, the cash in the box should be counted every week by one of the Principals, in order to see that the amount shown to be in hand is actually in hand, and the book should then be signed by the Principal. It is a very common thing to find that a balance shown by a Cash Book does not exist. Thus, the frequent counting of the cash acts as a check upon the cashier. In the form submitted, it will be found that on the 5th July a cheque for £75 was drawn. This is first entered in the *Cr.* Bank column. The money is drawn out for the purpose of wages and other payments, which are made by cash. Therefore the amount, £75, will be found entered in the *Dr.* Cash column. It will be found dealt with as having been paid away in Wages, Drawings, &c.

As regards the Discount columns, these require no explanation. It is advisable not to add the Discount columns more often than once every six months, because it is not always

convenient to enter the discounts at the same time as the cash items to which they belong are entered, and many discount entries are therefore made later.

We give on pp. 6 and 7 another form for a Cash Book.

This form will apply where the trader receives a large number of acceptances from his customers, and does not at once discount them with his bankers. Where this form is in use, the bills as they are received should be entered in the *Dr.* Bill column, and as they are paid away to the bank, or otherwise dealt with, they should be entered in the *Cr.* Bill column. The balance shown by the two columns should represent the bills actually in the hands of the cashier, and these bills should be counted and checked by the Principal once a month, or oftener, as occasion may require, and the Cash Book initialled by him.

The objection which is most frequently urged against the two Cash Book systems which we have submitted is that the Cash Book shows on the face of it the amount of the bank balance, whereas many Principals prefer to keep this information to themselves. To meet this difficulty, however, is a very simple matter. All that is necessary is that the Bank columns of each page in the Cash Book should be added separately, and the totals of each page posted to a Bank Account in the Private Ledger. This method will be found in practice to entail very little more work than where the balances are shown from time to time upon the face of the Cash Book itself.

In some offices it is customary to put the numbers of the vouchers against the cash payments. This is optional.

A very common form of fraud is for cash to be received from customers, and posted to the credit of their accounts in the Sold Ledger, and not to be entered in the Cash Book at all.

The receiver of the amount puts the money into his pocket, and the fraud is not discovered until the books are checked. (See the chapter on "The Prevention of Fraud.")

In large businesses, for convenience of postings, it is customary to keep two Cash Books—one for the first, third, and fifth

Form 2.—**62.—Dr.****CASH.**

Date	RECEIVED FROM	Folio	Dis- count	Paid to Bank	Cash	Bills Received
1902			£ s d	£ s d	£ s d	£ s d
Aug. 26	To Balances brought forward ..	C.B. 61	..	191 3 6	30 13 3	5,467 4 6
"	" J. Robinson	68	..	..	0 7 6	
"	" A. Smith	67	0 1 0	..	1 19 0	
"	" Robinson & Co.	786	1 13 0	..	30 19 3	
"	" Bank	C.B. 62	..	33 5 9	..	
"	" O. Wilson	400	2 10 6	..	47 4 0	
27	" J. Jacobs	71	0 9 0	..	17 8 0	
"	" P. Levi—Bill due Oct. 28 ..	567	..	..	..	81 0 0
"	" Bank—Bill	C.B. 62	..	75 6 3	..	
28	" A. Isaacs	84	0 3 0	..	5 19 6	
"	" A. Mason	70	..	..	2 7 6	
"	" Bank—Bill	C.B. 62	..	25 10 0	..	
29	" A. Wilson	75	2 11 9	..	104 16 3	
"	" O. Evans	78	2 1 9	..	105 15 6	
"	" Smithson—Bill due Nov. 28 ..	689	..	..	..	37 16 3
"	" Surman & Co.	793	0 0 6	..	..	34 15 6
30	" Bank	C.B. 62	..	74 0 0	..	
"	" Do. —Bill	"	..	40 0 0	..	
"	" Do. .. ..	"	..	..	170 0 0	
"	" Marcus & Co.	68	3 11 6	..	88 17 0	
"	" Bank—Repaid in	C.B. 62	..	5 19 6	..	
"	" Do.	C.B. 62	..	298 9 9	..	
			£ 13 2 0	£ 743 14 9	£ 606 6 9	£ 5,620 16 3
Sept. 1	To Balances brought forward ..	C.B. 62	..	413 7 0	21 15 4	5,480 0 0

weeks, &c., and the other for the second, fourth, and sixth weeks, &c. Thus, while the one book is in use by the cashier, the other can be posted.

Traders should see that payments entered in their Cash Books should be from time to time properly vouched.

CONTRA.

Cr.—62.

Date	PAID TO	Folio	Dis- count	Drawn from Bank	Cash	Bills Paid out
			£ s d	£ s d	£ s d	£ s d
1902						
Aug. 26	By Bank	C.B. 62	..	..	33 5 9	
"	" M. Levi	79	..	..	7 6 6	
"	" Water Rate	305	..	..	1 16 5	
27	" Bank—Bill	C.B. 62	..	..	..	75 6 3
28	" Do. do. .. .. .	"	..	..	..	25 10 0
30	" Do. .. .. .	"	..	..	74 0 0	40 0 0
"	" Bill Stamps	P.L. 74	..	..	0 10 0	
"	" Cash	C.B. 62	..	170 0 0		
"	" John Isaacs — Cheque re- turned irregular	"	..	5 19 6		
"	" Bank .. .. .	"	..	..	298 9 9	
"	" Saunders & Buff	278	..	7 19 9		
"	" Bill Payable—Greenberg & Co.	P.L. 81	..	47 2 6		
"	" Morrison & Co.	269	5 4 9	99 6 0		
"	" Wages	P.L. 149	..	..	147 12 1	
"	" Petty Cash	P.L. 139	..	..	3 10 11	
"	" Travelling Expenses	P.L. 127	..	..	8 0 0	
"	" Partners—A. King	P.L. 21	..	..	5 0 0	
"	" Do. —W. Prince.. .. .	P.L. 31	..	..	5 0 0	
"	" Balances carried down	C.B. 62	..	413 7 0	21 15 4	5,480 0 0
<i>Agreement of Bank Balance.</i>						
<div style="border: 1px solid black; padding: 5px;"> Pass Book .. £269 5 6 Less— Unpresented £99 6 0 47 2 6 7 19 9 <u>154 8 3</u> 114 17 3 Add— To be paid in .. 298 9 9 £413 7 0 </div>						
			£5 4 9	£743 14 9	£606 6 9	£5,620 16 3

The forms of Cash Book described in this chapter are found in practice to work admirably.

CHAPTER II.

THE SALES DAY BOOK.

ALTHOUGH the Sales Day Book is a comparatively simple book, intended to contain the record of goods sold, the methods of keeping this book are not the same in all houses. In a large number of cases the invoices are made out in the first instance, either at home or by the traveller on his journey, in what are called "manifold" books. One sheet of the manifold book is delivered to the customer as the invoice, and the other sheet is retained as the record copy. This saves the labour of re-writing, and all that is required is to use the following form of Day Book:—

Form 3.— SALES DAY BOOK, June 1902.

Date	Folio Manifold Book	Name		Dated forward to	Ledger Folio	Invoice Total	Daily Total
1902	T.					£ s d	£ s d
June 2	271	Smason, T. ..	Swansea	..	67	16 11 0	
	272	Dixon, J. ..	Do. ..	..	87	0 10 0	
	273	Hickson, O. ..	Do. ..	..	310	3 18 9	
	274	Dargie, E. ..	Do. ..	..	315	1 1 0	
	O.						
	134	Hughes, C. ..	Rugby	..	815	1 9 3	
	135	} Carr, G. ..	London	Oct. 1	227	301 4 6	324 14
	136						
" 3	137	Wilson, E. ..	Kettering	..	324	1 7 0	
	138	Carr, G. ..	London	Oct. 1	227	52 18 9	
	T.						
	275	Smason, T. ..	Swansea	..	67	12 0 0	
	276	Kinsey, A. ..	Cardiff	..	361	5 15 0	
	277	Wackson, Z. ..	Do. ..	..	89	3 0 0	
	278	(Cancelled)					
	279	Allen, T. ..	Do. ..	..	79	6 0 0	
							81 0 9

In this book two dates will be found against some invoices. The first date records the actual day when the goods are sold, and the second date the day on which the goods are presumed to be sold, or the "date forward," this second date being a factor as regards the time for payment. The expression "dated forward" is, however, too well known in the jewellery trade to require any particular explanation here.

We come now to our second form of Day Book:—

Form 4.—

AUGUST 1902.

Ledger Folio	Particulars	Details		Total
	I.	£ s d	£ s d	£ s d
618	Mason J., Castle Street, Rugby—			
	1 Single Stone Gipsy Ring .. ..	.. ..	2 0 0	
	1 Do. .. ..	.. ..	1 15 0	
	1 Do. .. ..	.. ..	2 5 0	
				£6 0 0
	I.			
	Timson, E., Narrow Lane, London—			
	As Oct. 1.			
723	4 Crescent Bar Brooches £5	20 0 0		
	Less 5% Discount	1 0 0		
			19 0 0	
	2 Single Stone Gipsies £3 .. ..	.. ..	6 0 0	
				£25 0 0
	I.			
558	Evans, A., High Street, Dundee—			
	1 Diamond Claw Ring .. ..	.. ..	25 0 0	
	1 Do. .. ..	.. ..	5 0 0	
				£30 0 0
	2.			
	Robinson, W., Wales Street, Swansea—			
985	3 Butterfly Brooches £10	30 0 0		
	Less 10% Discount	3 0 0		
			27 0 0	
	3 Rings altered to size 1/- .. ..	.. ..	0 3 0	
	1 Ring (our special 2 stone) .. ..	.. ..	1 10 0	
				£28 13 0
	2.			
	Kinsey, W., Wine Street, Bristol—			
	As Oct. 1			
775	3 Crescent Bar Brooches £5	15 0 0		
	Less 5% Discount	0 15 0		
			14 5 0	
	3 Single Stone Rings £7 10s. .. ..	.. ..	22 10 0	
				£36 15 0

Here, again, in some instances, there are two dates. The second date is the "dated forward" date. These two forms of Day Book are sufficiently clear to require no special explanation. Although the first form may be found not to involve so much clerical work as the second form, still, we think the second form will be found by far the more convenient, and the more trustworthy. The manifold books frequently are lost or mislaid, and when, as is oftentimes the case, there are a large number of them, they sometimes are difficult to find when wanted. Further than this, it is easy for odd pages to disappear from the manifold books without their loss being noticed. For these reasons, therefore, we advise the second form where practicable. Nothing is so irritating, when one wants to refer to an invoice, as to have to search among, say, a hundred manifold books before the right book is discovered, and then, perhaps, to find the page required has been torn out or lost.

Full particulars of all goods sold should for future reference be recorded in the Day Book or manifold book. In case of the bankruptcy of the trader, the absence of such particulars will necessarily give rise to a great amount of suspicion; moreover, to keep his books fully and correctly is a duty which every trader owes to every other trader with whom he does business, and also to the community in general. Good bookkeeping, as a rule, means good profits; while bad bookkeeping, on the other hand, too often leads to bankruptcy.

The Day Book should be added, and the monthly totals posted to the credit of a Sales Account in the Private Ledger. A Credit Book should be kept, in which should be recorded particulars of goods returned, or of special credits or allowances. In the place of a Credit Book, some traders use the Day Book itself for credits, starting at the end of the book and working backwards.

If the circumstances will allow, it is advisable that a different clerk to the one who writes up the Day Book should post the entries into the Sold Ledger. This will assist as a preventative against possible wrongdoing on the part of the clerks.

In large concerns, as in the Cash Book, it is necessary for convenience of posting to keep two Day Books. No. 1 book will contain the entries of the first, third, fifth &c., weeks, and No. 2 book the entries for the second, fourth, sixth, &c., weeks. It is oftentimes also found necessary to have separate Day Books for different departments, travellers, or districts.

Gold and silver chains are almost invariably sold by "weight and fashion." The Day Books for these goods should therefore be specially ruled, in order to allow of additions being made of all "weight" amounts and all "fashion" amounts. Different portions of the Day Book may, for convenience, be devoted to 18 carat, 15 carat, 9 carat, and silver chains respectively.

CHAPTER III.

BILLS RECEIVABLE.

In strict theory, Bills Receivable should not be dealt with in the Cash Book until discounted, or until one or two days before they mature, when, in either case, they would naturally be entered in the Cash Book before being paid into the bank. We think, however, that by the majority of traders it will be found convenient to enter the bills in the Cash Book immediately they are received from the customers. If it is intended to discount the bills straight away, either of the forms of Cash Book which we have already described (see Chapter I.) will answer,

Form 5.—

BILLS

Date when Received	Consecutive No.	From whom received	Acceptor	Drawer	Date Drawn	Time	Due Date
	308						
	309						
	310						
	311						
	312						
	313						
	314						
	315						

NOTE.—A Discount column can be added

There are a number of particulars which it is desirable to record respecting every bill received. It is not convenient to enter all these particulars in the Cash Book, and the Bills Receivable Book therefore is used for the purpose. As regards Bills Receivable, it will be found useful in practice to keep a diary, and to enter each bill in the diary three or four days before the bill becomes due, so that in the case of indolent or careless acceptors they can be advised beforehand. The diary will also be found useful where the bills are not discounted or banked until they become due. In the absence of the diary entry, the due date of a bill may pass before the bill is presented. Upon this point it should be remembered that, while the acceptor of a bill always remains liable until the bill is paid, any claim upon the drawer, endorser, or guarantor—all of whom stand in the position of sureties—will be lost, unless the bill is duly presented for payment on the day when it becomes due, and the bill therefore should be *noted* in case of non-payment. This is a fact that is frequently lost sight of. It is essential, therefore, in order to preserve all rights in respect of a bill, that it should be presented on the actual day when and at the place where it becomes due and payable.

If the bill be dishonoured, notice of dishonour must be given *at once*—the same day, if the parties are in the same town; the next day, at latest, if they reside in different parts—to every endorser whose name appears on the bill, and also to the drawer. Notice need not be in any specified form. It is sufficient so long as it identifies the bill and states the fact of the dishonour.

The question of Bills Receivable is further dealt with in the Chapters "Cash Book" and "The Renewal of Bills."

If a trader draws many bills in his business, it is advisable for him to have specially engraved forms for the purpose.

CHAPTER IV.

THE SOLD LEDGER.

(With a brief description of "Double-Entry.")

THE Sold Ledger in a jeweller's business is kept on similar lines to those adopted in most other businesses. In certain special cases, which need not be here referred to, special rulings may be found necessary; but as to most of these, the trader should be advised by an expert. In the Form No. 6 we have shown the most general method of keeping a Sold Ledger:—

Form 6.—**67.—Dr.**

T. SMASON, 12187 High Street, Swansea.

Cr.—67.

1902				1902			
June 2	To Goods	.. ..	62	£ s d	July 4	By Cash	.. ..
3	" "	.. ..	"	16 11 0	"	Discount	.. ..
				12 0 0			79
				£ 28 11 0			£ 27 2 6
							1 8 6
							£ 28 11 0
July 7	To Goods	.. ..	71	3 14 7	Sept. 2	By Cheque	.. ..
10	" "	as Oct. 1	73	81 2 4	"	Discount	.. ..
20	" "	.. ..	77	8 3 4	"	Balance	.. ..
				£ 93 0 3			87
							11 6 2
							0 11 9
							81 2 4
							£ 93 0 3
Sept. 4	To Cheque returned	.. ..	87	11 6 2	" 10	By Cheque repre-	.. ..
	post-dated 10th	.. ..				sented	.. ..
							89
							£ 11 6 2
Oct. 1	To Post-dated item	.. ..	67	81 2 4			
	brought down	.. ..				

Form 6 (*continued*).**89.—Dr.** Z. WACKSON, 16875 Swan Street, Cardiff.**Cr.—89.**

1902				1902			
June 3	To Goods	62	£ s d	Aug. 21	By Credit	515	£ s d
Aug. 12	" "	86	3 0 0	26	" Allowance	"	4 14 0
			99 4 6			C.B. 86	4 11 0
				27	" Bill due Sept. 30	"	92 19 6
			£ 102 4 ' 6				£ 102 4 6
13	To Goods	87	2 19 6	Sept. 2	By Cheque	C.B. 87	2 16 6
					" Discount	"	0 3 0
			£ 2 19 6				£ 2 19 6
Sept. 19	To Goods	101	2 9 0				
20	" "	103	0 12 6				
		C.B.					
Oct. 2	" Bill returned ..	95	92 19 6				
	" Expenses	"	0 2 6				
		P.L.					
6	" Bank Commiss'n ..	73	0 5 0				
	" 7½ % Interest on ..	80	0 7 9	Oct. 6	By Cash on Account ..	C.B. 97	35 0 0
	Renewal	P.L.			" Bill due Nov. 5	"	61 17 0
	" Bill Stamp	90	0 0 9				
			£ 96 17 0				£ 96 17 0
				1903			
				April 2	By Cash :		
					rst & Final Divi-	C.B. 121	
					dend 5/- in £	P.L. 95	15 9 10
Nov. 7	To Bill Returned ..	103	61 17 0		" Bad Debt Account	"	46 9 8
	" Expenses	"	0 2 6				£ 61 19 6
			£ 61 19 6				

It should be remembered that in the case of all Ledger Accounts (except in what are known as subsidiary books), whether the Ledger be Sold Ledger, Bought Ledger, Private Ledger, or otherwise, for every entry in the Ledger there should be an entry upon the opposite side of the bookkeeping in some other part of the bookkeeping system. Thus, goods sold to customers are posted on the *Dr.* side of the Sold Ledger Account. The Day Book is added from time to time, and the totals are posted to the *Cr.* side of the Sales Account in the Private Ledger. Cash received from customers is entered, first on the *Dr.* side of the Cash Book, and it is subsequently posted

to the *Cr.* side of the Sold Ledger Account. On the other hand, when money is paid away, either by cheque or cash, it is entered on the *Cr.* side of the Cash Book, and, when posted, it appears on the *Dr.* side of the particular Ledger Account concerned. Discounts allowed to customers appear on the *Cr.* side of their Ledger Accounts. They are entered on the *Dr.* side of the Cash Book, and the totals of these entries are from time to time posted to the *Dr.* side of a Discounts Account in the Private Ledger. Overcharges, Returns, and other allowances which may be made to customers, appear on the *Cr.* side of the Ledger Accounts of such customers. It will be convenient to enter these allowances, &c., at the end of the Day Book, working backward from the last page. These entries at the end of the Day Book are added from time to time, and the totals posted to the *Dr.* side of the Sales Account in the Private Ledger.

From what we have stated, it will be seen that every transaction appears twice in the system of bookkeeping—viz., once on each side. If, therefore, an addition is made on the one hand of all the *Dr.* entries in the books, and, on the other hand, an addition of all the *Cr.* entries in the books, the additions should, if the books be correct, correspond. As a matter of convenience, however, *the balances* only are extracted, and if the total of the *Dr.* balances agrees with the total of the *Cr.* balances, the books are said to balance or agree. This is a very brief description of what is understood by "Double Entry."

To return to the Sold Ledger. It may be found convenient in some offices to make special entries to record goods "dated forward." For this purpose we suggest the following form:—

C

Form 7.—

83.

Dr. LEVI & CO., JEWELLERS, 1587 STRAND, LONDON, W.C.

Cr.

Date	Particulars	Folio	Dated forward		Date	Particulars	Folio	Dated forward	
1902 Aug. 20	To Goods	486	£ s d 29 10 0	£ s d 9 0 0	1902 Sept. 30	By Transfer—		£ s d	£ s d
28	Do.	496	..	10 5 0	Oct. 4	Goods dated to Oct. 1 ..	83	54 17 0	54 17 0
Sept. 9	Do.	503	..	5 17 0		Bills received—	C.B.87	..	25 2 0
16	Do.	528	..	25 7 0		1 Month due Nov. 7 ..	"	..	20 5 6
24	Do.	540	..	14 10 0		2 " " Dec. 7 ..			
	Do.	541	..	0 5 6					
	Do.	541	..	5 10 0					
	Do.	559	..	£54 17 0				£54 17 0	£45 7 6
				£45 7 6					
Oct. 1	To Goods dated forward..	83	..	54 17 0					
2	Do.	567	..	67 18 6					

Here the goods are entered in the "Dated forward" column as soon as they are delivered, and they are entered in the main column as soon as the date at which they are "dated forward" is reached. Where these "dated forward" entries are not numerous, and it is found inconvenient to have a specially ruled Ledger, the entries may be dealt with in the first Ledger form we have given by putting two dates against each item, the first date representing the date of the actual delivery of the goods, and the second date showing the date to which the goods are "dated forward."

The following is a third form for keeping a Sold Ledger Account.

Form 8.—

330.—Dr.

JOHN SMITH, BIRMINGHAM.

Cr.

		10% NET.			NET.		
		£	s	d	£	s	d
1903	Brought forward	329	12	2	329	12	2
Jan 12	Goods	32	..	..	62	..	..
13	"	38	..	..	73	..	..
16	"	47	..	..	
19	"	56	8	5			
22	"	67	..	0			
Feb. 8	"	92	..	..	
12	"	103	..	..	78	..	54
17	"	120	4	6	22	..	2
19	"	128	1	5			9
Mar. 3	"	176	2	10			13
6	"	183	..	0			10
19	"	216	..	..	
21	"	221	..	..	
		£58 19 7			£58 19 7		

This form is used where, as is frequently the case, it is necessary to show which goods are sold net and which are subject to a discount. The first of the columns is for the "subject" goods, the second for the net goods, and the third for the totals. The particular customer's discount is 10 per cent.

The "subject" items amount to..	..	..	£28	8	10
Less Returns .. .. .	..	..	1	10	0
					<hr/>
			26	18	10
Less 10 per cent. Discount .. .. .	..	..	2	13	10
					<hr/>
			24	5	0
Net Items .. .. .	..	..	£30	10	9
Less Allowance .. .. .	..	..	0	6	0
					<hr/>
			30	4	9
Amount of Cheque..	..	..	£54	9	9
					<hr/> <hr/>

In the keeping of Sold Ledgers, it will be found an advantageous and wholesome practice to rule off and bring down the balance of every account periodically. The 31st March, 30th June, 30th September, and 31st December are generally the most convenient dates for this purpose. Before a Ledger balance is actually brought down, the Ledger keeper should look to see what particular items make up the balance. It is a far too common experience for Ledger Accounts to be allowed to drag on, quarter after quarter, and sometimes year after year, without the least effort being made to balance them off, or to ascertain how the balances are made up. The consequence of this neglect may be that, if it should become necessary to prove the debt in Court, this would probably be found an extremely costly proceeding, if not an impossible one. Another reason for the frequent balancing of Sold Ledgers is that by these balancings the amount of each Ledger Account is known at regular intervals, which should prevent any one customer becoming too much in the trader's debt.

The writer of this book is very much opposed to the opening in Sold Ledgers of what are known as "Sundries" Accounts. These "Sundries" Accounts not only cause endless confusion, but in the long run they generally entail more labour than where special accounts are opened for each customer.

For Doubtful Accounts see the chapter on "Bad Debts."

There is no economy in cheap Ledgers. They should be made of the best hand-made paper, and well bound, as they generally have to last several years, and to stand a great deal of wear and tear. With cheap books, the binding is apt to give way, and the leaves to become loose, when they are frequently lost. Never allow a leaf to be torn out of a Ledger, or the Ledger's value as evidence in a Court of law may be prejudiced. If leaves are found torn out of Ledgers, there is, moreover, generally a suspicion of fraud. Do not allow your clerks to "scratch out" in Ledgers. Incorrect postings should be carefully ruled through, and, where necessary, the correct amounts written over. "Scratching out" impairs the value of the book as evidence, and it sometimes also means fraud.

At the head of a Ledger Account should be written references to the replies to any status enquiries which may have been made as to the name. If there is a limit to the credit of the particular customer, this limit should also be stated.

It is oftentimes found convenient to have separate Ledgers for different districts, travellers, or departments.

Special care should be taken in the Sold Ledgers to see that only such discounts are credited as are proper to be allowed to customers. Otherwise there may be fraud, as the clerk may enter more discount than is allowed, and put the difference into his pocket.

CHAPTER V.

PURCHASE BOOK OR INVOICE ANALYSIS BOOK.

THE Purchase Book of the jewellery trader does not as a rule receive that amount of attention which is desirable. We give a form which has been ruled to suit the requirements of the average manufacturing jeweller. (See Form 9, pages 24 and 25.)

A similar form, with head-lines as required, will be found to suit the business of the manufacturing, the wholesale, and the retail jeweller, the silversmith, &c.

It will be found convenient to write up this book monthly. The invoices for the month should be collected and arranged alphabetically, each firm's invoices being placed together in order of date. The amount of each invoice is entered in the column marked "Details," the totals of each firm's invoices for the month being entered in the column marked "Total." When these two columns are added they should agree, and this agreement will test the accuracy of the additions. The monthly total of the invoices of each name only should be posted into the Bought Ledger. This will to a very considerable extent save labour, and, moreover, the Ledger will last longer, and there will not be so many additions involved as where each invoice is posted separately.

The remaining columns in the Purchase Book are added monthly, and the combined totals of these should agree with the total of the Totals column. As regards the invoices themselves, we do not advise that these should be pasted into Guard Books. These Guard Books take up a very large amount of room in offices and on desks. The Guard Books, moreover, cost money, and there is a certain amount of labour involved in pasting in the invoices. The writer is of opinion that the most

Form 9.—

Date	No. of Invoice	Name	Folio to Stone and Gold Books	Details	Total	Posting folio	Diamonds	Other Gems	Gold
				£ s d	£ s d		£ s d	£ s d	£ s d
1902									
Aug. 11	1	Aston & Company ..	..	14 3 6					
18	2	Do. ..	..	14 3 9					
19	3	Do. ..	..	30 2 11					
25	4	Do. ..	..	14 6 10	72 17 0	219	..	..	..
21	5	Edge Tool Company..	..	0 2 3	0 2 3	362	..	..	..
11	6	Garstang & Buff ..	..	5 13 5	..	..	..	..	..
26	7	Do. ..	..	7 17 3	..	..	..	..	..
28	8	Do. ..	..	0 8 5	13 19 1	434	..	..	..
31	9	Harris, J. W., Builder	..	250 0 0	250 0 0	81	..	..	..
1	10	Jewell & Company ..	151	74 2 8	..	..	..	74 2 8	..
15	11	Do. ..	51	637 10 0	..	..	637 10 0	..	..
22	12	Do. ..	201	496 10 0	1,208 2 8	194	..	496 10 0	..
3	13	London Smelting Company	63	300 0 0	..	..	..	..	..
17	14	Do do.	"	315 0 0	615 0 0	317	..	..	615 0 0
				£2,160 1 0	£2,160 1 0		£637 10 0	£570 12 8	£615 0 0

convenient way of keeping the invoices is to put them away monthly. Have prepared a number of sheets of stiff cardboard. For each month's invoices take two of these sheets of cardboard, the invoices being placed in proper order between the two, the whole being tied round with red tape. The upper sheet of cardboard should be marked with the month and the year. It is frequently found necessary to remove the invoices for a time for reference, or in case of disputes. The manner we have explained will make this very simple, which would not be

the case where the invoices are gummed in Guard Books. The invoices should bear on the face of them a number which should correspond with the number in the Invoice Analysis Book.

In the Analysis Book will be found a column headed "Folio to Stone and Gold Books." This will be found useful, because it is of importance to be able to refer to the book, which shows the disposition of such commodities as gold, silver, precious stones, &c., in order to see they are properly accounted for.

Other Metals	Factored Goods	Sundries	Office Expenses, Printing, Stationery	Rents, Rates, Taxes, Gas, Water, Coal, Insurances, &c.	General Charges	Repairs	Cases, Paper, Labels, String, &c.	Sundries.	Capital Expenditure			
									Plant	Tools	Dies	Buildings
£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
..	72 17 0	..	..	..	..	0 2 3	..	..	..	..	..	..
..	5 13 5	..	..	..	..	..	..	..	..	..	..	..
7 17 3	..	..	..	..	..	0 8 5	..	..	..	..	..	250 0 0
..
£7 17 3	£78 10 5	..	..	..	..	£0 10 8	..	..	..	..	..	£250 0 0

The form of Purchase Book which we have given may contain other headings, as Assay, Gilding, Plating, Fuel, Wages, Salaries, Travelling Expenses, Bad Debts, &c., &c. Some firms make it a practice to write out invoices for wages and similar cash payments, and pass them through the Analysis Book, the object being to make the book contain entries of *all* purchases and expenses. It is then possible from the book to prepare a rough monthly Trading Account, by also taking into consideration the Day Book totals, discounts, the amounts received from

the sale of sweep, &c., &c. For the purpose of these monthly Trading Accounts, it is assumed that the stock remains stationary. Although, in the absence of stocktakings, these monthly statements cannot be correct records of Profit and Loss, they are oftentimes very valuable "guides" as to how a business is progressing, and are much used for making monthly returns to directors of trading companies.

The Analysis Book totals should be carried to a "recapitulation" page at the end of the book. This page will enable the trader to compare one month's purchases with another, and also with those of the corresponding month for the previous or other years. The yearly totals are posted to the Private Ledger.

We have not dealt with the subject of Hall Marking in this book, as no special bookkeeping is necessary in respect thereof.

CHAPTER VI.

BILLS PAYABLE.

THESE should be (if correct) entered in the Bills Payable Book as soon as received for acceptance. Bills Payable Books can be bought of most stationers. We give on page 28 an illustration as to how they should be ruled.

The bills should be posted to the Bought Ledger from the Bills Payable Book, and not entered in the Cash Book until actually paid. It is advisable to enter the bills in a diary a few days before they are due, in order to prevent their being forgotten to be advised.

The Principal should never accept a bill until he sees it is entered in the Bills Payable Book ; and, when he has accepted it, he should put his initials in the book against the entry. Then, when he is called upon to sign the advice of the bill, he can see by his initials that it is a bill proper to be advised. Otherwise one of his clerks might obtain his signature to an advice to a number of bills, one or two of which may be payable to fictitious persons. In that case, the trader himself would most probably be the loser.

When the bills become due, they pass through the Cash Book, being entered in the *Cr.* Bank column as if they were cheques. They should be posted from the Cash Book to the debit side of the Bills Payable Account in the Private Ledger. The monthly totals of the Bills Payable Book should be posted to the credit side of the Private Ledger Account, and, when all the postings are made, the account should show, when the balance is struck, the amount outstanding on Bills Payable Account.

BILLS PAYABLE.

Form 10.—

Date when sent	No.	To whom payable	Where payable	Date when drawn	Time	Due Date	Bought Ledger Folio	Dis- counts	Amount	Cash Book folio when paid*	Remarks	Principal's Initials
	251							£ s d	£ s d			
	252											
	253											
	254											
	255											
	256											
	257											

CHAPTER VII.

PURCHASE LEDGER.

THE Purchase Ledger should be kept on similar lines to those adopted in the case of the Sold Ledger. We give an illustration :—

Form 11.—

434

Dr. GARSTANG & BUFF, Spencer Street, Birmingham.

Cr.

1902			£	s	d.	1902			£	s	d.
Aug. 18	To Returns	201	0	7	5	Aug. 30	By Goods	33	13	19	1
Sept. 15	" Cash	90	12	18	2						
	" Discount	"	0	13	6						
			<u>£13 19 1</u>						<u>£13 19 1</u>		
Sept. 17	To Returns	201	3	4	1	Sept. 30	By Goods	39	87	2	3
Oct. 2	" Cash on Account	95	25	0	0						
Dec. 17	" Do.	115	25	0	0						
31	" Balance	434	33	18	2						
			<u>£87 2 3</u>						<u>£87 2 3</u>		
						1903					
						Jan. 1	By Balance	434	33	18	2

The goods are credited instead of debited, as in the case of the Sold Ledger. The cash paid is debited. We do not think any particular explanation of the Bought Ledger is called for. In some Bought Ledgers it is customary to give the number of the invoice in addition to the folio of the Purchase Book. It is desirable to balance off Bought Ledger Accounts at least once a quarter, if not oftener.

Where practicable, it is desirable that the clerk who enters up the invoices in the Bought Ledger should not be the same clerk who posts the cash into the Ledger. Otherwise the invoice clerk might be able to obtain the Principal's signature to a cheque for more than is owing, and the fraud not be discovered for months.

The Principal should look to the discounts debited in the Bought Ledger to ensure that he gets all that is proper to be obtained. Thus, for example, if he owes a man £20, and the discount is 10 per cent., the amount payable is £18. But the Ledger keeper or cashier could draw the cheque for £19, enter the discount at £1, and only pay away £18. It is easy to say this is rather far-fetched. But the ways of most frauds and embezzlements are far-fetched.

CHAPTER VIII.

PETTY CASH BOOK.

THE following is given as a suggestion for a Petty Cash Book :—

Form 12.—		ANALYSIS,																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Date	Amounts Received	Cash Book Folio	Date of Payments	Particulars of Payments	Amounts Paid	A					B					C					D					E					F					G																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
						Stationery, &c.					Registration, Postage, Receipts and Bill Stamps					Hall Marking					Wax, Paper, String, &c.					Small Purchases for Cash					House- keeping					Sundries																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
	£ s d				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ 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d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£

It is hardly necessary to describe the method of keeping this book. The rulings will be according to the requirements of the business. The columns A to G should be added monthly, and the monthly totals carried to a Summary page at the end of the book. The Summary page totals will represent the Petty Cash expenditure for the year, and these totals should be transferred to the Private Ledger. It is advisable that one of the Principals should examine the Petty Cash payments once in each month, or oftener, in order to satisfy himself that the payments are proper to be made, and he should sign each page of the book. The petty cashier should, moreover, be instructed to obtain vouchers in all cases where this is practicable. No payments should be entered in the Petty Cash Book which are in discharge of amounts which are posted in the Purchase Ledger. Purchase Ledger payments should go through the main Cash Book, however small they may be.

The Principal should see, at least weekly, that all cheques signed for Petty Cash are duly debited in the Petty Cash Book ; and he should also examine the monthly Summary Sheet, in order to satisfy himself that the payments under different headings are fairly proportionate, one month with another. A separate book should be kept for Postages, &c., in which *every letter and receipt stamp should be entered separately*. If this is not done, there will most probably be peculation at some time or other. If the Principal cannot himself vouch and check the Petty Cash Book periodically, he should depute some trusted clerk, other than the petty cashier, to do this work.

CHAPTER IX.

PRIVATE LEDGER.

THIS book is not intended as a treatise upon elementary book-keeping, and therefore we shall not at any length describe the keeping of the Private Ledger. In most cases it will be found that expert assistance is required in the keeping of this book. Briefly, it may be stated that the Private Ledger should contain:—

Proprietors' Capital and Drawing Accounts.

Property Accounts.

Plant, Tools, Dies, Fixtures, &c., Accounts.

Stock-in-Trade Accounts.

Accounts of money borrowed or advanced.

Accounts for Sales, Purchases, Wages, Salaries, Rent, Rates and Taxes, and all the other general expenses of a similar nature connected with the business.

Bills Payable Account, and the Bank Account, if the latter is not kept in the Cash Book.

Bank Charges and Interest Accounts.

Allowances and Discounts Accounts, &c., &c.

Annual Balance Sheets and Trading and Profit and Loss Accounts.

D

Space will not permit of our describing the keeping of this book in any detail. It is usual to have a lock on the Private Ledger, it being inadvisable that its contents should be open for the inspection of the general staff.

Some firms will keep a "Nominal" or "Impersonal" Ledger, in which to record the purely Trade Accounts above mentioned, retaining the Private Ledger for Partners' Capital and Drawing Accounts, and other matters of a purely private nature. In the majority of cases one Ledger, (the Private Ledger), will suffice, and as to whether a Nominal Ledger is kept in addition to the Private Ledger is quite optional.

It is a fundamental principle in Ledger keeping that no entry should be made in any Ledger until the item has been previously entered in another book.

The "Journal" is not a necessary book to the ordinary jewellery trader. It is not therefore described in this work.

CHAPTER X.

THE MANUFACTURING JEWELLER.

THE CHECKING OF GOLD.

WE have experienced great difficulty in writing this chapter, for the reason that probably, whatever systems we may suggest, some firms will say that they go too far with the clerical work required, and others that they do not go far enough. Some firms will carry the system of check to an extent that it almost becomes a fine art. Others, on the other hand, will rely upon the most primitive methods, and will tell you that they have always found these methods answer all practical purposes. Of these last, it may be said that if they do not know whether irregularities are going on or not in their establishments, it does not necessarily follow that irregularities are not going on.

We do not expect that our systems will answer the purposes of all sections of the trade. All we can hope to do is to suggest methods in general terms, leaving it to the manufacturer to adopt them, or variations of them, as he may think fit.

The objects of the work referred to in this chapter are as follows:—

- (1) To show how gold brought into the office or warehouse can be accounted for and checked.

D 2

- (2) To show how metal given out to the melter can be accounted for and checked.
- (3) To show how gold given out to the workmen can be accounted for and checked.
- (4) To show how the gold in the entire establishment can be accounted for and checked.

The clerical work involved in No. 3 is also made use of in ascertaining the cost of the goods manufactured, a very essential desideratum in a jeweller's business. (See Chapter XIV.)

Gold is usually purchased in the form of fine gold, and then made up into 18 ct., 15 ct., 12 ct., 9 ct. gold, or otherwise, as the requirements of the business may dictate. The bookkeeping should show that *all* the gold is accounted for, whether it be in the form of fine gold, workable gold, lemel, polishings, lappings, sweep, or otherwise. That is to say, it is necessary to check the warehouse, the workshop, and the establishment as a whole. The following form will show how the gold is first dealt with :—

Form 13.—

10.

FINE GOLD.

1902 June 2 16	To Stock on hand " Birmingham Gold Co. ..	Folio		1902 June 17	By Alloy, No. 4 " Do. 5	Folio		Ozs.	Dwts.	Grs.
		9	33			40	"			
		0	0			20	4	0	0	0

20.

FINE SILVER.

1902 June 2 16	To Stock on hand " Birmingham Gold Co. ..	Folio		1902 June 17	By Alloy, No. 4 " Do. 5	Folio		Ozs.	Dwts.	Grs.
		19	33			40	"			
		3	0			3	0	0	16	0

30.

PURE COPPER.

1902 June 2 16	To Stock on hand " Birmingham Gold Co. ..	Folio		1902 June 17	By Alloy, No. 4 " Do. 5	Folio		Ozs.	Dwts.	Grs.
		20	33			40	"			
		5	0			3	1	3	12	0

Here we find that 5 ozs. of fine gold were in stock when the stock was last taken, and 20 ozs. have been since purchased. Two lots—viz., 20 ozs. and 4 ozs.—have been given out to be melted. The Fine Silver and Pure Copper Accounts are shown below. By this system, therefore, the bookkeeping should show the actual weights of fine gold, fine silver, and pure copper actually in stock in the warehouse.

We next come to

The Melting Book.

A special account is opened for each alloy. Here we find the weights charged which were credited in the Fine Gold, Fine Silver, and Pure Copper Accounts. Also there is recorded the weight of gold which the melting produces. There is a small loss in the process, but a considerable part of this loss should be recovered when the melting pots or crucibles are ground and sent to the refiners. In a separate part of the book should be entered the amounts so short, so that at the proper time they can be added, and their value in grain gold compared with the value in grain gold received from the refiners in respect of the melting pots or crucibles, if these melting pots are dealt with separately, and not with the ordinary sweep. The writer is informed, however, that if the melting is properly carried out, no portion of the metal should be left in the crucible, and the only loss would therefore be by volatilisation.

The form which we give shows the result of two alloys. It requires no explanation. The gold produced is transferred to the office or warehouse stock.

Form 14.—					18 CARAT—ALLOY No. 4.		40
1902 June 17	To Fine Gold .. " Fine Silver .. " Pure Copper	10 20 30	Ozs. dwts. grs. 20 0 0 3 6 16 3 3 8	1902 June 17	By Office Stock Account— 18ct. made up .. " Loss..	16	Ozs. dwts. grs. 26 8 12 0 1 12 26 10 0

15 CARAT—ALLOY No. 5.									
1902 June 17		1902 June 17		Ozs. dwts. grs.		By Office Stock Account—		Ozs. dwts. grs.	
To Fine Gold	10	4	0	0	15ct. made up ..	..	6 7 12
" Fine Silver	20	0	16	0	" Loss..	..	0 0 12
" Pure Copper	30	1	12	0		..	6 8 0
				6 8 0					

The following is another method of showing the transactions in the preceding form, it being understood that a separate account is kept for each standard of gold:—

Form 14 A.—								18 CARAT.	
DATE.	FINE GOLD	FINE SILVER	COPPER	TOTAL	WEIGHED IN TO WAREHOUSE	LOSSES	TOTAL		
1902 May 17	Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.		
	20 0 0	3 6 16	3 3 8	26 10 0	26 8 12	0 1 12	26 10 0		
	10 0 0	1 13 8	1 11 16	13 5 0	13 4 18	0 0 6	13 5 0		
	30 0 0	5 0 0	4 15 0	39 15 0	39 13 6	0 1 18	39 15 0		

NOTE.—The proportions in the above tables may not be quite accurate, but this makes no difference in the systems.

The following form (kindly supplied by a manufacturer) shows another method of keeping the Melting Book. Each transaction will be found to speak for itself, and the work is all "moneyed out." It is questionable, however, if there are many firms who will go to the trouble and expense of keeping the book in this form. That there are advantages in the system

Form 15.—*Dr.***MELTING**

Date	Description	Folio	Rate		
1902 Dec. 22	New Bar (18 carat) F. Gold		Ozs. dwts. grs.	£	s d
	" Silver	7	10 0	31	19 5
	" Copper	1	4 0	0	3 3
	" (15 carat) F. Gold	1	5 4	0	0 2
	" Silver	6	5 15	26	15 6
	" Copper	0	15 0	0	2 1
	" (9 carat) F. Gold	2	19 9	0	0 5
	" Silver	3	15 0	15	19 8
	" Copper	0	18 12	0	2 7
	" (9 carat) F. Gold	5	6 12	0	0 10
	" Silver	7	10 0	31	19 5
	" Copper	1	10 0	0	4 0
	Scrap Bar (18 carat) F. Gold	11	0 0	0	2 10
	" Silver	21	5 18	65	11 6
	" (9 carat)	3	3 5	13	9 5
	"	10	13 6	34	8 10
	" (9 carat)	27	6 18	44	3 3
			112 8 3	£265	3 2

cannot be denied, because it enables the manufacturer to know what loss in £ s. d. he makes in his melting.

We now have the gold in a workable form, in which it is taken by the melter into the rough warehouse. The weights should then be entered in a book, which we will call the Gold Stock Book, for which we give a suggestion on page 42.

Here we find the two weights debited, which are the results of the alloys already referred to in Form No. 14. On the *Dr.* side are entered the weights of all the workable gold as brought in, and on the *Cr.* side the weights of the gold as given out to the men to be made up. As to how often this book shall be balanced will depend upon circumstances. Possibly a con-

BOOK.

Cr.

Date	Description	Folio	9 Carat	15 Carat	18 Carat	22 Carat	Rate	
1902 Dec. 22	Weighed in ..	..	Ozs. dwts. grs. ..	Ozs. dwts. grs. ..	Ozs. dwts. grs. 9 17 18	Ozs. dwts. grs. ..		£ s d 31 18 9
..	" ..	..	..	9 19 12	..	..		26 17 0
..	" ..	..	9 18 0	..	..	..		15 19 11
..	" ..	..	19 18 12	..	..	..		32 3 10
..	" ..	..	..	..	24 8 0	..		78 16 4
..	" ..	..	..	..	10 13 0	..		34 8 0
..	" ..	..	27 6 18	..	..	..		44 3 4
..	Loss on Melting ..	..	0 3 12	0 0 12	0 2 15	..		0 16 0
			57 6 18	10 0 0	45 1 9			
			Ozs. 112 8 3					£265 3 2

venient course will be to balance at the end of each month. We have in our form shown such a balancing. Shortages will, as a rule, occur in the weighing out. Scrap returned by the men is debited in this book in its proper column, but not the melmel. The book should therefore show the weights of workable gold which should be in hand from time to time. The Principal personally should weigh this gold as a check upon

Form 16.— **GOLD STOCK BOOK.** **WEIGHED IN.** **WEIGHED OUT**

Date	From whom received	Folio	Gold			Date	To whom given.	Folio of Workmen's Ledger	Gold		
			18 Carat	15 Carat	9 Carat				18 Carat	15 Carat	9 Carat
1902 June 16	To Stock on hand	15	15 3 6	8 7 14	23 2 4	1902 June 16	By Jonathan Swift	27	6 3 10		
17	" Alloy, No. 4	40	26 8 12	6 7 12			" B. Eagles	37	..	5 2 4	
	" Do. 5	..	..	..			" Do.	"	..	..	1 2 6
27	" J. Swift, Scrap returned	27	1 2 6	0 11 4		19	" J. Swift	"	0 4 6	0 5 0	
	" B. Eagles, Wire returned	37	..	..		26	" B. Eagles	27	3 12 8	2 13 20	
	" Alloy, No. 6	..	..	0 12 10			" J. Swift	27	12 7 6	2 6 12	
	" B. Eagles, Scrap returned.	37	..	..			" Do.	..	..	..	9 2 18
							" B. Smith	..	5 2 12	..	4 8 6
							" J. Jones	..	..	..
							" S. Brown	..	27 9 18	10 7 12	14 13 6
							" R. Robinson	15	15 3 19	5 10 22	23 16 18
							" Stock on hand carried down	..	0 0 11	0 0 6	0 0 8
							Shortage	..	42 14 0	15 18 16	38 10 8
	To Stock on hand brought down	15	42 14 0	15 18 16	38 10 8						
			15 3 19	5 10 22	23 16 8						

the goldkeeper, and he ought to arrange that the additions of the book should be checked by an independent clerk, and also that the weights given out are checked through to the workmen's Ledger Accounts. The weights debited to the book should also be checked from the Melting Book.

Solder given out to the men is weighed and charged as gold. For workshops where silver is worked up with gold, an additional column for silver can be inserted on each side of the Stock Book. The silver can then be dealt with in the book exactly as if it were one of the qualities of gold. Where silver is worked up with gold, the silver and gold portions of the article are weighed separately before the article is completed. It should be noted that no lemel is introduced into the Gold Book. This very much simplifies the keeping of the book.

In some jewellers' workshops platinum is used, but as a rule the amount is so small that it is hardly necessary to provide any special column for the purpose of checking it, as it can be entered with the 18 ct. gold.

When gold is given out, it is usually weighed in the presence of the workman, and entered against him in his Ledger Account, and also in his book. Some firms may find it convenient to enter the weights of gold given out on small manifold slips with consecutive numbers. These slips should have entered upon them the date, the workman's name, and the weight and quality of the gold given out.

We come now to a very important book—namely,

The Workmen's Ledger.

The following is a suggested ruling for this:—

LEDGER.

Date	Particulars	No. of Order or Folio	GOLD			Silver	Lemel	Total	Rate	Value in	No. of Cost Slip
			18 Carat	15 Carat	9 Carat						
1902 June 25	By Cluster Ring ..	101	0 4 22							£ s d	
	" Ring to pattern	"	0 5 0								
26	" 12 Fancy Rings	"	1 7 20								
	" 12 Fancy Cluster Rings ..	106	1 12 6								
27	" 3 rings to pattern	107	0 8 16								
	" Scrap returned	G.S.B. 18	1 2 6								
	" Lemel (after burning) ..	"	..	..	..	..	0 16 16				
	" By Stock on hand ..		5 0 22	..	..	..	0 16 16	5 17 14			
	" Loss ..		5 12 4	..	..	..	..	5 12 4			
			..	..	..	..	..	0 0 6			
			10 13 2	..	..	..	0 16 16	11 10 0			

Date	Particulars	No. of Order or Folio	GOLD			Silver	Lemel	Total	Rate	Value in	No. of Cost Slip
			18 Carat	15 Carat	9 Carat						
1902 June 26	By 2 Scarf Pins and Stems ..	103	..	0 7 0	0 6 8					£ s d	
28	" 12 Brooches ..	"	..	1 14 6							
	" 1 Brooch to pattern ..	109	..	0 4 3	0 0 7						
27	" 12 Tongs ..	108	..	..	0 3 11						
	" 12 Pendants ..	105	..	2 2 8							
	" Lemel (after burning) ..	G.S.B. 18	..	..	..	..	1 2 0				
	" Wire returned ..	"	..	0 11 4							
	" 1 Key, Silver ..	110	..	..	..	1 11 3					
	" Silver and Gold Scrap returned	G.S.B. 18	..	0 12 10	..	4 18 6					
	" Stock ..	..	..	5 11 7	0 10 2	6 9 9	1 2 0	13 12 18			
	" Loss ..	..	..	2 9 10	0 12 0	..	..	3 1 10			
			..	..	..	..	..	0 1 20			
			8 0 17	1 2 2	6 9 9	1 2 0	16 16 0				

On the *Dr.* side are entered the weights of the gold, &c., given out to the men, and on the *Cr.* side the weights of the made articles brought in, and also the weights of the scrap and lemel returned. We believe it to be the usual custom to weigh the men's stocks, and balance their books fortnightly. The men's lemel as a whole will, perhaps, be assayed two or three times a month. The manufacturer should know by past experience how the lemel should assay out. If the results are not as they should be, it will then probably be necessary to have the lemel of the men, or some of them, assayed separately.

A book should be kept in which the weights of lemel returned by the men are entered. The weights of lemel sent to the refiners, or used in the firm's own melting, should also be recorded in the book. Particulars should be entered in the book from time to time of the proceeds of the lemel, if sold. The following is a convenient form for keeping the Lemel Book:—

Form 17A.—

LEMEL BOOK.

Date	Workman's Name	Folio Workmen's Ledger	18 ct.	15 ct.	9 ct.
			ozs. dwts. grs.	ozs. dwts. grs.	ozs. dwts. grs.

The form we have given for a Workmen's Ledger may be considered by some firms as rather complicated. We therefore give another form, though we cannot recommend it.

Form 18.—

JOHN SMITH.

18CT. GOLD.

1902			Ozs.dwts.grs.	1902			Ozs.dwts.grs.
Feb. 13	To Stock	..	5 0 12	Feb. 18	By 12 Fancy Tablets	1 7 15	
15	" Gold	..	2 2 9	19	" Scrap	0 10 0	
18	" Do.	..	0 6 15	20	" 9 Fancy Tablets	0 17 12	
					" Lemel (after burning)	1 9 12	
					" Stock	3 4 3	
						<hr/>	
					Shortage	7 8 18	
						<hr/>	
			7 9 12			7 9 12	
			<hr/>			<hr/>	
20	To Stock	..	3 4 3	20	By 4 Fancy Tablets	0 7 15	
	" Gold	..	2 4 3	25	" 12 do.	1 8 0	
25	" 18 Wire	..	0 14 9		" 2 Snakes	0 6 6	
	" 14 Snakes	..	2 13 6	26	" Scrap	0 11 12	
26	" Gold	..	0 14 0	27	" Lemel (after burning)	1 13 0	
					" Stock	5 3 12	
						<hr/>	
			9 9 21			9 9 21	
			<hr/>			<hr/>	
	To Stock	..	5 3 12				

Here the account is in a simple *Dr.* and *Cr.* form. The illustration shows the account of a workman working in 18 ct. gold. From time to time gold, solder, and stampings are weighed out to him. He is credited with the weight of the work, the scrap, and the lemel returned. His book is balanced weekly or fortnightly, and at the beginning of each week or fortnight is entered the weight of the stock given out to him. This is by no means so good a system as the one we have previously described.

It is usually the custom that each workman works upon a particular quality of gold. In some workshops it is customary for workmen to transfer portions of their stocks of gold to other workmen, but this practice is not to be recommended. In some shops the men are not allowed to know the weight of gold which is recorded against them in the Ledger Accounts kept in the warehouse. In the majority of shops, however, the practice is, as we have stated, for each man to have a book in which the weights of gold given out and brought in are entered and

Form 19.—

MADE GOODS RECEIVING BOOK.

Date	Workman's Name	Folio of Workman's Ledger	Description of Goods	Gold			Num-ber of Cost Ship	Rate	£ s d
				18 Carat	15 Carat	9 Carat			
1902				Ozs. dwts. grs.	Ozs. dwts. grs.	Ozs. dwts. grs.			
June 25	Swift, J.	..	Forward ..	529 11 0	179 0 21	406 15 21	..	66/6	2978 8 6
"	"	..	Cluster Ring ..	0 4 22	..	..	..	"	0 16 4
26	Eagles, B.	..	Ring to Pattern ..	0 5 0	..	..	..	"	0 16 8
27	Swift, J.	..	2 Scarf Pins and Stems	..	0 7 0	0 6 8	..	56/6 35/-	1 10 10
28	Eagles, B.	..	12 Fancy Rings ..	1 7 20	1 14 6	..	..	66/6	4 12 6
"	"	..	12 Brooches ..	..	0 4 3	0 0 7	..	56/6 35/-	4 16 9
"	"	..	1 Brooch to Pattern	..	..	..	..	..	0 12 2
				531 8 18	181 6 6	407 2 12			£2,991 13 9

signed for. In balancing the men's accounts, as the lemel will probably contain some matter that is not gold, allowance must be mentally made for this in the balancing.

Made Goods Receiving Book.—

The next book which will be found necessary we will call the "Made Goods Receiving Book." In this book are found columns for:—

The date.

The name of the workman from whom goods received.

A description of the goods.

The weights of the different qualities of gold made up.

Pricing out of the gold into £ s. d.

The £ s. d. column is required primarily for ascertaining the value in gold of each article weighed in, so that this value may be inserted in the Cost Slips (referred to in Chapter XIV.). On page 48 is an illustration of the Made Goods Receiving Book.

Columns can be inserted in this book, if desired, for silver, and also for the £ s. d. value of the men's time employed upon the articles weighed in.

We have now shown in a comparatively simple manner how the Grain Gold, Workable Gold, and Workmen's Gold can be checked. This, however, should not be sufficient for the manufacturer, as it leaves out of account the lemel, polishings, lappings, colourings, sweep, &c.

We therefore give a special form, so that the manufacturer can ascertain exactly what his loss is on the gold throughout the entire establishment. As to how often he does this will depend as to how often he sends his sweep and polishings to the refiner. Some firms do this once in three months, others once in six months, and some once in twelve months. We will assume the manufacturer deals with his polishings, &c., once in three months, and with his sweep once in six months. The following is an illustration of a half-yearly account:—

E

Form 20.—

GOLD

Dr.

HALF-YEARLY BALANCING,

		Ozs.	Dwts.	Grs	Ozs. in Decimals	Rate			
						s d	£ s d	£ s d	
1901 Dec. 28	To Stocks in hand at this date—								
	Grain Gold	5	2	12	5'125	85 0	21 15 7		
	18 ct. "	32	2	12	32'125	65 0	104 8 2		
	15 ct. "	30	3	18	30'187	54 6	82 5 2		
	9 ct. "	50	12	6	50'6125	33 6	84 15 6		
	Grain Silver	16	12	0	16'6	2 2	1 16 0		
	Pure Copper	43	16	0	43'8	..	0 4 6		
								295 4 11	
"	Workmen's Stocks on hand—								
	18 ct. Gold	45	10	0	45'5	65 0	147 17 6		
	15 ct. "	12	15	2	12'7542	54 6	34 15 1		
	9 ct. "	52	8	18	52'4375	33 6	87 16 8		
								270 9 3	
"	Lemel in Stock						80 0 0		
"	Polishings and						40 0 0		
"	Lappings						150 0 0		
"	Sweep							270 0 0	
1902 June 28	Purchases during 26 weeks—								
	Grain Gold	763	12	0	763'6	85 0	3,245 6 0		
	Grain Silver	160	0	0	160'	2 2	17 6 8		
	Pure Copper	350	8	0	350'4	..	1 16 0		
								3,264 8 8	
<p>This Account assumes that the Lemel is dealt with monthly, the Polishings, &c., quarterly, and the Sweep half-yearly.</p> <p>If the manufacturer uses up his own Lemel, the Account will require slight modification.</p> <p>Platinum is weighed in with the 18ct. Gold.</p> <p>Some manufacturers may consider the figures to some extent as out of proportion. This, however, makes no difference to the principle of the Account.</p>									
								£4,100 2 10	

KINDRED TRADERS' ACCOUNTS.

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ACCOUNT.

Half-year ending June 28th 1902.

Cr.

1902 June 28		Ozs.	Dwts.	Grs.	Ozs. in Decimals	Rate			
							s	d	£ s d
	By Work weighed in during 26 weeks—								£ s d
	18 ct. Gold	531	8	18	531.4375	65 0			1,727 3 5
	15 ct. "	181	6	6	181.3125	54 6			494 1 6
	9 ct. "	407	2	12	407.125	33 6			681 18 8
	Less Estimated Loss in Weight after Polishing, Lapping, Colouring, Engraving, &c., say 9%								2,903 3 7
	<i>Note.</i> — Every manufacturer should know by experience, or he can easily ascertain, what this percentage of reduction in weight should be for his own particular business. Some firms will weigh the goods before and after every process of Polishing, Lapping, Colouring, Engraving, &c., but it is doubtful if many firms will go to this trouble and expense.								261 5 8
									2,641 17 11
	" Sales during 26 weeks—								
	Lemel						450	0 0	
	Polishings and Lappings						75	0 0	
	Sweep						150	0 0	675 0 0
	" Stocks in hand, June 28th 1902—								
	Grain Gold	3	10	0	3.5	85 0	14	17 6	
	18 ct. "	23	1	9	23.0688	65 0	74	19 6	
	15 ct. "	37	7	12	37.375	54 6	101	16 11	
	9 ct. "	38	15	6	38.7625	33 6	64	18 6	
	Grain Silver	10	5	0	10.25	2 2	1	2 2	
	Pure Copper	59	12	0	59.6		0	6 3	258 0 10
	" Workmen's Stocks, June 28th—								
	18 ct. Gold				32.2375	65 0	58	5 5	
	15 ct. "				9.2	54 6	25	1 5	
	9 ct. "				30.1125	33 6	50	8 9	173 15 7
	" Lemel						83	10 0	
	Polishing and Lappings						42	10 0	
	Sweep						155	0 0	281 0 0
	" Net Loss for half-year from all sources, but including Refiner's Profit on Sales of Lemel, Polishings, Sweep, &c.								70 8 6
									£4,100 2 10

E 2

The special feature of this account is that it starts with the grain (or fine) gold, and ends with the made goods weighed in and the stock on hand. Therefore, whatever errors may be in the Melting Book, in the Gold Book, or in the Workmen's Books, should be shown up (although not in detail) in this balancing, because it takes into account practically all the gold throughout the entire establishment. The account is first debited with the various stocks at the commencement of the period, and then with the fine gold, silver, copper, &c., purchased during the period. These various items are worked out for convenience into £. s. d. On the credit side of the account are entered the weights and £ s. d. values of the made goods weighed in during the period. The weights of these will be obtained from the Made Goods Receiving Book already referred to.

The £ s. d. values in the half-yearly account are worked out as 85s. per oz. for fine gold, as the standard. This means that the 18 ct. gold is priced at 65s., the 15 ct. at 54s. 6d., and the 9 ct. at 33s. 6d. In the Made Goods Receiving Book, however, a different set of prices will prevail. For the purposes of illustration, in our Receiving Book form we have priced the 18 ct. work at 66s. 6d., the 15 ct. at 56s. 6d., and the 9 ct. at 35s. These prices must of necessity be such as will carry the cost of melting, &c., and enable a profit to be shown upon the Gold Account.

To return to our Half-yearly Account. It is credited with any sales of sweep, polishings, lemel, &c., which may have been made during the period, and, finally, it is credited with the various stocks on hand at the end of the period, and with the amount of the refiner's credit notes for lemel, polishings, and sweep on hand at the end of the period. We have assumed that our particular manufacturer sells all his lemel. If he

refines it and uses it up again, however, the form will require very slight variation. There should be, in a properly regulated establishment, no difficulty whatever in keeping this account. The form of it will probably require some slight modifications to suit special trades. On the other hand, it may be necessary for some manufacturers to somewhat modify their own methods to make them fit in with the form. This will probably be to their advantage. The net loss shown by the account will include the loss in melting, loss in weighing out, loss upon workmen's accounts, loss on lemel, sweep, and polishings (including the refiner's profit), loss on "colourings," engraving, &c. Everything that can have been brought into the sweep—as hand washings, colourings, &c., &c.—will have been brought in. The loss shown by the account may not be all loss, because it may pay the manufacturer occasionally to take up the boards of his workshop, and have them burned for the sake of the gold they contain. The half-yearly account should receive the careful attention of the Principals and the Auditors.

The whole of the systems described in this chapter are comparatively simple, and, with very little instruction, any ordinary warehouse clerk will be able to carry them out. A certain amount of overlooking, however, on the part of the Principal will be found necessary, and he should also decide as to the extent to which he shall have these special books audited.

There are naturally many points in a manufacturing jeweller's business which we have not touched upon, as Jobbing Accounts, Outworkers' Accounts, &c., &c. No difficulty, however, need be experienced in dealing with these in the bookkeeping.

The forms which we have so far given are intended to be suggestive rather than to be exactly copied in all cases. Special

businesses require special bookkeeping. What we have endeavoured to show are the general methods adopted for checking gold. That it is possible to accurately check the gold has been proved over and over again. Where the effort to do this very necessary checking is found by practice to be unsuccessful, the fault will probably be in the careless or neglectful habits of the Principal, or the members of the staff, or, if this is not the case, the concern is probably being robbed.

Some manufacturers will tell you that, as they keep their gold and gems themselves, an elaborate system of bookkeeping is for them unnecessary. It should be remembered, however, that eventually a business may very greatly develop, in which case the Principal will be unable to spare the time to keep the gold and gems himself. Therefore he should lose no time in making his system of bookkeeping as perfect as it can be, so as to give him more freedom in the future.

An old-fashioned method of checking the workmen's gold was to have a box of fine shot for each man, and to add to or take from the weight of shot as gold was weighed out to or weighed in by the workman. Then the weight of shot would, or should, correspond with the weight of gold the man was responsible for. The writer, however, believes this system is now exploded.

We have not adopted the decimal system in this chapter, but the system will apply for decimal weights equally as for ordinary troy weights.

"Plating" given out to workmen may be treated in the book-keeping in a similar manner as silver, as described on page 43-

CHAPTER XI.

THE MANUFACTURING JEWELLER.

DIAMONDS AND OTHER GEMS.

It should be remembered that the manufacturer has to keep a check both upon the warehouse and upon the workpeople. Parcels of gems should be marked outside with the description, weight, price, name of dealer from whom bought, and, where customary, with the number of the stones.

The methods of dealing with these parcels when bought varies with different manufacturers. A parcel bought at £8 10s. per carat may contain some gems which are worth £9 10s. per carat, or more, and some that are worth £7 10s. per carat, or even less. Some firms will therefore divide the contents of the parcel into different classes, according to quality, and transfer them to other parcels. Other firms will deal with the original parcel until it is disposed of, except the "remains." The following form will apply in this latter case:—

Form 21.—

FROM J. BROWN & CO., LONDON, JUNE 1 1902.

PARCEL No. 25.—BRILLIANTS.

Amount of Parcel Balance from Parcel No. 12	Do.	No. of Stones	Carat						Cost £9 15s. per Carat.					
			1	2	3	4	5	6	1	2	3	4	5	6
..	..	274	57	1	1	1	1	1	1	1	1	1	1	1
Do.	"	24	5	..	..	..	..	..	..	..	..	..	..	..
..	"	18	2	..	..	..	..	..	..	..	..	..	..	..
..	"	316	65	1	1	1	1	1	1	1	1	1	1	1

Date	How Disposed of		Order No.	Num- ber of Stones	WRIGHT						Rate	Value in £ s d		No. of Cost Slip
					Carat	1	2	3	4	5	6			
1902 June 3	Jones	..	100	36	2	1	1	1	1	1	1	1	1	1
4	Smith	..	104	2	..	..	..	..	..	..	..	1	1	1
7	Do.	..	115	6	5	1	1	1	1	1	1	1	1	1
12	Brown	..	124	18	6	1	1	1	1	1	1	1	1	1
16	Jones	..	133	30	4	1	1	1	1	1	1	1	1	1
20	Smith	..	141	13	6	1	1	1	1	1	1	1	1	1
24	Robinson	..	154	18	"	1	1	1	1	1	1	1	1	1
28	Goldman	..	174	36	2	1	1	1	1	1	1	1	1	1
	Thomas	..	175	5	3	1	1	1	1	1	1	1	1	1
July 1	Jones	..	164	164	32	1	1	1	1	1	1	1	1	1
	Smith	..	27	27	6	1	1	1	1	1	1	1	1	1
3	Brown	..	199	14	5	1	1	1	1	1	1	1	1	1
	Thomas	..	207	30	4	1	1	1	1	1	1	1	1	1
4	Goldman	..	209	13	..	1	1	1	1	1	1	1	1	1
7	Smith	..	217	11	2	1	1	1	1	1	1	1	1	1
		..	234	18	3	1	1	1	1	1	1	1	1	1
	By Stock transferred to Parcel No. 31		..	277	56	1	1	1	1	1	1	1	1	1
		..	..	39	8	1	1	1	1	1	1	1	1	1
	By Loss on Parcel		..	316	65	1	1	1	1	1	1	1	1	1
		..	..	..	..	1	1	1	1	1	1	1	1	1
		..	..	316	65	1	1	1	1	1	1	1	1	1

Here, it will be found, the original weight of the parcel was 57 cts.- $\frac{1}{2}$ - $\frac{1}{4}$ - $\frac{1}{8}$, and that the balances of two other parcels have been added to it. The disposition of the goods is shown, the balance of the parcel being ultimately transferred to another parcel. Thus, if the bookkeeping is correct, at any time the account ought to show the weight of stones actually in the parcel. Our form shows a loss on the parcel of $\frac{3}{4}$ ct. There should not really be any loss, because in weighing out gems to the setters it is customary to take credit for fractions. Thus any weight under $\frac{3}{4}$ ct. would be counted as $\frac{3}{4}$.

The columns headed "Rate," "Value," and "No. of Cost Slip" are for the purpose of entering a value upon the gems given out, so that this value may be used for the purposes of the "Cost Slip," which is made up before the cost of the particular article can be ascertained. (See Chapter XIV.)

It is optional as to whether the column "Number of Stones" shall be filled in or not.

We now give our second form.

This form, like the one already described, constitutes in reality a Ledger Account, different pages of the Ledger being devoted to different classes of diamonds or other gems, according to the custom or requirements of the business. That is to say, when new gems are purchased, the contents of the parcels may be subdivided and transferred to the classes to which they belong, according to the quality of the individual stones. In many warehouses, however, the contents of the new parcels would not be so sub-divided, but transferred *en bloc* to the class for which they are intended. This appears to have been the case in the form we have just quoted. This form speaks for itself, and requires no very great explanation. A money column is added, as in the former case, for the purpose of the "Cost Slips."

For the purpose of giving out stones to the men it is customary to have special manifold order forms. These forms should have written upon them the date, the name of the workman, the order number, the number of the parcel from which the gems are taken, the weight and number of the gems given out, and a brief description of the articles to be made up. The originals of these manifold order forms are kept in the office, and from them are entered in the Gem Ledger the weights and values of the gems given out from time to time.

The following form for a "Setters' Book" will be found extremely useful to many manufacturers, especially to those who make high-class goods. No explanation is necessary as to the keeping of this book. Variations of the form will probably be found necessary in different establishments.

SETTERS' BOOK.

Form 22 A.—

Date	N. of Parcel	N. of Stones	Description and Sketch	Catalogue No.	Setters		Folio of Stone Ledger	Weight						@	£ s d	No. of Cost Slip	Stock or Day Book Folio	Remarks
					Name	Order No.		Ct.	1/2	1/4	1/8	1/16	1/32						1/64

It will be seen from what we have stated that the Gem Ledgers, if correctly kept, ought to show the weights of the different classes of stones actually in stock. There is thus a check upon the warehouse. The keeping of the books also acts as a check upon the workmen.

By either of the Gem Ledger forms we have described it is possible for the manufacturer to learn if he is making a profit on his stones or not—that is, by ascertaining the cost of the stones on the one hand, and, on the other, the total “values” of the stones given out, allowance being made for the stocks on hand. This is a simple operation, which it is not necessary further to describe. Naturally, however, it involves a certain amount of clerical work. If the account should not show the result which it should do, the manufacturer probably is not charging up his stones correctly, or he is buying badly.

As regards pricing the stones used, some firms will enter a figure slightly in excess of what they believe to be the actual value, independently of cost. Others will put the cost, with, perhaps, 5s. per carat added for waste and for provision for the “residues” or “rejections” not being of average value.

CHAPTER XII.

THE MANUFACTURING JEWELLER.

WAGES AND TIME BOOKS.

WE give no special ruling for Wages Books or Time Books, as manufacturers will be able to suggest their own forms for these books without any special assistance. There are two or three rules, however, respecting the keeping of Wages Books which should not be lost sight of. The clerk who makes out the Wages List should not be permitted to pay the wages. This should be relegated to another official. Each head of a department should sign weekly for that portion of the Wages Sheet appertaining to his department. The Wages Book should be kept under lock and key, because there is oftentimes a great deal of avoidable jealousy if the amounts of the wages paid to different men are common knowledge. Naturally, in smaller concerns, the Principal will be able to look after the wages personally.

Wages and salaries should be analysed every week. A distinction should be drawn between "producers" and "non-producers," and these two classes should in their turn be further sub-divided to suit the particular requirements of the business. This, however, may not be necessary in all concerns.

It is the general custom in jewellers' workshops for the work-people to keep Time Books, in which they record the time expended upon different articles or jobs. From these Time Books the foreman will ascertain the respective amounts to charge for workmanship in the Cost Slips referred to in Chapter XIV.

CHAPTER XIII.

THE MANUFACTURING JEWELLER.

COST BOOKS.

THE keeping of Cost Books is a matter of vital importance to every manufacturer. It is imperative that the actual cost of every article should be known before its selling price is determined, or it is placed upon the market, or before a quotation is given for it.

Different manufacturers have different methods of keeping Cost Books. A very common method is for the manufacturer to put down, one item below the other, the cost of the various materials used, and of the labour employed in the different processes; to ascertain the total of these, and then to add a percentage on this total to include his dead expenses and profit. The resulting total, or thereabouts, is then adopted as the selling price of the article. If the percentage added should be, for example, $33\frac{1}{3}$, the gross profit upon the resulting total would be only 25 per cent. This is a matter which is sometimes lost sight of. The following is an illustration, extracted from an old Cost Book, and referring to an article in silver ware:—

						£	s	d
Silver—2·600 3/-	..	..	..	..	..	0	7	9
Stamping	..	..	..	..	..	0	1	0
Making	..	..	..	..	..	0	3	6
Hall-Marking	..	..	..	..	..	0	0	1 $\frac{1}{2}$
Polishing	..	..	..	..	..	0	0	6
Finishing and Colouring	..	..	..	..	..	0	0	6
Cast Ornaments	..	..	..	..	..	0	1	0
Back and Glass	..	..	..	..	..	0	1	0
						<hr/>		
Add $33\frac{1}{3}$ %	..	..	..	..	..	0	15	4 $\frac{1}{2}$
						0	5	0
						<hr/>		
						£1	0	0
						<hr/>		

Here we see the prime cost of the article is 15s. 4½d.; 33⅓ per cent. is added, although this percentage is not calculated to exactness. We presume the selling price of this article would be £1 os. od., and not £1 os. 4½d., as a correct addition would show, and, as the profit is 5s., that is 25 per cent. upon the selling price. It should be understood that out of the 25 per cent. gross profit in this case upon the selling price, the manufacturer would not only have to provide for the discount to be allowed to his customer, but also for all his dead expenses, including travelling expenses and bad debts, and, lastly, for his own profit.

This is a rough and ready way, which is adopted by many manufacturers, each manufacturer adding his own percentage, which he naturally keeps to himself. It is not, however, always the best method to adopt. Many traders would proceed as follows—viz., to add to the prime cost a percentage for dead expenses, and then a further percentage for profit. These percentages will naturally vary in different trades for different articles, and according to different circumstances. Thus, assuming the details of the prime cost of an article total £1, if (as a supposititious case) 10 per cent. is added for *dead expenses*, making £1 2s. od., and a further 10 per cent. added for profit, it brings the total to about £1 4s. 3d. This, or thereabouts, would then be the selling price of the article. It must not be gathered from this chapter that we express any opinion as to what are or should be the actual percentages added in Cost Sheets. The percentages we have given are intended merely for illustration.

The trader should ascertain from time to time whether the percentage added for dead charges is a fair percentage. This he should be able to find out every year by a reference to his Trading Account. If the manufacturer knows the *exact cost of the article*, including the dead charges, he is enabled, in cases

of competition, to quote much more closely, and, at any rate, with much greater confidence, than when he merely carries on his business upon a rule of thumb principle.

Cost Books are frequently written up by the trader himself, and the books kept by him under lock and key. The private mark is oftentimes used instead of ordinary numerals. Side by side with the figures of the cost in the book it is usual to add a rough sketch and description of the article, and the trade number of the article is also inserted in the book. Some firms keep small slips, with the details they wish to record printed upon them. These slips are gummed at the back, so that they can be readily inserted in the Cost Books, thus avoiding the necessity of writing out the skeleton detail for every new article.

The following is an example of such a slip:—

Form 23.—

GOLD		
MAKING.....		
SETTING.....		
BRILLIANT		
ROSE		
PEARL		
RUBY		
SAPPHIRE		
OPAL		
TURQUOISE.....		
.....		
STAMPING.....		
POLISHING.....		
.....		
No.		
	TOTAL ..	
Add General Charges	%	
	TOTAL ..	
Add For Profit	% ..	
	RESULTING TOTAL ..	

Sketch

F

Most Cost Books in the jewellery and kindred trades are kept on similar methods to those we have described.

The Cost Book is necessary in the case of what may be described as Stock or Scheduled Articles. In Chapter XIV. will be found a reference to Cost Slips. It is naturally important that, in the case of the more expensive articles which a jewellery manufacturer may sell from his catalogue, he should know that they do not cost more than estimated in the Cost Book. Every manufacturer will understand the distinction which we here endeavour to explain between the Cost Book and the Cost Slips, and also the importance of both.

CHAPTER XIV.

THE MANUFACTURING JEWELLER.

COST SLIPS.

In the preceding chapter we have endeavoured to explain the general method of keeping Cost Books. In addition to these Cost Books, it is the practice in most jewellers' manufactories to ascertain the actual cost of the articles as they are manufactured. For the purposes of ascertaining these costs a system of Cost Slips is in operation. The following are illustrations of such slips:—

Form 24.—

SHOP.

Date, _____ 190

No. of Order _____

Calculation of _____

Making	..	..	..	..	..	..	..	..
Setting	..	..	..	..	..	..	..	..
Polishing	..	..	..	..	..	..	..	..
Engraving and Saw-piercing	..	..	..	..	..	..	..	..
Gilding	..	..	..	..	..	..	..	..
Stamping	..	..	..	..	..	..	..	..
 ozs. dwts. grs.								
Ct. GOLD	.....						
"							
SILVER	.....						
STONES	.....						
 <div style="text-align: right;">Total</div>								

F 2

Form 25.—

No. _____

Mr. _____ Date _____ 190

NOT TO EXCEED		IN WEIGHT	MOUNTING
OZ.	DWTS.	GRS.	
18CT.	_____	_____	_____
15CT.	_____	_____	_____
9CT.	_____	_____	_____
PLATINUM	_____	_____	_____
SILVER	_____	_____	_____
MOUNTING	_____	_____	_____
SETTING	_____	_____	_____
STONES	_____	_____	_____
GILDING	_____	_____	_____
SAW-PIERCING	_____	_____	_____
ENAMELLING	_____	_____	_____
SUNDRIES	_____	_____	_____

The actual method of keeping these slips varies in different shops. The cost of making, setting, polishing, &c., will be ascertained from the foreman, who, on his part, obtains the information from the workmen's Time Books. The amount of gold used will correspond with entries in the Made Goods Receiving Book already referred to (see Form 19). The value of stones is obtained from the Gem Ledger or Setters' Book (see Chapter XI.).

The particulars inserted, both in Cost Books and Cost Slips, will naturally vary in different manufactories.

CHAPTER XV.

MANUFACTURERS' AND FACTORS' STOCK BOOKS.

AN exceedingly important department of a jeweller's book-keeping work is the tracing of the articles after they have been received finished from the workmen, or purchased in a saleable form from other firms. It will be evident that in a book for this purpose it would be difficult to devise a system which would meet the case of every trader, and therefore we can only suggest methods for *general* use.

The first book to be dealt with in recording the transactions, where the goods are in the completed form, we will describe as a "Goods Received Book." On page 70 is an illustration.

This book is necessary as a medium between the workshop and the Purchase Book on the one hand, and the Stock Book and the Day Book on the other hand. The book should contain the entries of goods made or purchased. From this book the goods naturally find their way into the Stock Book or the Day Book. It should be possible to trace every article from its first manufacture or purchase to its ultimate destination. This, however, would not apply to the cheaper class of metal and other goods.

Manufacturing and wholesale jewellers will tell you it would not pay them to deal with these low-priced goods

Form 26.—
GOODS RECEIVED BOOK.

Date	Description	Number of Articles	If Goods bought, Name of Supplier	Purchase Book folio	Order Number	If own make, Name of Workman	Workman's Ledger folio	How dealt with	Stock Book folio	Day Book folio
1902 Aug. 1	Fancy Gem Rings	12	..	..	..	Johnson ..	72	Stock ..	32/27	..
	Crescent Diamond Brooches ..	3	..	..	..	Williams ..	84	" ..	34/17	..
	Pins and Studs	12	Morrison & Co.	74	103	..	..	" ..	38/12	..
3	Crescent Bar Brooches ..	3	..	..	..	Brown ..	68	Sold to W. Kinsey, Bristol	..	85

in their Stock Books. The clerical work would be too costly. Moreover, as the temptation to purloin these goods is not very great, the necessity for including them in the Stock Book system does not arise.

Here is an opportunity to state that probably manufacturers may decide not to keep all the account books which are referred to in this book. The writer's object is, however, to point out what should be done, and what *can* be done, leaving it to those who read the book to decide to what extent they will or will not adopt the methods, or variations of them, which are explained.

Probably there are not many manufacturers who keep absolutely correct Stock Books. Some of them will tell you that the expense of keeping these books is such that they are not prepared to incur. A little experience, however, will generally prove to them that the expense is not so great as is generally believed. A great difficulty experienced is in training the staff to habits of care and method, without which no jeweller's Stock Book can be kept to very much advantage. In Form No. 27, page 72, we give a suggested form for a manufacturer's Stock Book.

A convenient way for marking the goods will be found as follows, viz.:—The goods referred to on the first line should be marked $\frac{3}{1}$. The figure 31 will show the page in the Stock Book where the goods are recorded, and the figure below the 31 will show the line in such page. If the goods are marked in this manner, they can be referred to in the Stock Book in a moment.

This form will suit the wholesale jeweller and the manufacturer.

It will be understood that this book is kept in Ledger form, different pages being devoted to different classes of goods, there being an index as in an ordinary Ledger.

Form 27.—

RINGS.

31

Stock No.	Goods received Book Folio.	Articles		Prices		Sold	Sold	Sold	Remarks or Sketch	Total Number Sold	Balance	Transferred to
		No.	Description	Cost	Selling							
1	78	12	Rings	In	20/-	1 30/5/02	3 2/6/02	1 4/6/02				
2	79	3	Do.	Cypher	7/10/-							
3	93	8	Do.		30/-							
4	97	12	Do.		2/-	6 16/5/02	3 17/5/02	2 22/5/02	..	11	1	37 31
5	99	12	Do.		2/5/-	2 8/5/02						
6	100	6	Do.		4/15/-	3 11/5/02	1 12/5/02	1 8/6/02	..	6	✓	✓
7	101	6	Do.		4/2/6							
8	104	12	Do.		30/-	1 22/6/02						
9	111	6	Do		3/3/-							
10	117	6	Do.		14/-							
11	125	1	Do.		17/10/-	1 25/6/02	..	..	..	1	✓	✓
12	134	1	Do.		15/-	1 25/6/02	..	..	..	1	✓	✓
13	171	12	Do.		25/-							
14	190	6	Do.		42/-							
15												
16												

The entries in the columns headed "Sold" are intended to show the number of articles from time to time sold and the dates of sale, the dates enabling the articles to be traced in the Day Book or Manifold Book.

We give on page 74 a form for a jeweller's Stock Book, which has been kindly furnished to us, and which has been found by many years' experience to answer its purpose. In this case it would appear as if the trader purchases gems and has them made up by outworkers.

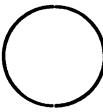
A jeweller will readily understand this book without explanation. It will be gathered that there are separate pages in the book for different classes of goods, as in Form 27.

Without a Stock Book the trader is to a very large extent at the mercy of the members of his warehouse and office staff, because articles may disappear, and it may be found absolutely impossible to trace them. The difficulty of keeping correct Stock Books is increased in cases where the firm may employ three or four travellers, each carrying his own stock. As a rule, however, in the case of most manufacturers, only one stock is kept, and, for Stock Book purposes, the general stock and the traveller's stock are considered as one.

Where several travellers are kept, each carrying his own stock, it is found impracticable and almost impossible to apply the Stock Book system to these stocks. The general rule then adopted is as follows:—Each traveller's stock is taken at the beginning of the firm's financial year. The traveller is debited with the amount of his stock, and with all goods added to it in the course of the year. On the other hand, he is credited with

Form 28.—

STOCK BOOK.—DIAMOND HALF-HOOP RINGS.

Date put into Stock	Number of Ring	Description and Number of Articles	Sketch	Weight of Stones and Cost of Mounting (in Cypher)	Selling Price (in Cypher)	To whom Sold and Number	Date	Day Book Folio	Remarks
	▷ 348	5 Diamond $\frac{1}{2}$ Hoops				Johnson & Co. 2 Smith & Co. 1 Jones & Co. 1 James & Son 1	1902 Mar. 3rd Apr. 4th June 9th " 12th	89 104 140 150	
	▷ 349								
	▷ 350								

his sales and returns, and when stock is again taken, it is found if there is any great "shortage."

Many firms have their own special rulings for Stock Books, but there is the one principle guiding all such books—viz., the showing of the quantity of the goods purchased, or manufactured and put into stock, and the disposition of such goods. The subject is further dealt with under the heading of "Retailers' Stock Book" (See Form 51). The writer most strongly recommends the keeping of Stock Books, especially in all cases where expensive goods are dealt with.

CHAPTER XVI.

THE MANUFACTURING JEWELLER.

BALANCE SHEET AND TRADING AND PROFIT
AND LOSS ACCOUNTS.

WE give skeleton forms for the above. We believe they will speak for themselves. Naturally, special businesses will require special entries. If there are cash creditors, or creditors for loans, these should be entered separately in the Balance Sheet. There may be other assets than those we have mentioned, as Goodwill, Pattern Books, Patent Rights, Freehold or Leasehold Property, Shares, Amounts advanced on Loan, &c., &c. These should be entered separately in the Balance Sheet. Apprenticeship Premiums should be credited to the Profit and Loss Account, the amount received being spread over the number of years during which the apprentice is bound, as may be decided.

If the concern is a company, the form of the Balance Sheet will be somewhat altered, the share and debenture capital being entered instead of the proprietor's capital. If the trader has not previously prepared a Balance Sheet or Trading Account, it will, perhaps, be advisable to have the advantage of expert assistance.

A Balance Sheet and Trading and Profit and Loss Account should be made out at the end of each financial year. As to when the financial year shall end, this should be fixed at a slack time of the year, when stocktaking is not inconvenient. The 30th June and 31st December are dates frequently selected, but there is no magic in these dates, although for many purposes they are found convenient. When entered up in the Private Ledger, the Balance Sheets and Profit and Loss Accounts should be signed by all the Principals in the concern, in order to avoid future misunderstandings or litigation. When there is more than one partner in a business, it is usual for each of the partners to have a book, into which the Balance Sheets and Trading and Profit and Loss Accounts are from time to time copied, each partner signing each book. Thus each partner has the signed admission of the other partners as to the figures being accepted, a not unimportant matter in the case of the death of a partner.

If a dividend should have been received in respect of a debt which has been written off as "bad," proceed as follows, viz. :—

Post the amount received to the *Cr.* side of the Ledger Account, and make a cross entry of the amount from the *Dr.* side of the Ledger Account to the *Cr.* side of Bad Debt Account in the Private Ledger.

Form 29.—BALANCE SHEET, December 31st 1902.

		£	s	d	£	s	d	£	s	d
To Sundry Creditors:—								
Bought Ledger								
Less Estimated Discounts	%							
" Bills Payable							
" Liability on Bills Discounted							
Reserve in respect of same							
" Apprenticeship Premiums							
Amount not yet written off							
" Jabez Smith—Capital:—										
As per last Balance Sheet							
Add Interest on Capital							
" Profit as per Profit and Loss Account							
Deduct Drawings							
By Sundry Debtors:—										
" "A" Sales Ledger							
" "B" do.							
Less Reserve for Discounts	%							
Reserve for Bad Debts							
TOTAL										
" Cash in hand							
" Cash at Cosmopolitan Bank							
" Customers' Bills in hand							
Less Reserve							
" Stock on hand at Cost prices as taken and valued by you..							
" Fixed Plant and Machinery—										
As on January 1st 1902							
Add Purchased during 1902							
Less % Depreciation							
" Loose Plant and Tools—										
As on January 1st 1902							
Add Purchased during 1902							
Less % Depreciation							
" Dies—										
As on January 1st 1902							
Add Purchased during 1902							
Less % Depreciation							
" Fixtures, Fittings, Furniture, &c.—										
As on January 1st 1902							
Add Purchased during 1902							
Less % Depreciation							

Form 30 (continued). PROFIT AND LOSS ACCOUNT, Year ended December 31st 1902.

£ s d		£ s d	
To Rent Rates, Taxes, Gas, Water and Insurances		By Gross Profit brought down from Trading Account	
" Travelling—		" Cash Discounts obtained on Purchases	
Wages and Commission		" Interest, &c., obtained from Customers	
Expenses		" Rents received (if any Sub-Lets)	
Cases, Paper, String, Labels, &c.		" Apprenticeship Premiums	
" Office Expenses, Printing and Stationery			
" Postages, Telegrams, Registration, &c.			
" Petty Cash			
" General Repairs			
" Advertising			
" Sundries			
" Cash Discounts and allowed to Customers			
" Bad Debts			
" Bank Charges			
" Interest on Loans			
" Audit Fee			
" Legal Expenses			
" Depreciation—			
Plant			
Tools			
Dyes			
Fixtures			
Income Tax			
" Interest on Capital			
" Net Profit carried to Capital Account			

CHAPTER XVII.

DIAMOND MERCHANTS' ACCOUNTS.

THERE is nothing of a special nature to distinguish the ordinary books of a diamond merchant from those of any other ordinary trader. The forms for Day Book, Purchase Analysis Book, Cash Book, Bought and Sold Ledgers, Bill Books, &c., which are described in other portions of this work, will answer the purpose of the diamond merchant. The special book, and by far the most important book which he has to keep, however, is his Stock Book. Different methods naturally may be in use in different houses, but we think the method which we now describe will be found to suit most, if not all, necessary purposes. It will be convenient if, before we describe the book, we give a specimen of its ruling, containing one of its usual entries. See Form 31, pages 82 and 83.

Here we have the transaction recorded of a parcel of rough diamonds, which the diamond merchant registers in his books as No. 1539. The diamonds are originally bought in the rough from a firm which we will call the African Diamond Co. The weight in the rough is $146\frac{7}{8}$ cts. The price per carat is stated in the column marked A, and the amount of the invoice in the column marked B. The particulars of this invoice will be recorded in the Purchases Analysis Book, folio 81. The merchant divides this parcel into two lots. The one lot he sends

C

to Brown to be cut, and the other lot to Bevan. When sending the stones to be cut, he sends instructions as to whether they are to be cut "thick" or "thin," giving other necessary instructions according to the market for which the goods are ultimately intended. Diamonds for the Birmingham or American markets are generally cut "thin," and those for the Paris market "thick." The merchant knows pretty nearly the weight of cut diamonds which should come back from the cutter, taking into

Form 31.—

Date.	No. of Parcel	Folio of Purchase Book	Particulars	Weight and number of Stones	A	B
					Price	Amount
	1539	81	Rough (African Diamond Co.)	146 $\frac{3}{8}$ cts.	70/	£ s d 514 1 3
		84	Cutting (Brown)	1,374 stones 42 $\frac{1}{8}$ cts.	2/17/4	120 11 7
		84	Cutting (Bevan)	206 „ 20 $\frac{7}{8}$ cts.	2/10/0	50 15 7
			Producing	1,580 „ 62 $\frac{1}{4}$ $\frac{1}{8}$ cts.		£685 8 5
	1540		Working out at 10/19/10 per carat.			
	1541					

consideration the weights and the instructions sent. Where the instructions are to cut "thick," probably the stones will only lose about 50 per cent. of weight. Where they are to be cut "thin," they will probably lose 60 per cent. In the above case the number of carats sent to be cut is 146 $\frac{3}{8}$. The weight received back from the cutters is found to be 62- $\frac{1}{4}$ $\frac{1}{8}$ cts., the number of stones being 1,580. The price of the cutting is put in the Price column (A), and the amount of the cutters' invoices in the column B, the cutters' invoices being recorded on folio

84 of the Purchases Analysis Book. The merchant then finds that he has $62\frac{1}{4}-\frac{1}{8}$ cts., which have cost him in the rough and in the cutting £685 8s. 5d. This works out at £10 19s. 10d. per carat. He thus knows exactly the cost to himself per carat, and is able to fix his selling prices accordingly.

On the *Dr.* side of the Stock Book is thus recorded the weight and cost of the parcel to be accounted for. As sales are made from the parcel, they are entered in the Day Book.

Date	Sold or Transferred	Weight	Selling Price	Day Book Folio	Amount of Invoice
1902 Nov. 8	Smith	2 $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{4}$			
" 25	Jones	50			
	Transferred to Parcel, No. 1580	10			
	Short Weight	$\frac{1}{32}$ $\frac{1}{4}$			
		62 $\frac{1}{4}$ $\frac{1}{8}$			

From the Day Book they find their way to the credit side of the Stock Book. Here we have two entries. On November 8th $2\frac{1}{4}-\frac{1}{8}-\frac{1}{4}$ cts. were sold to Smith, and on November 25th 50 carats to Jones. There was found to be a shortage of $\frac{1}{32}-\frac{1}{4}$. The balance of 10 cts. was transferred to parcel 1580. Reference should be made in the Stock Book to the folios in the Day Book where the sales appear.

From the above book the diamond merchant is able to ascertain the destination of the contents of each parcel. He goes

through his book from time to time, and where the weights on either side do not tally, the difference should be in stock. In fact, it should be as easy to take stock from this Stock Book as it would be by actually weighing the stones.

The Stock Book we have described is found to answer its purpose in actual practice. The extract we have given is actually copied from a diamond merchant's books, the prices only being altered. This, however, makes no difference for our purpose.

We see in this case that $146\frac{7}{8}$ cts. in the rough, when cut, produced $62\frac{1}{4} \frac{1}{8}$ carats, or something like $42\frac{1}{2}$ per cent. Thus there was a loss of $57\frac{1}{2}$ per cent. in weight in the cutting. The difference in the two money columns should show the gross profit made upon the parcel. This book, therefore, when properly analysed, should show very nearly the gross profit for the year, and should correspond with the Trading Account, which is prepared from the Purchase Book, Day Book, &c.

Naturally, the diamond merchant buys many of his goods ready cut, but the Stock Book which we have described will answer equally well for these goods.

The diamond merchant would keep in his safe a small memorandum book, containing on the one side the weights of the stones sent to be cut, and on the other side the weights of the cut stones returned.

CHAPTER XVIII.

SILVERSMITHS' ACCOUNTS.

LIKE the accounts of so many other traders referred to in this book, those of a silversmith, as regards Day Books, Cash Books, Purchase Books, Ledgers, &c., are kept upon very similar lines to those adopted in most manufacturers' offices. For the purpose, however, of checking the silver brought into the concern, and showing that it is all properly accounted for, and that there is no leakage or waste beyond what is reasonably consistent with the trade, it becomes necessary to specialise the bookkeeping. That this can be done, and that to a nicety, is proved by the constant experience of those in the trade. Care and attention will, however, be required. To illustrate the system we give, first, a ruling for what we will call the Standard Silver Book. See Form 32, page 86.

This book contains on the *Dr.* side the weights of all silver purchased for manufacturing purposes, and on the *Cr.* side the weights of the completed goods, and also other credits, which will be described. A *pro formâ* representation of a month's work is given. Against the weights of silver debited in the account will be found the folio of the Purchase Book where the invoices charging the goods are entered. The account naturally begins with the stock brought forward from the previous month.

Form 32.—
Dr.

STANDARD SILVER BOOK.

Cr.

	Purchase Book Folio	Description of Articles Made and Numbers	Stock Book Folio	Goods Completed and Weighed in		Scrap, &c.	
				Ozs.	dwt.	Ozs.	dwt.
1902 Jan. 1		To Stock brought forward					
4	85	" Sheet Silver Bot. of Jones & Co.	400	10	0		
10	87	" Wire	"	155	10		
11	88	" Castings " Robinson, Lim.	"	42	0		
17	91	" Tube	"	25	0		
20	92	" Joints " Williams & Co.	400	..	..	50	0
	"	" Beads " "	"	20	0		
	"	" " " "	13	35	0	75	10
		13 1 Jardiniere, 1,475 .. ..	"	..	..
		20 Scrap Silver ret'd. to Smelters ..	—	287	10	125	10
				287	10		
Jan. 20		Goods Weighed in .. ..	..	287	10		
		Sundry Credits	..	125	10		
		Pol'g. Loss as Pol'g. Book folio 89	..	10	0		
		Stock as per Detailed Account ..	..	4,788	0		
		Folio .. ..	..	..	..
		Deficiency .. ..	..	1	10		
				5,212	10		
				5,212	10		

This was found to be 5,000 ozs. During the month six lots of silver were purchased, weighing in all 212 ozs. 10 dwts. On the *Cr.* side we have recorded the entries of six articles completed, weighed into the office, and entered into the Silver Stock Book. We have also recorded the weights of two lots of scrap returned or sold to the smelters. The weight of the goods completed is 287 ozs. 10 dwts., and of the scrap 125 ozs. 10 dwts. A loss of 10 ozs. has been made during the month in the polishing shop. We will refer to this later. Stock is taken in the silver store, when it is found to amount to 4,788 ozs. The account then shows that during the month there is a deficiency in the office account of 1 oz. 10 dwts. The manufacturer will know by experience whether this deficiency is or is not abnormal. Naturally, in the working of the book there would be hundreds of articles where we have only written down a few. The book should be balanced once a month, or oftener.

We next give a specimen ruling of a Silver Goods Stock Book. See Form 33, page 88.

This is a book kept on similar lines to the Stock Books of jewellers. That is to say, on the *Dr.* side are entered the weights and descriptions of all goods completed, these weights corresponding with the weights on the *Cr.* side of the Standard Silver Book. On the *Cr.* side of the Stock Book are entered the weights of the goods sold or otherwise disposed of. For the purpose of reference, the name of the buyer is given, and also the folio of the Day Book where the sale of the goods appears. It is desirable that this book should be balanced at least quarterly. It will be found convenient to have a separate page in the Stock Book for each class of goods manufactured. In the specimen form we have given, however, a number of different articles are entered on one page. Entries will be found of six articles. Four of these articles are disposed of, and the remaining two should be in stock.

Form 33.—

SILVER GOODS STOCK BOOK.

Dr. ARTICLES BROUGHT INTO STOCK. Cr. ARTICLES SOLD OUT OF STOCK.

Date	Quantity	Description	No.	Weight	Date	Quantity	Name or Order	Silver Day Book Folio	Weight	Remarks
1902 Jan. 3	1	Cigar Case	1011	Ozs. dwts. 10 0	1902 Jan. 4	1	Smith..	370	Ozs. dwts. 10 0	
7	1	Cerule Stand	1599	155 10	Jan. 7	1	Brown	400	155 10	
	1	18" Water	702	42 0						
	1	Pair Flower Vases	300	25 0	14	1	Jones..	442	25 0	
11	1	Water Jug	1734	20 0	15	1	Robinson	440	20 0	
13	1	Jardiniere..	1475	45 0						

In our form for Stock Book only single articles are debited. The book will apply, however, if a dozen or more articles of the same pattern are debited in one line (see Form 27). What should be done in that case is to leave three or four vacant lines before making the next debit, so that there will be enough room on the credit side for registering the articles as disposed of. The credits should be written in small neat legible writing. The book is very simple, and no difficulty should be experienced in keeping it. Some firms will put money columns, in addition to weight columns, in their Stock Books, but this will be at the pleasure of the manufacturer, or according to the requirements of his business.

We have dealt so far with the silver as it comes in from the refiner in its original form, and also with the goods when they are brought in completed by the men. Before they can be so completed, however, they have to pass through the hands of a number of different workpeople, viz. :—

Stampers.

Spinners.

Mounters.

Chasers and Engravers.

Polishers and Finishers.

The weights of work given out from time to time to these various men are recorded in a special book, there being one page at a time for each class of workmen. These workmen's accounts are balanced weekly. On the *Dr.* side are entered the weights of the work given out, and on the *Cr.* side the weights of the work brought in, and also the stock on hand, and the loss in weight, if any. The following is a *pro formâ* specimen of a week's transactions of the stampers :—

Form 34.—

Dr.

STAMPERS.

Cr.

			Weights given out					Weights brought in	
			Ozs.	dwts.				Ozs.	dwts.
1902					1902				
Jan. 1	To Blanks	Silver	50	0	Jan. 2	12 Teapot Spouts		10	0
4	" Metal	Do.	20	0	" 3	3 Card Trays ..		50	0
7	" Do.	Do.	100	0	" 5	5 Candlestick Pillars		10	0
					5	7 Bottle Tops ..		4	0
					6	2 Waiter Blanks..		50	0
					8	Stock		46	0
			170	0				170	0

Here we see that 170 ozs. are given out, and that the weight was all brought in but 46 ozs., this being the weight of stock with the stampers at the end of the week. There should be no shortage with the stampers, and the two sides are found to agree. The other workmen's departments are kept on very similar lines. The following *pro formâ* account is made to represent a week's polishing work:—

Form 35.—

POLISHERS.

Date	Description of Goods given out	Weights given out		Date	Weights brought in	
		Ozs.	dwts.		Ozs.	dwts.
1902				1902		
Jan. 1	1 Tea Pot, 257 ..	20	10	Jan. 2	Returned	20 0
	1 Cigar Case, 1011	11	0		Do.	10 5
2	1 Tray	43	10	4	Do.	41 0
	1 Jardiniere ..	37	0		Do.	36 0
					Loss	107 5
						4 15
		112	0			112 0

Here we see the articles described, the weights being debited as they are handed to the polishers. On the *Cr.* side are entered the weights of the goods brought back. In the case of

the polishers, the trader expects a loss, and experience tells whether the loss shown is or is not more or less than it should be.

It will be seen that in a silversmith's books the polishers, stampers, mounters, &c., are dealt with as classes—that is, accounts are kept against departments of the work, and not against individual workmen. In some factories, however, the accounts are kept against individual foremen of workmen. Inasmuch, however, as the stocks are weighed weekly, the former method is found to answer all practical purposes. In fact, to keep accounts against individual workpeople or foremen would probably be found somewhat costly. With weekly stocktakings it should not be difficult to localise losses or “leakages.”

The loss of weight of silver experienced with the polishers and finishers is not all loss to the concern, because the sand or lemel containing the “lost” silver is sold from time to time to the refiner. Possibly 50 per cent. of the loss is thus recovered by the manufacturer. The manufacturer should watch and note the average product of the lemel. His own experience will tell him how this should be done.

CHAPTER XIX.

ELECTRO-PLATERS' ACCOUNTS.

The business of an electro-plater is kindred to that of a silversmith, and the ordinary books—Ledger, Cash Book, Day Book, &c.—call for no special comment. Special bookkeeping is, however, required in the Manufacturing Department, in order to show that the trader gets the full value of the silver which he purchases for manufacturing purposes, and which silver is placed in the vats for being deposited upon German silver, Britannia metal, or other goods. We will now, therefore, proceed to show how this can be done. The methods which we shall explain are taken from books which have been in actual operation for many years, and which have been found to answer every purpose for which they were devised.

We will start with the Fine Silver Keeper's Account. This account is kept by the person who has charge of the silver. This silver for electro-plating purposes is purchased in the form of sheets, in sizes to suit the requirements of the particular work or vats for which they are intended.

The book is balanced quarterly, or oftener, as desired, and we give on page 93 a *pro formâ* illustration. We find that at the commencement of the quarter the stock on hand was

Form 36.

FINE SILVER KEEPER'S ACCOUNT.

Date	Particulars	Number of Sheets	Plating A/c. Folio	No. of Sheet	Date	Oz. Dwt. Grs.	Oz. Dwt. Grs.
1900 Jan. 1	To Stock brought forward	1	92	1	1900 Jan. 1	12 10 0	12 10 0
	By Sheet to Platers	2		2		38 10 0	38 10 0
		3		3		35 10 0	35 10 0
		4		4		50 0 0	50 0 0
		5		5		45 0 0	45 0 0
		6		6		60 0 0	60 0 0
		7		7		35 10 0	35 10 0
		8		8		67 10 0	67 10 0
		9		9		43 5 0	43 5 0
		10		10		45 5 0	45 5 0
		11		11		100 0 0	100 0 0
		12		12		100 0 0	100 0 0
		13		13		100 0 0	100 0 0
		14		14		100 0 0	100 0 0
		15		15		100 0 0	100 0 0
		16		16		100 0 0	100 0 0
		17		17		100 0 0	100 0 0
		18		18		100 0 0	100 0 0
		19		19		100 0 0	100 0 0
		20		20		100 0 0	100 0 0
		21		21		100 0 0	100 0 0
		22		22		100 0 0	100 0 0
		23		23		100 0 0	100 0 0
		24		24		100 0 0	100 0 0
		25		25		100 0 0	100 0 0
		26		26		100 0 0	100 0 0
		27		27		100 0 0	100 0 0
		28		28		100 0 0	100 0 0
		29		29		100 0 0	100 0 0
		30		30		100 0 0	100 0 0
		31		31		100 0 0	100 0 0
		32		32		100 0 0	100 0 0
		33		33		100 0 0	100 0 0
		34		34		100 0 0	100 0 0
		35		35		100 0 0	100 0 0
		36		36		100 0 0	100 0 0
		37		37		100 0 0	100 0 0
		38		38		100 0 0	100 0 0
		39		39		100 0 0	100 0 0
		40		40		100 0 0	100 0 0
		41		41		100 0 0	100 0 0
		42		42		100 0 0	100 0 0
		43		43		100 0 0	100 0 0
		44		44		100 0 0	100 0 0
		45		45		100 0 0	100 0 0
		46		46		100 0 0	100 0 0
		47		47		100 0 0	100 0 0
		48		48		100 0 0	100 0 0
		49		49		100 0 0	100 0 0
		50		50		100 0 0	100 0 0
		51		51		100 0 0	100 0 0
		52		52		100 0 0	100 0 0
		53		53		100 0 0	100 0 0
		54		54		100 0 0	100 0 0
		55		55		100 0 0	100 0 0
		56		56		100 0 0	100 0 0
		57		57		100 0 0	100 0 0
		58		58		100 0 0	100 0 0
		59		59		100 0 0	100 0 0
		60		60		100 0 0	100 0 0
		61		61		100 0 0	100 0 0
		62		62		100 0 0	100 0 0
		63		63		100 0 0	100 0 0
		64		64		100 0 0	100 0 0
		65		65		100 0 0	100 0 0
		66		66		100 0 0	100 0 0
		67		67		100 0 0	100 0 0
		68		68		100 0 0	100 0 0
		69		69		100 0 0	100 0 0
		70		70		100 0 0	100 0 0
		71		71		100 0 0	100 0 0
		72		72		100 0 0	100 0 0
		73		73		100 0 0	100 0 0
		74		74		100 0 0	100 0 0
		75		75		100 0 0	100 0 0
		76		76		100 0 0	100 0 0
		77		77		100 0 0	100 0 0
		78		78		100 0 0	100 0 0
		79		79		100 0 0	100 0 0
		80		80		100 0 0	100 0 0
		81		81		100 0 0	100 0 0
		82		82		100 0 0	100 0 0
		83		83		100 0 0	100 0 0
		84		84		100 0 0	100 0 0
		85		85		100 0 0	100 0 0
		86		86		100 0 0	100 0 0
		87		87		100 0 0	100 0 0
		88		88		100 0 0	100 0 0
		89		89		100 0 0	100 0 0
		90		90		100 0 0	100 0 0
		91		91		100 0 0	100 0 0
		92		92		100 0 0	100 0 0
		93		93		100 0 0	100 0 0
		94		94		100 0 0	100 0 0
		95		95		100 0 0	100 0 0
		96		96		100 0 0	100 0 0
		97		97		100 0 0	100 0 0
		98		98		100 0 0	100 0 0
		99		99		100 0 0	100 0 0
		100		100		100 0 0	100 0 0
		101		101		100 0 0	100 0 0
		102		102		100 0 0	100 0 0
		103		103		100 0 0	100 0 0
		104		104		100 0 0	100 0 0
		105		105		100 0 0	100 0 0
		106		106		100 0 0	100 0 0
		107		107		100 0 0	100 0 0
		108		108		100 0 0	100 0 0
		109		109		100 0 0	100 0 0
		110		110		100 0 0	100 0 0
		111		111		100 0 0	100 0 0
		112		112		100 0 0	100 0 0
		113		113		100 0 0	100 0 0
		114		114		100 0 0	100 0 0
		115		115		100 0 0	100 0 0
		116		116		100 0 0	100 0 0
		117		117		100 0 0	100 0 0
		118		118		100 0 0	100 0 0
		119		119		100 0 0	100 0 0
		120		120		100 0 0	100 0 0
		121		121		100 0 0	100 0 0
		122		122		100 0 0	100 0 0
		123		123		100 0 0	100 0 0
		124		124		100 0 0	100 0 0
		125		125		100 0 0	100 0 0
		126		126		100 0 0	100 0 0
		127		127		100 0 0	100 0 0
		128		128		100 0 0	100 0 0
		129		129		100 0 0	100 0 0
		130		130		100 0 0	100 0 0
		131		131		100 0 0	100 0 0
		132		132		100 0 0	100 0 0
		133		133		100 0 0	100 0 0
		134		134		100 0 0	100 0 0
		135		135		100 0 0	100 0 0
		136		136		100 0 0	100 0 0
		137		137		100 0 0	100 0 0
		138		138		100 0 0	100 0 0
		139		139		100 0 0	100 0 0
		140		140		100 0 0	100 0 0
		141		141		100 0 0	100 0 0
		142		142		100 0 0	100 0 0
		143		143		100 0 0	100 0 0
		144		144		100 0 0	100 0 0
		145		145		100 0 0	100 0 0
		146		146		100 0 0	100 0 0
		147		147		100 0 0	100 0 0
		148		148		100 0 0	100 0 0
		149		149		100 0 0	100 0 0
		150		150		100 0 0	100 0 0
		151		151		100 0 0	100 0 0
		152		152		100 0 0	100 0 0
		153		153		100 0 0	100 0 0
		154		154		100 0 0	100 0 0
		155		155		100 0 0	100 0 0
		156		156		100 0 0	100 0 0
		157		157		100 0 0	100 0 0
		158		158		100 0 0	100 0 0
		159		159		100 0 0	100 0 0
		160		160		100 0 0	100 0 0
		161		161		100 0 0	100 0 0
		162		162		100 0 0	100 0 0
		163		163		100 0 0	100 0 0
		164		164		100 0 0	100 0 0
		165		165		100 0 0	100 0 0
		166		166		100 0 0	100 0 0
		167		167		100 0 0	100 0 0
		168		168		100 0 0	100 0 0
		169		169		100 0 0	100 0 0
		170		170		100 0 0	100 0 0
		171		171		100 0 0	100 0 0
		172		172		100 0 0	100 0 0
		173		173		100 0 0	100 0 0
		174		174		100 0 0	100 0 0
		175		175		100 0 0	100 0 0
		176		176		100 0 0	100 0 0
		177		177		100 0 0	100 0 0
		178		178		100 0 0	100 0 0
		179		179		100 0 0	100 0 0
		180		180		100 0 0	100 0 0
		181		181		100 0 0	100 0 0
		182		182		100 0 0	100 0 0
		183		183		100 0 0	100 0 0
		184		184		100 0 0	100 0 0
		185		185		100 0 0	100 0 0
		186		186		100 0 0	100 0 0
		187		187		100 0 0	100 0 0
		188		188		100 0 0	100 0 0
		189		189		100 0 0	100 0 0
		190		190		100 0 0	100 0 0
		191		191		100 0 0	100 0 0
		192		192		100 0 0	100 0 0
		193		193		100 0 0	100 0 0
		194		194		100 0 0	100 0 0
		195		195		100 0 0	100 0 0
		196		196		100 0 0	100 0 0
		197		197		100 0 0	100 0 0
		198		198		100 0 0	100 0 0
		199					

170 ozs. This 170 ozs. is therefore debited at the commencement. We find further debited two purchases of silver, one of 450 ozs., and another of 600 ozs. The remaining debits are the remains of sheets which have become too thin to be placed further in the vats, and therefore they are returned to the office for remelting by the smelters. On the *Cr.* side of the account are entered the weights of silver given out to the platers from time to time. It should be stated that each particular sheet of silver (or anode) is numbered as 1, 2, 3, 4, 5, 6, &c. Here we see that 16 sheets of varying weights are given to the platers, and 72 ozs. 10 dwts. sent to be remelted. At the end of the quarter the stock is weighed, and it is found to amount to 163 ozs. 5 dwts. This is the weight which the Fine Silver Keeper's Account shows ought to be in stock. Thus, all the silver which has come into this gentleman's account is for the time being accounted for. On the *Dr.* side of the account is a column for a reference to the folio in the Purchase Book, where is recorded the invoice representing the original purchase of the silver. On the *Cr.* side of the account are columns for the denoting numbers of the particular sheets, and also for references to the folio in the Plating Account, where the silver is next dealt with.

We give next the ruling for this book, and a *pro formâ* illustration as to its operation. See Form 37, page 95.

The letter R placed against an item on the credit side means that this particular sheet is to be re-melted and is not to go back to the platers again. The other sheets would be given out to the platers again on the Monday morning following the Saturday when they are brought in.

In this form we find ten entries or debits, divided into three sections, the entries of one section meaning that all the silver

of those entries goes into one particular vat. Here the total amount of silver given out at the commencement of the week to the platers is 435 ozs. 5 dwts..

Before we can further explain the Plating Account, it is necessary to refer to another book, which we will call the Plating Book. Here, again, we have *Dr.* and *Cr.* See Form 38, page 97.

The weight of every article *before it is plated* is ascertained. It is known almost exactly what weight of silver will be required to plate the article according to the quality intended. Thus, if we weigh the article *after* it is plated, and deduct its original weight, we get at the weight of the silver deposited upon it. Sometimes the article weighs a shade over, and sometimes a shade under what is intended. Take the first line. Here we have two waiters weighing together 80 ozs. ; 20 dwts. of silver is intended to be placed on each of these articles. Therefore the two articles, when plated, ought to weigh 82 ozs. As a matter of fact, they are found to weigh 82 ozs. 1 dwt. There is thus an overplus of 1 dwt. Take the next line. Here we have one dozen sugar basins, weighing 105 ozs. ; 15 dwts. of silver is intended to be deposited upon each sugar basin, or, in all, 9 ozs. of silver. Therefore the twelve sugar basins, when completed, ought to weigh 114 ozs. As a matter of fact, they weigh 113 ozs. 19 dwts., or 1 dwt. less than intended. We need not carry these explanations any further. By referring to the bottom of the page we find the total weight of silver intended to be deposited upon the articles named is 76 ozs. 5 dwts. 5 dwts. have been deposited in excess of the weight intended on some articles, and 3 dwts. less than the weight intended upon other articles. Therefore the net weight of silver actually deposited upon the articles is 76 ozs. 7 dwts. The book is made up weekly, and, therefore, at the end of each week the exact weight of silver deposited upon the articles during the week should be known.

97

Dr.

PLATING BOOK. Week ending January 11th 1902.

Cr.

H

In order to keep an accurate check, however, it is also necessary for the plater to ascertain exactly the amount of silver deposited upon the wires by means of which articles are suspended in the vats. These wires should be stripped at the end of each week, being weighed before and after stripping. The loss in weight shown after stripping represents the amount of silver which has been deposited upon the wires. The method of stripping these wires will be found described in any good text-book upon electro-metallurgy. The silver deposited upon the wires should be about 10 to 12 per cent. in amount on the silver deposited on the articles plated.

Referring back to the Plating Account (Form 37). This account is also balanced weekly. At the end of the week all the sheets of silver are taken out of the vats and their weights ascertained. Vat No. 1 commenced the week with 86 ozs. and finished with 69 ozs. 10 dwts. There was thus a reduction in weight of silver of 16 ozs. 10 dwts. In the second vat the reduction was 34 ozs. 10 dwts., and in the third vat 35 ozs. 15 dwts. Thus the total reduction in the three vats was 86 ozs. 15 dwts. According to the Plating Account, the actual silver deposited upon the articles was 76 ozs. 7 dwts. The silver deposited on the wires is found to be 8 ozs. There is thus a deficiency upon the week of 2 ozs. 8 dwts. This deficiency in weight should be in the plating solution. The solution is tested from time to time (generally once in each year) and its richness in silver ascertained. The manufacturer will know by experience, and by comparison of the vats with each other, if the deficiency at any time is abnormal; in which case there is a possibility that the platers are clipping the silver. This, however, does not very often occur in good plating shops.

If the silver solution is of the correct proportions, the weight of silver deposited upon the articles and upon the wires will

correspond with the loss of weight in the anodes. If the solution, however, is not of the correct proportions, the silver deposited does not correspond with that dissolved from the anodes. Therefore in these cases the solutions will have to be adjusted from time to time. Our method of checking the silver as per Form 37 is on the assumption that the solutions are as they should be. The plater would, however, soon discover if the solution were not right.

Modern platers, by means of the instrument known as the "ammeter," placed in the circuit of each vat, can tell the amount of silver deposited in the vat during a given period. Thus it becomes possible to get an additional check upon the figures, as to the weight of silver deposited upon the articles suspended in the vat during the period in question.

The following is a brief explanation as to this working of the ammeter. It is a well-known principle of electro-depositing that 2 dwts. 14 grs. (within a fraction) of silver are deposited by every ampere of electricity passing through the vat per hour. The force is so adjusted that, say, 50 amperes per hour pass through the vat. If the ammeter registers less than 50 amperes per hour, then the plater knows that the number of ozs. deposited is correspondingly reduced. If the arrangement works as the plater adjusts it to work, it would follow that at 50 amperes per hour, registered by the ammeter, the amount of silver deposited per hour would be 2 dwts. 14 grs., multiplied by 50, or 6 ozs. 9 dwts. 4 grs. If, however, only half of this amount of silver is being deposited, then, instead of registering 50 amperes per hour, the ammeter would only register 25 amperes per hour.

Of course, it is possible that the anodes in the vat might not be sufficient to deposit 6 ozs. 9 dwts. 4 grs. per hour. Then the

ammeter would register accordingly. From time to time the plater should compare the amperages registered with the weights deposited according to the Weight Book referred to in Form 38. The weights ought to agree within a very close fraction. This is an additional and very valuable check upon the work.

Electro-platers, as a rule, do a considerable amount of re-plating. Before an article is re-plated, any old silver which may remain upon it is stripped off. The articles are weighed before stripping and after stripping, and the differences in weight are recorded in a special book kept for the purpose. This book, when added for any particular period, should show the weight of silver which should be obtained by the stripping during the period. The total of the book is compared with the weight of silver recovered from the stripping solutions. Some platers will make this weight of silver recovered come within 5 per cent. of the weights shown by the book.

The methods we have described so far leave out of account the silver which is dissolved in the solution. The quantity and strength of these solutions may vary considerably in different vats, and at times it may be necessary to adjust the solutions by adding more silver. It becomes necessary, therefore, to check the solutions as well as the silver. Stock is taken of the solutions as follows:—

The number of gallons in each vat is ascertained, and, *after being well stirred*, a sample of the solution is taken, which is sent to an assayer. He will report as to the weight of silver per gallon of solution. A simple sum in arithmetic does the rest.

Having taken stock of his solutions and his silver, the manufacturer, once in every twelve months, or oftener, prepares an account as follows:—

He debits the account

- (1) With the number of ozs. of metallic silver in all forms in stock at the commencement of the period, including silver on wire.
- (2) With the amount of silver dissolved in the solutions at commencement of period. (We have explained how this is ascertained.)
- (3) With the number of ozs. of silver obtained from the stripping during the period.
- (4) With the number of ozs. of silver purchased for plating during the period.

The account will be credited:—

- (1) With the weight of silver deposited on the articles during the period.
- (2) With the stock of metallic silver, including silver on wire, at the end of the period.
- (3) With the stock of silver held by the solutions at the end of the period.
- (4) The difference will be the loss.

An illustration will be found in Form 39, page 102.

It is not generally the custom to keep a Stock Book for electroplated articles manufactured, as the expense of doing so would be too great to warrant it, and, moreover, there is not the temptation to purloin such articles as there is in the case of articles of silver.

As regards those who do silver plating for the trade, the systems we have described might probably not all apply, as the time allowed to the plater for doing the work would, as a rule, scarcely permit of all the "clerical" processes which we have set forth.

Form 39.—
SILVER ACCOUNT.
 12 Months, ending 31st December 1902.

1902 Jan. 1 Dec. 31 "	To Silver in hand at this date " Silver held in solutions " Proceeds of Strippings during the year " Purchases of Silver during the year	1902 Dec. 31		By Silver deposited on Articles during the year " Stock of Silver at this date " Silver held in solutions at this date " Loss		Ozs. dwts.	
		Ozs.	dwts.			Ozs.	dwts.
	..	1,000	0			2,050	0
	..	1,250	0			1,050	0
	..	150	0			1,300	0
	..	3,000	0			100	0
		5,400	0			5,400	0

NOTE.—If there have been any Sales of Silver to Refiners or others during the period, these must also be credited.
 This account should be carefully examined by the Principal and the Auditor.

CHAPTER XX.

GILDERS' ACCOUNTS.

By gilding is meant the electro-depositing of gold. We have explained in Chapter XIX. how it is possible to check the silver in electro-plating. The same system, however, is not possible in gilding, because the amount of gold deposited is, as a rule, so small as to make it impracticable to ascertain the weights by weighing the articles before and after they have been in the vats. Therefore the process adopted is as follows. The plater debits himself, at the commencement of his financial year, with the quantity of gold in his solutions, and with the amount of gold which he has in the form of anodes, &c. He further debits himself with the amount of gold which is given to him for gilding purposes during the year. An experienced plater will know (before gilding) how much gold should be deposited upon each article brought to be gilded. He therefore keeps a book, ruled to contain, among other details, the trade-number of the article, a description of the article, and the estimated £ s. d. value of the gold deposited upon the article, this £ s. d. value being used in the office or warehouse in reckoning up the prime cost of the article. The plater, however, will not charge the article with the value only of the gold—for example, at, say, 85s. 3d. per oz. The prices charged in the Prime Cost Sheets against the

articles for gilding in a properly regulated establishment should include, in addition to the cost of the gold deposited, the wages and other expenses of gilding. Some firms would, for example, say to their plater:—"We debit you with a certain sum per annum for rent, rates, and taxes. We also debit you with the gilders' wages. Your business is to charge the articles sent down to be gilded with a sufficient sum, which, added to the prime cost of the gold used, will pay the expenses of the Gilding Department, and show a reasonable amount of profit." At the end of the year, therefore, the gilder will ascertain from his books (which should be made up both weekly and monthly) the total amount in £ s. d. which he has charged during the year to the gilded articles, and credit himself with this amount. He credits himself also with the gold in stock, whether in the solutions or in the form of anodes, &c. He then takes into consideration the expenses, as Wages, Rent, Rates, Taxes, &c., and ascertains naturally if his department has shown a profit or a loss. If it shows a loss, the reasonable conclusion is that too much gold has been deposited upon the articles.

The gilder, however, does not wait until the end of twelve months for all his results. He ascertains the loss in weight of the anodes weekly. He compares this loss with the weekly total of the book in which the articles gilded are charged up. If there is any considerable variation, the probability is that too much gold is being deposited. It should be remembered, however, that in gilding, a considerable quantity of gold is taken out of the solution, as well as from the anodes. This has to be reckoned for. Moreover, the solution has to be repeatedly strengthened.

It follows from this chapter that there is no absolute check upon the gilder, because if he chooses to price his articles some-

what higher than is right, it is possible for him to defraud the firm, and still at the same time show a profit upon his department.

An account on similar lines to Form 39 should be prepared yearly or half-yearly in the gilding department, and this account should be carefully examined and considered both by Principals and Auditors.

The methods we have described in this chapter are so simple as to render it unnecessary to give any special forms for illustrating them.

CHAPTER XXI.

WATCH MANUFACTURERS' ACCOUNTS.

IN some respects the business of a watch manufacturer is kindred to that of a jeweller. In many large watch manufactories the whole of the movements are made upon the premises. In well-regulated factories the materials for all these movements are booked out to the workpeople, and the work in its turn is booked in. When it is remembered how many and how diverse are the different movements and parts in an ordinary watch, and how many processes these movements and parts have to go through before they are ready to be used in the making of a watch, it will be apparent that it would be quite impossible even to attempt, in this book, to describe all the methods in use for checking, booking out, and booking in in a watch manufactory. Possibly, in a single watch there may be 50 different varieties of screws alone, in addition to springs, pinions, levers, pallets, dial, hands, balances, rollers, jewels, case, &c., &c. We are assured, however, by a well-known watch manufacturer that not only is it possible to put a complete check upon all the materials used in every process of the manufacture, but that this is successfully done in actual practice, and that it is also possible, by reference to the books, to ascertain at any time the actual amount of the stock on hand in every department of the

manufactory. In many factories it is the practice to divide the work into groups, each group having a special office for itself, and constituting, as it were, a small factory by itself, or an *imperium in imperio*. The finished parts are stocked by these separate groups, and handed by them to the main office as required.

The Cash Book, Day Book, Purchase Book, Ledgers, &c., of a watch manufactory need not differ materially from those of any ordinary manufacturing business.

CHAPTER XXII.

“APPRO.”

THIS word is too well understood in the trade to require elaborate explanation. Briefly, the delivery of goods on “*appro.*” is a delivery of goods by A. to B. to enable B. to make a selection therefrom. The jeweller receives and sends out goods on approbation, and it is not intended in either case that the legal title or “property” in the goods should undergo any transference or change until the goods are actually invoiced or charged up.

The goods of Jabez Smith, sent to Thomas Jones on “*appro.*,” remain the property of Jabez Smith until invoiced. The trade custom is so well known that it is probably best to rely entirely thereon, without seeking to introduce special conditions into the relation by terms stated on the “*appro.*” note. The importance of the question will be understood when it is remembered that it is a common occurrence when jewellers fail, for them to have goods “on *appro.*” in their possession. In these cases the trustee of the estate of the insolvent returns all goods “upon *appro.*” which he finds in the possession of the insolvent, and which have not been charged to him prior to the date of suspension. The well-known trade custom prevails, and the order and disposition clauses of the Bankruptcy Acts, 1882-1890 do not apply.

It also not infrequently happens that a dishonest trader, having obtained goods “on *appro.*,” fraudulently sells or pawns

them. In such a case, he clearly commits a criminal offence, for which he is liable to punishment. What is the position of the person to whom the goods were sold, or with whom they were pledged? If he knew that the goods were "on appro.," and were not the property of the jeweller who sold or pledged them, he must return them to the true owner; but, on the other hand, if he be a *bonâ fide* purchaser or pledgee who has given value, and has had no notice that the goods were simply held on "appro.," he has a good title, and will not be disturbed in the possession of the articles purchased or pledged.

In brief, all goods sent out on "appro." remain the property of the sender until actually invoiced or charged, subject to any special terms stated on the "appro." note.

The principal cases as to goods on "appro.," and the pawning of same, are *Kirkham v. Attenborough* and *Kirkham v. Gill* (L.R. Vol. I., Q.B. 201, 1896), when the whole relation of the parties was fully dealt with in the Court of Appeal by Lord Esher (Master of the Rolls) and Lord Justice Lopes.

Below will be found specimens of a few of the forms of "Appro." Notes in use by leading jewellers in Birmingham, the same name being, however, adopted in each case:—

Form 40.—

I.

VYSE STREET,

BIRMINGHAM.....190....

M.....

ON APPROBATION FROM JABEZ SMITH & Co.

All Goods not returned within 10 days will be considered as Sold.

Form 41.—**2.**

When making Returns please quote this No. D2998.

VYSE STREET,
BIRMINGHAM.

.....

APPROBATION FROM JABEZ SMITH & Co

—

All Goods remain our Property until charged up by us.

Form 42.—**3.**

VYSE STREET,
BIRMINGHAM,.....190....

M.....

ON APPRO. FROM JABEZ SMITH & Co.

—

ON APPROBATION. If not returned within days, J. S. & Co. reserve the right to charge the same or demand their return. Customers so entrusted with Goods are Bailees only thereof until Invoiced.

Form 43.—**4.**

2601.

VYSE STREET,
BIRMINGHAM.

ON APPROBATION FROM JABEZ SMITH & CO.,
GOLDSMITHS AND JEWELLERS.

—

Goods not returned within fourteen days will be charged.

Form 44.—**5.**

6993.

<i>When making Returns please quote this No.....</i>
--

VYSE STREET,

BIRMINGHAM,.....190....

M.....

ON SALE OR RETURN FROM JABEZ SMITH & CO.,
MANUFACTURING JEWELLERS.

These Goods remain the property of Jabez Smith & Co. until invoiced
by them.

On Appro. for not exceeding ten days.

Form 45.—**6.**

C 6034.

To M.....

ON CONSIGNMENT FROM JABEZ SMITH & CO.,

VYSE STREET,

BIRMINGHAM,.....190....

The undermentioned Goods are forwarded on Consignment only.
J. S. & Co. reserve their title to same until all or any of such Goods
have been duly invoiced as a sale, which they may elect to do if the
goods are not returned within 7 days.

Form 46.—**7.**

ON APPROBATION.

From

To

JABEZ SMITH & CO.,

VYSE STREET,

BIRMINGHAM.

The general opinion seems to be that the less said upon the "Appro." Note the better, and for this reason perhaps Form No. 7 is to be recommended. The note should merely bear upon the face of it evidence that the goods are sent upon "appro.," and this without any special conditions. Such conditions, probably, in case of a law-suit might operate more against the sender than in his favour.

The "Appro." Notes should be in manifold form, so that the two copies—viz., the one to send and the one to keep—shall be taken at the same time. Each trader has his own method of checking his "appro." goods on their return.

The general custom is to cross them off in the manifold copy when returned, the dates of return being placed over the entries of the goods. Where goods are sold, a reference should be made to the Day Book folio on which the sale is recorded. It should be an instruction to the "appro." clerk to obtain the signature, if practicable, of one of the Principals to each manifold copy "Appro." Note, when all the goods entered on the note are accounted for.

As regards "Appro." Notes inwards, the following is the general custom in the trade. The "Appro." Notes are kept in an alphabetical letter file, and the goods returned are marked off from time to time on the notes. As the goods on each note are exhausted by either being charged up or returned to the suppliers, the "Appro." Note is removed from the file and put away for future reference. In the case of goods kept, there should be recorded against their entries on the "Appro." Notes the folio of the Purchase Analysis Book where the goods are charged, and also the denoting number of the supplier's invoice.

It should not be forgotten that if a sender of goods upon "appro." reserves the title or ownership of such goods until charged up, as he usually does, they remain to a considerable extent at his own risk, (notwithstanding they are sent at the request of the sendee), until the property therein has passed to the buyer. Thus, if while the goods are on the premises of the sendee, they are burnt out or stolen, the loss may fall upon the sender, unless he can prove gross negligence on the part of the sendee. Even if this were not legally so, the sendee, who may have had a fire or burglary, might not be able to meet his liabilities if held responsible to the sender. It would therefore appear to be advisable for firms sending out goods upon approbation to insure the same against fire, theft, or burglary by an ordinary floating policy.

I am indebted to Mr. Frank S. Pearson, LL.B., Solicitor, of Birmingham, for kind assistance rendered to me in the preparation of this chapter.

CHAPTER XXIII.

 THE CROSSING OF CHEQUES.

It is desirable in every house of business that every door which can be closed against fraud, embezzlement, or accidental loss should be closed. It is not nearly so well understood as it should be how great a preventative against such "leakages" is the proper and systematic crossing of cheques. Every trader should have an india-rubber stamp as follows:—

 NOT NEGOTIABLE.

J. Co.

 A/c. PAYEE ONLY.

Before signing cheques (except such cheques as may be required for current cash) the Principal should see that the cheques are crossed as above. The words "Not negotiable" on a cheque (*i.e.*, where the words "a/c Payee only" are not added) do not mean that the cheque cannot be passed freely from person to person. The meaning is that no holder of a cheque marked "Not negotiable" shall have any better legal title to the cheque than the previous holder had. Therefore, if a person receives a cheque crossed "Not negotiable" from one who has stolen the cheque, or picked it up in the street, it follows that, as that person had no legal title to the cheque, the person to

whom he pays it can have no legal title to it, and is therefore liable to the drawer or proper owner of the cheque in respect thereof. Therefore bankers and others naturally decline to receive cheques crossed "Not negotiable" from any but firms whom they well know. Never accept a cheque crossed "Not negotiable" from any person or firm whose *bona fides* you may have any reason to suspect. From what we have said, it will be seen that the words "Not negotiable" on a cheque constitute an extremely valuable safeguard in the transmitting of money. "Not negotiable" constitutes a danger signal, and he who takes a cheque crossed with these words takes it with all risks and all defects.

The words "A/c Payee only" mean that a cheque so crossed can only, as a matter of general practice, be paid into the Bank Account of the payee. These words, therefore, constitute a further valuable safeguard, as they render the cheque practically valueless to anyone but the payee, and they also limit the free negotiability of the cheque.

Without the words "A/c Payee only" on it, a cheque crossed "Not negotiable" may be passed from person to person just as if it were not so crossed. But if a person pays you a cheque crossed "Not negotiable," and he has no good title to it, you cannot hold it against the true owner or drawer, even if you have given good consideration for it.

Now as to cheques *which come into* the business. These should be crossed by the recipient as follows:—

NOT NEGOTIABLE.

Cosmopolitan Bank, Limited.

FLEET STREET BRANCH, BIRMINGHAM.

A/c JABEZ SMITH & CO. ONLY.

The trader should have an india-rubber stamp similar to the above, worded to suit his own requirements, and he should have this at hand at the time when he opens his letters. All cheques inwards should be crossed with this stamp before the cheques are handed out to the cashier. They can then practically only be dealt with by being paid into the *firm's own account* at the bank named in the crossing. Travellers on the journey, who collect money and remit the cheques to the Head Office, should be supplied with these crossing stamps, and their instructions should be to cross all cheques immediately they receive them.

Some firms, in order to save bank commission, frequently pay away their customers' cheques to those to whom they wish to remit. The writer of this book is of opinion that this is a most undesirable practice, affording many opportunities of embezzlement, and that it should be discouraged. It is a good and wholesome rule to pay all cheques received into your own Bank Account. It will be found to pay in the long run.

CHAPTER XXIV.

**THE GIVING OF CREDIT, THE RENEWAL OF
CUSTOMERS' BILLS, AND BAD DEBTS.**

THESE three subjects are of the greatest importance to the jewellery trader, and a few words in respect to them may not be altogether out of season. As regards the giving of credit, it will be found useful to place a limit to the credit of every customer, however good he may be considered to be. No customer, however good, should, as a rule, be trusted to an extent which, if the account were to turn out bad, would put the trader to any serious inconvenience. The limit of credit should be marked at the head of the Ledger Account. It is a matter of every-day occurrence in most trades for "status enquiries" to be made. When the replies to these enquiries are received, they should be pasted into a special Guard Book, which should be properly indexed. A reference to the pages of the Guard Book containing the replies affecting a particular customer should be entered at the head of the Ledger Account of such customer. Too much reliance should not be placed upon the answers to these status enquiries, and where these answers have been obtained from bankers, it should be remembered that in many cases the answers come originally from bankers who are writing about their own customers. For this reason, bankers' references are not, as a rule, considered so

reliable as references obtained from good status enquiry offices. In the case of limited companies, where a continuous credit is given, the trader should obtain from the Registrar of Joint Stock Companies at Somerset House, London, W.C., a copy of the Annual List of Shareholders and Summary of Capital of each such company. These lists can, if desired, be obtained through the agency of Messrs. Gee & Co., the publishers of this book. The cost of this, as a rule, is not more than two or three shillings in each case. The information is useful, because the returns show what is the amount of the debenture issue of the company. It is too well known to require comment here that in most instances in the jewellery trade where companies fail, the whole of the assets pass to the debenture-holders, and the creditors receive nothing. Therefore, where a trader knowingly trusts a limited company with a debenture issue, he may be said to do so at his own risk, and with his eyes wide open. Speaking generally, it will be found desirable to obtain the personal guarantees of the directors, or of the debenture-holders, before trusting to any large extent a limited company with a debenture issue.

The writer thinks that traders, as a rule, place too much reliance upon the replies to status enquiries, and not sufficient reliance upon such information as it is nearly always in their own power to obtain. As regards trusting customers in general, traders should in most cases attach almost as much importance to what may be called *morals* as to what are known as *means*. That is to say, the personal character of the customer should be considered. It can be ascertained without much trouble by the traveller if the customer's personal character is good; if he is living fairly within his means; if he attends to his business regularly and punctually; if he keeps his shop windows clean and well dressed; if he is or is not addicted to betting or

attending race meetings ; if he is temperate in his habits ; if he keeps his books systematically, &c., &c. This is an aspect of the subject of giving credit which is worthy of the attention of every trader. For ourselves, we should hardly be inclined to entrust our belongings to a man who is known to frequent smoking rooms at all hours of the day, to attend race meetings, and to leave the conduct of his business to hired assistants.

Upon the question of giving credit, it should not be forgotten that a customer may have mortgaged all his present and future book debts ; that such mortgages have been held by the House of Lords to be good at law, and that they do not require to be registered. This state of the law is manifestly unjust, and places the ordinary trader at a great disadvantage. Respectable bankers generally decline to take mortgages of book debts from customers, looking upon such a practice as unfair to creditors generally.

The second point in the heading of this chapter refers to the renewal of Customers' Bills. These renewals are matters of far too frequent occurrence, and they should be discouraged in every possible way. Some firms will give no future credit to customers who ask to have their bills renewed. This, perhaps, is rather too drastic a policy to be followed in all cases. Perhaps the best view is that, except in very special cases, a customer's bill should not be renewed, unless the customer is prepared to pay a considerable portion of the same (not less than one-third) in cash. He should be charged interest at not less than $7\frac{1}{2}$ per cent. per annum for the amount renewed, and he should also be charged bankers' commission and the cost of bill stamp, the bankers' commission being fixed at 5s. per cent. If these or similar conditions are insisted upon, the result will be that fewer requests for renewals will be received.

Where the number of customers in a business is considerable, a Sold Ledger should be kept, which for convenience may be called a "Black Ledger." To this "Black Ledger" should be transferred all customers' accounts which call for special attention, because it is desirable to examine these names *very frequently*, in order to see that all necessary protective measures are being adopted in each case.

In the case of Bad Debts, it will be found useful to adopt certain well-defined measures. Compositions should not be accepted unless fairly well secured, and in no case where the record of the debtors has been bad. It will be found in the long run to pay better to wind these bad record men up, and so keep them out of the trade, even at the sacrifice of two or three shillings in the pound dividend. Upon receipt of notices of meetings, unless the trader can attend himself, he should entrust his interests to an association or to a firm practising in insolvencies in whom he has confidence, and who may have acquired a special knowledge of the trade. It will also be found desirable to ascertain the names of the principal creditors, so that united action may be resolved upon.

Many traders, with their eyes wide open, trust customers who are known to be weak, because from such customers they obtain better prices than from the better class of payers. Probably in such cases, the trader trusts to the law of average to bring him right at the finish.

Experience shows that many bad debts are made in the jewellery trade with customers who pay cash for the first few parcels of goods. Although the trader may know practically nothing of the past history of this class of customer, the fact that payment is made in cash in a few cases oftentimes raises a false sense of security. This is especially the case with Polish

refugees. It has been proved over and over again in the trade that the buying of a few parcels for cash is no index whatever as to the substantiality of the customer. Neither is it always a proof of solvency that a customer may meet his bills promptly as they become due. It has been proved on many occasions that it is possible for a jeweller to trade *for years together*, and be insolvent all the time, and yet meet his bills. In one particular case which came under the writer's notice this was done by the continual purchase of goods and the selling of them for cash under cost price. Of course, a big crash came at last, and with it a prosecution, a conviction, and no dividend.

The question as to whether a debtor's estate should be dealt with in bankruptcy, or under a private deed, is frequently under consideration. Every case should be settled upon its own merits. But if the debtor's record has been a bad one, and it is desirable to drive him out of the trade, it will pay in the long run to make him bankrupt, even if the proceedings should be found, as they generally are, more expensive than under a private deed.

As regards the offences for which bankrupts may be prosecuted, these are mainly dealt with in Part II. of the Debtors' Act of 1869. There are 16 Sub-sections to Section 11 (the principal section) of the Act. Space forbids the quoting of all these *in extenso*. Sub-sections 14 and 15, however, being especially interesting to the trade, we quote them. They are as follows, viz. :—

“(14) If within four months next before the presentation of a bankruptcy petition (against) him, or the commencement of the liquidation, he, *being a trader*, obtains, under the false pretence of carrying on business and dealing in the ordinary way of his trade, any property on credit and has not paid for the same, unless the jury is satisfied that he had no intent to defraud.

"(15) If within four months next before the presentation of a bankruptcy petition (against) him, or the commencement of the liquidation, he, *being a trader*, pawns, pledges, or disposes of otherwise than in the ordinary way of his trade any property which he has obtained on credit and has not paid for, unless the jury is satisfied that he had no intent to defraud."

The maximum penalty upon conviction is two years' imprisonment with or without hard labour.

It is, however, found by experience that bankruptcy prosecutions are not, as a rule, successful, for in addition to the difficulty of obtaining evidence, juries are found very disinclined to convict, and creditors whose evidence is necessary oftentimes decline to sacrifice their time in attending Court in such cases, especially if the case is tried away from their own homes. In such cases, the allowance to witnesses is extremely limited.

Never sign Accommodation Bills for customers, or any other persons; and, remember, if a customer buys keenly, it is a sign in his favour. If he buys rashly—*i.e.*, if he is not careful about the prices he pays—it is a sign that he is reckless, or that he does not understand his business. And a traveller ought to know if a customer is "over buying." Over buying often leads to bankruptcy.

CHAPTER XXV.

PREVENTION OF FRAUD, THEFT, EMBEZZLEMENT, LOSS, &c.

THIS, in all departments of the jewellery trade, is a matter of the gravest importance, and too much attention cannot be given to it. For a trader to say to himself that all his own workpeople, clerks, &c., are above suspicion is to raise within himself an absolutely false sense of security. Workmen and clerks may be honest for a period, and then may turn dishonest. This may be the result of temptation, of betting, of necessity, &c., &c. Necessity often creates the wrong-doer. Right-minded workpeople will appreciate a master's watchfulness. Moreover, if the policy of watchfulness is universal throughout the establishment, no particular person employed need feel aggrieved. In the chapters under Diamonds, Gold, Silver, &c., we have dealt in their proper places with the aspects of the question affecting these goods. We have referred also to the question of embezzlement, &c., under the heading of "Crossing of Cheques." A few further wholesome rules may be worth mentioning here.

Never engage a candidate for employment without a character from last employer, unless the candidate is thoroughly well known to you.

In cases where you can prove theft, many persons think it is your duty to the trade at large to prosecute.

Count your cash, and weigh your diamonds, gold, and silver, *personally*, as frequently as may be convenient, and do not trust blindly to your staff, however honest you may believe them to be.

See that the Gold, Silver, and Stone Books are kept up to date and balanced at proper times. If this is not done, there is neglect, or theft is going on.

Remember the old maxim that "opportunity creates the thief," and close the door to "opportunity" as much as your business will reasonably allow.

Vouch your Cash Book weekly or monthly.

Keep a lock upon your letter-box, so that no one except the partners or trusted clerks can have access to the letters. Many known large frauds would not have been possible if this simple and timely precaution had been adopted.

Look from time to time to your safe keys, and be sure that no one has duplicates except those who can be trusted. If the keys are left indiscriminately lying about, wax impressions may be taken of them.

Where practicable, post your own letters, or let them be posted by someone whom you can trust. This is a matter of far greater importance than you may imagine.

In sending out monthly or quarterly statements of account, if possible observe the following rules, viz. :—One clerk should make out the statements, another clerk should check them, and a third person should post them. The clerk who makes out the statements should not be allowed to post them.

Do not let the collector, or other receiver of money, post the items into the Sold Ledger, or some fine day you may find moneys posted into the said Ledger and not entered in the Cash Book, and therefore not accounted for.

Carefully examine all advices of Bills Payable before you sign them.

Check your Petty Cash Book weekly or monthly.

Look well to your Stock Books and Appro. Books. There are large "loopholes" in these books.

Remember that some *partners* have to be watched, just as much as clerks and workpeople.

Examine the monthly totals of your Purchase Analysis Book, and compare them with other monthly totals, in order to see that your purchases at no time are abnormal.

Look well to the personal characters of clerks and workpeople in your employ, and do not rely too much on written testimonials.

See that all the books in your establishment are kept up to date, and that the preparation of the annual Balance Sheet and Trading and Profit and Loss Accounts is not unduly delayed.

If your business is large, do not keep the Ledger clerks on the same Ledgers. Change them about occasionally.

Keep your Cheque Book under lock and key, and personally examine your Pass Book frequently.

Workmen who "scratch their heads" should be watched, as men have been known to transfer gold to their hair. Every

workman working in gold should be compelled to wash his hands every time before leaving the establishment, and the "hand washings" should be kept.

See that you obtain all proper discounts from your suppliers, and that all discounts, allowances, and over-charges credited in your Sold Ledgers are as they should be. There is much opportunity of book-falsifying here.

Examine your Sold Ledger frequently to see that all doubtful names are transferred to the Black Ledger, where they will receive special attention.

Examine "Invoices Inwards" to see that all goods charged to you are actually received, and that the right prices are charged.

When paying into the bank, use paying-in slips with counterfoils, and, on the arrival back from the bank of the messenger, examine the counterfoil to see that it is properly initialled by the bank cashier.

Do not let the clerk who makes out your Wages Sheets pay the wages. With this precaution there must, as a rule, be collusion before you can be robbed in your wages.

Insure your stock and goods you send out on appro. against fire, burglary, and theft, whether on the journey, or at home, or with customers.

Look to the safety of your premises that they are properly watched at night, either by custodians living on the premises, or by outside watchmen.

Have your books periodically examined by experienced accountants.

The author is aware that *all* these precautions are not possible to every jeweller. The best plan, therefore, is to follow as many of them as are found possible and practicable. Some of the precautions may appear so obvious as to be unnecessary to mention. Many huge frauds, however, would have been impossible but for neglect of these "obvious" precautions.

In closing this brief chapter, the writer takes the opportunity of saying that he has for many years been personally acquainted with most of the leading manufacturing jewellers of Birmingham, and that he has always heard these gentlemen speak in the highest terms of the integrity of their workpeople, clerks, and others in their employ.

CHAPTER XXVI.

THE RETAIL JEWELLER.

THE writer's experience of retail jewellers is that a very large number of them do not keep any books whatever, beyond a rough Takings Book and a Diary, in which they enter particulars of watch repairs, jobs, &c. This would, however, apply chiefly to the smaller class of traders. As regards those traders who may be described as at the top of the tree, their businesses will frequently be of a special character, dealing with special classes of customers and special goods, and therefore requiring special bookkeeping. What is proposed in this chapter is to show how the ordinary average retail jeweller's books may be kept, and we shall endeavour to illustrate such a system as will give the best results at the least possible expense for clerical work.

The books which the retail jeweller should keep are :—

- (1) Jobbing Book.
- (2) Watch Repair Book.
- (3) Counter Cash Book.
- (4) Cash Book.
- (5) Sales Day Book.
- (6) Bought Day Book.
- (7) Sold Ledger.
- (8) Bought Ledger.
- (9) Private Ledger.
- (10) Bills Payable Book.
- (11) Stock Book.
- (12) Appro. Book.

The Jobbing Book can be kept in the following form :—

Form 47.—
JOBGING BOOK.

No.	Date received	Customer's Name	Repairs required	By whom done			Cost (in Cypther)	Purchase Book Folio	Amount charged	Folio of Day Book or Cash Book	Date and Signature of Person receiving	Remarks
				Name	When sent	When returned						
104	15/4/02	Benson, J. A.	Repair Lid to Silver Jug ..	Smith & Co.	15/4/02	18/4/02	£ s d A F	91	£ s d 0 2 6	C.B.31	20/4/02	3 Dents— Handle Bent
105												
106												
107												

This book speaks for itself. Some of the jobs will be done by the jeweller's own workmen upon the premises. Others will be sent to Birmingham, London, or elsewhere, so that they may of necessity be specially dealt with.

Watch Repair Book.—

This book may for convenience be contained in the same binding as the preceding book—that is, with certain of the pages ruled differently to suit each class of business. The ruling of the Watch Repair Book should be as in Form 48, page 131.

This book requires practically no explanation. Some repairs will be done upon the premises and some sent out. If they are done upon the premises the cost ought still to be inserted in the book. There should be no difficulty about ascertaining this. There should be an index to the Watch Repair Book, because it is oftentimes desirable, when a watch is brought in to be cleaned, that the jeweller should be able to trace from his books at once how long ago it was since the watch was cleaned last.

In the first columns of the Jobbing Book and Watch Repair Book, consecutive numbers will appear. Tickets initialled by the retailer, bearing corresponding numbers to those against which the work is entered in the books, will be given to the persons bringing the goods, and these tickets should be given up when the work is finished and handed over. The retailer should be careful that duplicate tickets are not given out, or the work may be handed to those not entitled to it.

Certain firms of stationers and others keep Jobbing Books and Watch Repair Books in stock, ready ruled. The price would be about 7s. 6d. each. It is possible to devise one ruling

WATCH REPAIR BOOK.

Form 48.—

No.	Date	No. of Watch	Name	Remarks	Cost (in Cypher)	Charged	Folio of Day Book or Cash Book	Signature and Date of Person receiving	No. of Watch lent (if any)
801					£ s d	£ s d			
802									
803									
804									
805									
806									

for Jobbing Book and Watch Repair Book, but the writer is of opinion that the keeping of the two distinct books will be found more convenient.

Counter Cash Book.—

This may be merely a book ruled with three columns. All sales should be entered separately. In the first column should be entered the selling price of the article sold; in the second column (in cypher) the cost; and in the third column (also in cypher) the profit on the sale. This book should be totalled daily or weekly, as the case may require, and the totals transferred to the main Cash Book. The following is an illustration of the book :—

Form 49.—

COUNTER CASH BOOK.

Date	Stock Number	Description, &c.	Sold for	Cost price (in cypher)	Profit (in cypher)
1902 July 1	59/31	Silver Lever, No. 295642	£ s d 2 5 0	£ s d	£ s d
	40/30	Silver Albert	0 5 6		
	62/14	9 carat Brooch	0 10 6		
	51/13	Half-Hoop Diamond Ring	6 6 0		
	6/21	E. P. Cruet	0 15 6		
			£10 2 6		
		To Ledger Accounts received as follows:—			
		F. Anfield	7 2 9		
		G. Epworth	5 18 4		
		H. Dixon	10 2 9		

Cash Book.—

We give a suggestion for a Retail Jeweller's Cash Book as follows :—

Form 50.—

60—Dr.

CASH

Date	Name	Shop Sales		Folio	Total Cash received	Paid into Bank
		Cost	Profit			
		£ s d	£ s d		£ s d	£ s d
1902	To Balance brought forward .. ..	..	..	..	10 15 6	310 8 4
July 1	" Takings .. ..	..	..	..	10 2 6	..
2	" F. Anfield .. ..	..	..	82	7 2 9	..
	" G. Epworth .. ..	..	..	106	5 18 4	..
	" H. Dixon .. ..	..	..	18	10 2 9	..
3	" W. Darling .. ..	..	..	51	1 15 10	..
	" J. H. Glover .. ..	..	..	35	0 16 8	..
	" C. Grant .. ..	..	..	40	3 4 9	..
	" Alfred Jackson .. ..	..	..	16	11 8 4	..
	" H. P. Marston .. ..	..	..	4	4 10 6	..
	" M. Pickering .. ..	..	..	39	5 9 8	..
	" R. P. Sharpe .. ..	..	..	22	1 18 6	..
	" K. Stanhope .. ..	..	..	106	0 3 6	..
	" T. Thompson .. ..	..	..	109	0 5 9	..
	" L. Walker .. ..	..	..	10	2 6 9	..
	" Cash .. ..	..	..	C.B. 60	..	55 0 0
	" H. Hazlewood .. ..	..	..	80	13 4 9	..
	" J. M. Smith .. ..	..	..	60	16 13 1	..
	" Cash .. ..	..	..	C.B. 60	..	20 0 0
					£105 19 11	£385 8 4

CONTRA

Cr.—60

Date	Name	Paid for Expenses	Paid for Goods, &c.	Folio	Discounts and Allowances	Total Cash Paid out	Drawn from Bank
		£ s d	£ s d		£ s d	£ s d	£ s d
1902	By Old Silver Bought .. ..	..	2 4 8	..	..	2 4 8	..
July 3	" Petty Cash	1 0 0	..	..	..	1 0 0	..
	" Bank .. ..	..	..	C.B. 60	..	55 0 0	..
	" Wages	5 10 0	..	..	..	5 10 0	..
	" Drawings .. ..	..	..	P.L. 8	..	3 10 0	..
4	" Smith & Co., Bill advised .. ..	..	40 9 4	P.L. 48	..	..	40 9 4
	" J. Jones, Rent	20 0 0	..	..	..	..	20 0 0
	" Robinson, Jobbing .. ..	..	8 9 4	..	..	..	8 9 4
	" Gas Account	3 2 0	..	..	..	..	3 2 0
	" Day & Knight, Bill advised .. ..	..	32 7 6	P.L. 48	..	..	32 7 6
	" Robinson, Stock Repairs	1 3 0	..	..	..	..	1 3 0
	" Water Rate, ½ year	4 0 0	..	..	..	4 0 0	..
	" Bank .. ..	..	..	C.B. 60	..	20 0 0	..
	" Balance carried forward .. ..	..	..	..	..	14 15 3	279 17 2
						£105 19 11	£385 8 4

The columns headed "Shop Sales" will contain the totals of the Counter Cash Book. The difference of the columns "Total Cash Received" and "Total Cash Paid Out" should be the cash balance in hand. The difference of the columns "Paid into Bank" and "Drawn from Bank" should represent the bank balance. The method of keeping this Cash Book will be better understood after reading Chapter I., where the keeping of a manufacturer's Cash Book on somewhat similar lines is described. In the Counter Cash Book a distinction should be drawn between Cash Sales and money received in respect of Ledger Accounts. These latter, and moneys received in respect of Jobs, Watch Repairs, &c., should be entered separately, both in the Counter Cash Book and the main Cash Book, and should not appear in the Shop Sales column. As regards the payments out, they will first be entered in the column "Cash Paid Out," or "Drawn from Bank," as the case may be. The amounts of the payments can subsequently at leisure be put in the columns for Expenses or Goods, as may be necessary.

There should not be many discounts on accounts received. Any that are allowed may be entered in red ink in the "Name" column.

Sales Day Book.—

The Day Book may be kept in either of the forms set forth in Chapter II. Care should be taken to preserve a full record of all goods sold, and from time to time the goods sold should be marked off in the Stock Book. The Day Book should have three columns to show the profit on the goods sold, as in the case of the Counter Cash Book. Returns, &c., can be treated as explained on page 10.

Bought Day Book.—

A method of keeping a Bought Day Book is fully described in Chapter V. In large retail businesses it may be desirable to adopt this method, or a variation of it. In smaller concerns, however, it may be sufficient if a book ruled as in an ordinary Day Book is procured, and the manufacturers' or suppliers' invoices copied therein in order of date. The book will require to be added and analysed for the purposes of the Trading and Profit and Loss Account.

Sold Ledger, Bought Ledger, and Private Ledger.—

In small businesses it may be found sufficient to have these three Ledgers contained in one binding, there being different portions of the book reserved for each class. The methods of keeping Bought, Sold, and Private Ledgers are sufficiently described in Chapters IV., VII., and IX.

Bills Payable Book.—

The methods of keeping this book will be found described in Chapter VI.

Stock Book.—

This is an extremely important book, and should be kept by every retail jeweller. Form 51, pages 136 and 137 will answer all the usual requirements.

The book is kept in Ledger form, different pages being devoted to different classes of articles. The goods should be marked with a reference to the Stock Book. Assuming we are dealing with goods entered in the Stock Book on folio 75, the goods should be marked 75/1, 75/2, &c., the figure 75 denoting

the Stock Book page, and the figures 1 and 2 the lines on the page where the goods are entered. By this means, upon picking up an article, the trader will be able to find at once, from the mark, the folio and the number of the line where the article is entered in the Stock Book. The cost and selling prices should be marked on the article by the private mark; in addi-

Form 51.—**75.****STOCK**

Numerical Number	Date Received	Description or Mark	From whom Bought		Number of Articles	Buying Price (in cypher)	Selling Price (in cypher)	Location	Total Cost
			Folio	Name					
1						£ s d	£ s d		£ s d
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									

tion to the Stock Book reference. A column will be found in the form headed "Location." This is intended as a reference to the particular drawer, safe, shelf, or window where the article is to be found. This is extremely important where a large stock is kept. By means of this system a reference can be *immediately* made from the Stock Book to the article, or from the article to the Stock Book. Only those who have dealt with

Form 53.—**TRADING AND PROFIT AND LOSS ACCOUNT, January 1st to December 31st 1902.**

1902 Jan. 1 Dec. 31	£ s d	1902 Dec. 31	£ s d	£ s d
To Stock at this date		By Sales—		
" Purchases (less Trade		Goods		
counts)		Jobbing and Watch Repairing,		
Jobbing		&c.—		
		Cash		
Wages Paid for Jobbing, &c. ..		Credit		
" Gross Profit carried down ..		" Stock at this date		
To Rent, Rates, Taxes, and Insur-		By Gross Profit brought down ..		
ance		Cash Discounts obtained		
" Gas and Electric Light		" Apprenticeship Fees		
" Salaries				
" Advertising and Stationery ..				
" Subscriptions to Clubs, &c. ..				
" Discounts and Allowances				
" Repairs and Maintenance				
" Petty Expenses, Stamps, &c. ..				
" Bank Charges				
" Professional Charges				
" Depreciation				
" Interest on Loan, £1,000 at 5% ..				
" Interest on Capital				
" Net Profit				

NOTE.—The gross profit should tally very nearly with the totals of the differences between "cost" and "selling" (or amounts charged) in the following four books, viz., Jobbing Book, Watch Repair Book, Day Book (less Returns), and Counter Cash Book. By adding these four books weekly, the Jeweller can see how he is going on.

In closing this chapter upon Retail Jewellers' Accounts, we take the opportunity of stating that we have given forms which we think will answer most of the ordinary purposes for an ordinary retail jeweller. We think these forms will be found sufficiently intelligible without further explanation. An elementary knowledge of bookkeeping on the part of the trader has been pre-supposed. If good bookkeeping were *the rule* with retail jewellers, it would add greatly to the soundness of the jewellery trade in general. Manufacturers and wholesale jewellers' travellers could do much to encourage retailers in the direction we have pointed out.

In this chapter we have not thought it necessary to refer to such books as Diary, Petty Cash Book, &c., the keeping of which will, perhaps, be understood by every reader. As to how to keep a Petty Cash Book, see Chapter VIII.

CHAPTER XXVII.

INCOME TAX.

No excuse is needed for the introduction into this book of a chapter upon Income Tax. The tax is unpopular for three reasons: Firstly, because we have to pay it; secondly, because of its inequalities; and, thirdly, because of its intricacies. We will endeavour to briefly explain those matters in connection with the tax which concern the ordinary jewellery trader. Our remarks will apply equally to the manufacturing jeweller, the wholesale jeweller, the retail jeweller, the silversmith, the electro-plater, the diamond merchant, the refiner, the metal dealer, &c.

Exemptions and Abatements.—

Exemption may be claimed when the income from all sources does not exceed £160 per annum.

Abatements are allowed as follows:—

If the Income from all sources exceeds	And does not exceed	Abatement allowed
£160	£400	£160
400	500	150
500	600	120
600	700	70

If you have been assessed, and you wish to claim exemption or abatement, it will be necessary to fill up a form which will be provided by the authorities. You must state your income from all sources, whether taxed or not, and the income of the wife from property, &c., must be included, if she is living with her husband. But if the total joint income of a husband and wife, being all *earnings*, does not exceed £500, and the Commissioners of Taxes are satisfied that such total joint income includes profits of the wife from any profession, trade, employment, or vocation, or any office or employment of profit, carried on or exercised by means of her own personal labour, and that the rest of the total income, or any part thereof, arises from profits acquired by means of the husband's own personal labour, and unconnected with the business of the wife, a separate claim of exemption or abatement will be admitted in respect of such profits of the wife. If, however, the united incomes exceed £500, the man and his wife become one for income tax purposes, and they cannot claim separately for abatement.

Mode of Assessment.—

The taxpayer, under Schedule D (that big, big D), may elect to be assessed, either by the local Commissioners under a number or letter, or by the Special Commissioners of Income Tax. In the absence of election, he will be assessed in the usual course by the local Commissioners.

If the taxpayer elects to be assessed by the Commissioners of the district under a number or letter, the return should be sent to the Clerk to the Commissioners; if by the Special Commissioners, the return should be sent to the Surveyor of Taxes, under cover, endorsed "For Special Assessment."

Assessments, however, under a number or letter are practically obsolete.

Of local Commissioners, there are "General" Commissioners and "Additional" Commissioners. The General Commissioners are appointed for life, and their names can be obtained on application to the officials for the district. The Additional Commissioners are appointed by the General Commissioners, and it is their duty to make the assessments. Their names are never published. Thus, unless you elect to be assessed by the Special Commissioners, your assessment may be actually made, without your knowledge, by your next door neighbour, or your competitor in trade, or your own brother, or the man whom you sit next to at dinner.

The Government financial year for income tax purposes ends on the 5th April. Very few traders, however, take stock on the 5th April. Thus, if you take stock on the 31st December, and you are sending in your return for the year which will end on the 5th April 1904, you should extract your profits for the three years ending 31st December 1902, and divide by the figure 3, and the result will be the "average" per year, and this is the figure on which you will have to pay the tax. If you take stock on any other day than the 31st December, the same rule will apply. Take the profits, as shown by your books, for the three years immediately preceding the date when you are actually writing out the return. You must include among your profits in the return, if they have been deducted in your Trading Accounts, the amounts of—

- (1) *Interest on partners' capital.*
- (2) *Annuities paid out of the business.* (You can deduct the tax on these annuities when paying them.)
- (3) *Salaries paid to partners in the business.*
- (4) *Payments made for income tax.*
- (5) *Interest paid on money borrowed.* (You can deduct the tax on this when paying the interest.)

Some traders pay themselves salaries, and include these in the ordinary wages and salaries of the business. They are mistaken if they think they can thereby save the tax on such salaries paid to them or their partners. They cannot legally or morally do so. The following cannot be made as deductions for income tax purposes :—

- (1) Payments made for the improvement of business premises.
- (2) Capital withdrawn from the business.
- (3) Depreciation written off Land, Buildings, or Leases, however old and dilapidated the buildings, or however short the leases.
- (4) Losses not arising out of or connected with the trade. Thus, if you lose money on property, shares, or other investments, or by speculation, you cannot deduct such losses for income tax purposes.
- (5) Any loss recoverable under an insurance or contract for indemnity.
- (6) Depreciation on Plant, Machinery, &c. Although *deductions* for depreciation or wear and tear on Plant, Machinery, Office Furniture, &c., may not be *made*, they can be *claimed*, and it rests with the Commissioners to make the allowance. Some Commissioners are willing to leave the Surveyor of Taxes and the taxpayer (or his accountant) to settle the amount of allowance for depreciation. Other Commissioners will insist upon the taxpayer attending formally before them for the purpose. As to the *amount* of the allowance, this is governed by circumstances, but 5 per cent. on the value of the plant, machinery, &c., may be considered a fair average allowance.

- (7) Sums paid for life and accidental insurance. Here, again, these payments may not be *deducted*, but they will be allowed by the Surveyor of Taxes on production of the premium receipts, if the premiums are not in respect of foreign or Colonial offices. The allowance for life insurance, &c., is limited to an expenditure on annual premiums not exceeding one-sixth of the claimant's net personal income from all sources, and has not the effect of giving exemption or abatement where the total income is thereby reduced below the respective limits.
- (8) Preliminary expenses incurred in the formation of a company.
- (9) Amounts paid to trade associations for the pooling of profits or similar purposes.

If the business has not been established for three years, you must return an average of profits for the actual time it has been established. If the business has been in existence for less than one year, you must return an *estimate* of profits for the year, explaining how you arrive at the estimate.

Amounts paid for repairs of business premises, or of plant and machinery, may be deducted, if reasonable.

Bad debts may also be deducted.

Rent and rates of business premises may also be deducted, but, where the trader resides on the premises, this allowance as regards rent will be limited to two-thirds of the net annual value of the premises (as the Commissioners may allow).

If the taxpayer owns the premises on which he carries on his business, the premises will have been assessed under Schedule A (property tax), and in this case the amount of the net Schedule

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A assessment can be deducted in the return under Schedule D. If the taxpayer resides on the business premises, the deduction is limited to two-thirds of the net Schedule A assessment (as the Commissioners may allow).

The *penalty* for not making a return, or for making an untrue return, is £20 and treble the duty properly chargeable. This may be a very serious matter. If the taxpayer finds himself in a difficulty, he should consult an accountant or a solicitor. The matter can generally be arranged in a friendly way if the taxpayer is willing to do the right thing.

Returns should be made within 21 days from the date on the form delivered by the assessors, which is usually in the month of April. Thus, the assessment for the year ending 5th April 1904 should be made in the month of April 1903.

If the taxpayer does not make a return, the Commissioners will themselves assess him, or they may assess him at an amount in excess of his return.

The following is an illustration as to how a return for income tax assessment may be made out. We will assume the return is for the year ending 5th April 1904. The return will be *written out* in the month of April 1903, and (if the taxpayer takes stock annually on the 31st December in each year) it will deal with the profits for the three years ending 31st December 1902. We will assume the taxpayer carries on his business on leasehold premises, which are his own property.

Form 54.—**RETURN FOR INCOME TAX**

For the Year ending 5th April 1904.

Year ending 31st December 1900:—		£	s	d	£	s	d
	Profit as per Profit and Loss Account ..	800	0	0			
Deducted in Profit and Loss Account	Interest on Partners' Capital	250	0	0			
	Other Interest and Annuities *	100	0	0			
	Partners' Salaries	300	0	0			
	Ground Rent	15	0	0			
	Income Tax Paid	70	0	0			
	Depreciation of Lease and Buildings ..	100	0	0			
	Depreciation of Plant and Machinery ..	60	0	0			
					1,695	0	0
Year ending 31st December 1901:—		£	s	d			
	Interest on Partners' Capital	270	0	0			
Deducted in Profit and Loss Account	Other Interest and Annuities *	75	0	0			
	Partners' Salaries	300	0	0			
	Ground Rent	15	0	0			
	Income Tax Paid	70	0	0			
	Depreciation of Lease and Buildings ..	100	0	0			
	Depreciation of Plant and Machinery ..	65	0	0			
		895	0	0			
	Less Loss as per Profit and Loss Account ..	500	0	0			
					395	0	0
Year ending 31st December 1902:—		£	s	d			
	Profit as per Profit and Loss Account ..	850	0	0			
Deducted in Profit and Loss Account	Interest on Partners' Capital	260	0	0			
	Other Interest and Annuities *	75	0	0			
	Partners' Salaries	400	0	0			
	Ground Rent	15	0	0			
	Income Tax Paid	35	0	0			
	Depreciation of Lease and Buildings ..	100	0	0			
	Depreciation of Plant and Machinery ..	75	0	0			
					1,810	0	0
	Net Profit for 3 years				3,900	0	0
	Average per annum				1,300	0	0
	Less Schedule A Assessment				200	0	0
	Amount for Assessment—Schedule D.				£1,100	0	0

Less whatever sum may be allowed in respect of Depreciation of Plant and Machinery, or for Life or Accidental Premiums.

* The taxpayer should have deducted the tax on these amounts before paying them, leaving it to the recipients to claim exemption or abatement if they are entitled to do so.

† Where there are no deductions in the Profit and Loss Accounts on these heads there is no necessity to refer to them in the Return.

Appeals.—

If you have made no return, and you have been assessed at more than you think right, or if you have been assessed at more than your own return, you may wish to appeal. In that case, you must give notice of appeal to the Surveyor, and you will

be advised as to the time appointed for the hearing of your appeal. You can oftentimes save yourself a world of trouble by calling and seeing the Surveyor, and settling the figures with him beforehand. Sometimes in this case a Surveyor may tell you you need not attend the appeal. In some districts, however, the Commissioners will insist upon your doing so, in which case the Surveyor cannot excuse you. In cases of appeals, it is customary for the Surveyors to ask beforehand for accounts for the past three years, and these should be sent.

From the illustration of an income tax return which is given, it will be noticed that the return is for the year ending 5th April 1904, but that the return was made, or *written out*, in April 1903, the figures being for the average of the three years ending 31st December 1902. If, when the trader makes up his books for the year ending 31st December 1903, and he finds that he has not made the profit shown by his return, he can, by giving notice by or before the 5th April 1904, appeal under the 133rd Section of the Act. If, on the appeal, he can show that his average profits for the three years ending 31st December 1903 (the return was for the three years ending 31st December 1902) were less than the amount of the assessment, he is entitled to be repaid the amount of tax overpaid. A reduction of the assessment in this way may also bring the amount within the limit for exemption or abatement.

The necessity for claiming repayment may often be avoided by presenting the required accounts to the Surveyor *before the duty becomes payable*.

If the profits are of a business with two or more partners, these profits can, for the purpose of exemption or abatement, be divided into two or more parts, and exemption, or abatement, or life insurance reductions claimed in each case.

None of the officials of income tax are paid by poundage, as is commonly supposed, and therefore they have no personal interest whatever in the amount of the assessments.

It is customary for the Commissioners and the Surveyors to accept the certified accounts of respectable accountants, but they are not obliged to do so.

Claims for repayment of tax under Schedule D must be made within or at the end of the year of assessment. Claims for repayment of tax deducted on dividend warrants, &c., where the claimant's income is within the limit for exemption or abatement, can be made at any time within three years after the end of the year in respect of which the tax has been paid or deducted. The same rule holds good in regard to allowances in respect of life and accidental insurance premiums.

A man who makes profits by speculating in shares, property, &c., need not pay any tax upon such profits, unless such speculating is his regular business. On the other hand, if he makes losses by such speculating, he will not be allowed to deduct such losses in the return for income tax of his business.

It is incumbent upon private firms to give to the income tax officials a list of persons in their employ who are liable for assessment, but it is not necessary in this return to state the amounts of the salaries, &c., paid. In the case of companies, however, this latter information must be given.

Except upon a point of law, there is practically no appeal from any decision of a Court of Income Tax Commissioners.

While the law provides for the infliction of heavy penalties for the making of false returns, or for neglect to make returns, it gives no power to the Surveyor to rectify assessments, except

for the current year and the one preceding. If the authorities, however, can prove that a taxpayer has made false returns, they can proceed against him criminally for as many back years as they please. This point of incorrect returns frequently arises when profits are published in prospectuses. In these cases, however, an amicable settlement is generally arranged by the accountant concerned.

We have given in this chapter a very short *resumé* of a very big subject. The chapter will be found to contain most of the information required by the ordinary jewellery trader. The Surveyors of Income Tax and the Clerks to the Commissioners are always ready to afford the taxpayer any reasonable information which he may require upon the subject. The writer has always experienced from them the greatest possible courtesy and assistance whenever he has been before them.

One word more. The taxpayer rarely complains when he is under-assessed. If he is over-assessed, it is generally the result of his either having made no return at all, or of his having made an imperfect or incorrect return.

CHAPTER XXVIII.

**THE CONVERSION OF BUSINESSES INTO
LIMITED COMPANIES.**

THIS is a subject which, no doubt, frequently exercises the mind of the jewellery trader. There are naturally many cases where conversions are not desirable; and, on the other hand, there are many cases where they are desirable, if not absolutely necessary. If there be two or more partners in a business, in the case of the death of one of them, it might be extremely inconvenient for the surviving partners to pay out the deceased partner's share of capital, or it might take many years before this could be done. The conversion of a business into a limited company would render unnecessary the payment out of a deceased partner's capital, and thus the business would not run the risk of being strangled by the withdrawal of capital. Further, a partner wishing to retire could, by holding shares, retain an interest in the business without being personally responsible for the liabilities of the business. Further than this, it is generally found more convenient for limited companies to borrow money for working capital than it is for private firms, because a limited company can issue debentures, charging not only the whole of its present and future assets, but also its uncalled and unpaid capital. By the conversion of a business, moreover, the partners can allot shares to the members of their families, or

their friends, or to their staff, thus enabling those persons to have an interest in the business, without being personally responsible for its liabilities. In the case of the death of a holder of shares in a limited company, all that has to be done for the purposes of probate is to fix a sum as the value of the shares. In the case of a private business, the work involved on the death of a partner is oftentimes very considerable, frequently involving stocktaking, valuations, &c., &c., all of which mean expense. There is also the possibility of disputes arising between the continuing partners and the executors of the deceased partner.

The author's advice, however, to those who are contemplating converting their businesses is to avoid the issue of debentures, if possible. The Companies Act of 1900 provides that every mortgage or charge, as described therein, created by a company after the commencement of the Act, shall be registered within 21 days after its creation, otherwise it shall be void against the liquidator and any creditor. The Act also provides that every company shall, in making its Annual Summary under the Companies Act, 1862, specify the total amount of debt due from the company in respect of all mortgages or charges which would, if created after the commencement of the Act, require registration. As described in Chapter XXIV., any person may obtain copies of these Annual Summaries by payment of the necessary fees, and, moreover, new registrations of mortgages, debentures, and similar charges are advertised in most of the trade protection journals. Thus, the issue of debentures or similar charges will probably operate against the general credit of a concern. Moreover, a company with a debenture issue will find it difficult to obtain a bank overdraft, unless upon personal security. Speaking generally, unless the credit of a concern is undoubted, it may be impaired by the conversion of

the concern into a limited company, and this is one of the *disadvantages* of conversion. Having said so much, it may probably be found interesting if we here give some figures as to the cost of conversion. First of all, as to the Stamp Duties and Fees. The following table speaks for itself. Space prevents our giving more than a few representative amounts of capital, but the duties payable upon those which we have not given can be obtained on application at any Inland Revenue office, or at the offices of most solicitors and accountants.

Nominal Capital	Duty on Capital			Fee Stamp on Memorandum of Association			Total Duty and Fee Stamps Payable*		
£	£	s	d	£	s	d	£	s	d
500	1	5	0	2	0	0	4	15	0
1,000	2	10	0	2	0	0	6	0	0
2,000	5	0	0	2	0	0	8	10	0
3,000	7	10	0	3	0	0	12	0	0
4,000	10	0	0	4	0	0	15	10	0
5,000	12	10	0	5	0	0	19	0	0
8,000	20	0	0	5	15	0	27	5	0
9,000	22	10	0	6	0	0	30	0	0
10,000	25	0	0	6	5	0	32	15	0
15,000	37	10	0	7	10	0	46	10	0
20,000	50	0	0	8	15	0	60	5	0
30,000	75	0	0	11	5	0	87	15	0
40,000	100	0	0	13	15	0	115	5	0
50,000	125	0	0	16	5	0	142	15	0

* These totals include deed stamps of ten shillings each on the memorandum and articles of association, and the fee stamps of five shillings each on the articles of association and on the notice of the situation of the registered office.

When companies are registered *without* articles of association, the duty and fees payable amount to *fifteen shillings less* than the totals above given.

In addition to these stamp duties, there will be an *ad valorem* duty of 10s. for every £100 of assets and liabilities transferred to the company, except such assets as are transferable by delivery. Thus, stock-in-trade and loose tools, furniture and effects, being transferable by delivery, would pay no duty ;

but property, book debts, fixed plant and machinery, goodwill, patents and liabilities, &c., would pay a duty of 10s. for every £100.

In addition to these stamp duties, there will be the expense of printing articles of association (probably £15 to £25, according to circumstances), and the fees payable to the solicitors and accountants, if any are employed in the conversion. There will also be the cost of company's seal, and of Share Books and Minute Books, but in small companies £4 or £5 would probably more than cover these last.

The figures as to Duties, Fee Stamps, &c., on the preceding page, are extracted from the chart of Messrs Jordan & Sons, Lim.

CHAPTER XXIX.

AUDIT.

THERE need be nothing strikingly different between the audit of the books of a jeweller's business and that of any other ordinary business. Care should, however, be taken that all cases of invoices "dated forward" are properly dealt with. Thus, if goods are delivered to the jeweller, say, on 31st May, to be dated forward to 31st July, and the Balance Sheet is struck on 30th June, they must be dealt with as having been bought prior to 30th June, and the amount of the goods must be included in the liabilities as on the 30th June. Similarly, goods sold before 30th June to be "dated forward" to a date after 30th June must be considered, for the purposes of the Balance Sheet, as having been sold before 30th June. It is frequently the custom in such cases to enter in the Ledgers the "dated forward" dates, and not the dates of actual delivery of the goods. Thus errors may very easily occur in extracting the balances, unless care is taken.

It should not be difficult for the auditor to satisfy himself to a considerable extent as to the value of an ordinary jeweller's stock. One way of doing this is as follows, viz.: For the auditor's clerks to write down the stock while it is being dictated by the trader, or his traveller or clerk. The auditor's

clerk should have before him the trader's private mark, and he should examine individual articles as often as he may think necessary, in order to ascertain that the person calling out the goods gives the correct prices.

Many jewellers mark their goods with both the selling and the cost prices. In the case of goods bought and not manufactured by the trader, the auditor will be able to refer for comparison to the manufacturers' (or suppliers') invoices. In cases where the goods are only marked with the selling prices, it may be found convenient to take stock at selling prices, deducting a sufficient discount to reduce to cost. The auditor's own knowledge and experience ought in a general way to be able to satisfy him that the discount so deducted is reasonable for the purpose.

The auditor should have before him, in addition to the list of book debts upon Open Account, a list of the Bills Receivable running, whether discounted or in hand. A sufficient reserve in the Balance Sheet should be made for these Bills Receivable, in the same way as a reserve is made against bad and doubtful debts on Open Account. It is oftentimes the custom for jewellers to have what are known as "nursed accounts." That is to say, accounts where the trader is probably the largest creditor (sometimes the only one) of the shop-keeping debtor, and where he (the trader) has to find assistance, in most cases, when the customers' bills mature. Sometimes the amounts owing on these nursed accounts run into four figures, and in any case, where the amount is large, the auditor should give special attention to see that all proper reserves are made which may be necessary. In order to do this, it may be desirable at times to visit the shops, or some of them, in order to ascertain by actual stocktaking the exact position of the businesses.

Reserves for discounts which would have to be allowed to debtors should be made in the Balance Sheet. Credit should also be taken in the Balance Sheet for discounts which will probably be obtained when the accounts of creditors are paid. The auditor should satisfy himself also that if there is any stock that is out of fashion, or out of date, it is taken at reasonable figures. A careful examination of the Sold Ledgers, which will naturally show which customers pay regularly and which do not, will in most cases enable the auditor to judge for himself if sufficient reserves are made for bad and doubtful debts.

It is not customary in manufacturers' Balance Sheets to take credit for appreciation in the value of metals or other goods. Thus, if copper has been bought in September at £65, and is in stock in December when the market price is £75, it should be taken in the December Balance Sheet at £65, the purchase-price. On the other hand, if the price has *depreciated* instead of *appreciated*, and the price in December is £60, the copper should be taken into stock at the depreciated price, £60. Where there is appreciation in the market price, there is a paper profit; but it is not usual to take credit for this class of profit *until actually made*. On the other hand, common prudence suggests that it is undesirable to take any goods into stock at more than the market price, whatever the price paid for them may be.

Proper depreciations or reserves should be made in the Balance Sheet in the cases of Plant, Fixtures, Office Furniture, Buildings, Leaseholds, Patents, &c., &c. Rent, Rates, Taxes, Insurances, &c., should be apportioned to the date of the Balance Sheet, whether paid or owing. Income tax should be provided for. The partnership deed, or articles of association, should be read over by the auditor, to see that the Balance Sheet is in accordance therewith.

The auditor should give very careful attention to the Gold and Stones Accounts, in order to satisfy himself as to how far it will be necessary for him to check the entries of these accounts. In some cases it may be desirable for the auditor and his clerks to attend at the manufacturer's warehouse, and personally check the weighing of the gold and gems on the last day of the financial year. The auditor should also give special attention to the Stock Book, in order to satisfy himself (at any rate in regard to high-price goods) that the articles are properly accounted for in the Sales Books, or that they are in stock. He should also look specially to all invoices inwards for gold and gems, and to refiners' credit notes for sweep, lemel, &c. This examination should enable the gold and gems to be traced to their proper destination, and, further, should show that sweep, lemel, &c., proceeds are properly credited in the firm's books.

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