

SECRET

331.3

CPO BALANCE SHEET

Binder #1

1 JAN 50 . . . thru . . . 31 Dec

G-4 Adm File

SECRET

*File  
m B*

G-4 ROUTING	
A C/S G-4	_____
DA C/S G-4	_____
EXECUTIVE	_____
P + O	_____
C + RE	_____
SUPPLY	_____
ADMIN	<i>m B</i>

*331.3  
CPO Balance Sheet*

Mr. Guynes 26-6786

Transmittal of Balance Sheet

COM G-4

13 Dec 51

- 2
1. The statement of operations for the month of October and the balance sheet as at 31 October 1951 are forwarded herewith.
  2. Commencing 1 December a revision of the accounting procedures has been effected which are expected to have progressed sufficiently to permit the certification of the accounts as at 31 December 1951.

3. Attention is called to the following matters that have been discussed but on which no action has been taken:

a. As at 31 October the balance sheet shows approximately \$75,000.00 on deposit in New York. With United States banking facilities in Tokyo it is considered unnecessary to carry deposits in the States since these local banks can extend the same service.

b. It is obvious that the intent of the Operating Instructions was to conduct the operations of CPO on a non-profit basis. In view of the large profits accruing during the past year (which reached the sum of \$95,000.00 for the month of October), it is considered that the intent of the Operating Instructions is not being carried out.

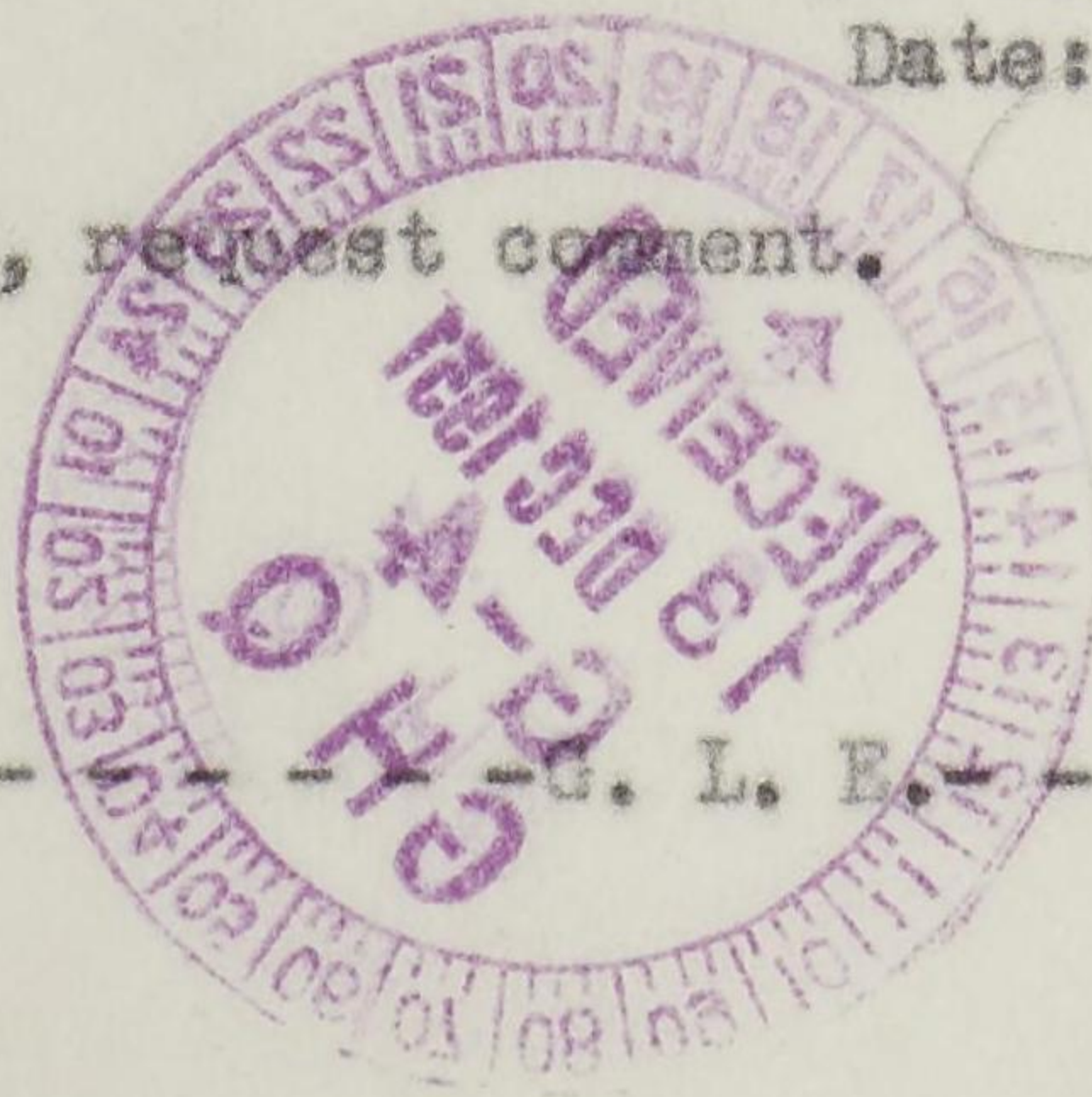
c. The fact that the major increase in the volume of business has been due to the Korean war makes it necessary that all purchase commitments be carefully screened and definite delivery dates be set. Long term commitments and indefinite delivery dates could result in a major loss in the event local conditions returned to a normal basis.

1 Incl  
n/c

From: G4 To: CPO -L. L. W. Lt Col Schneider 26-6456  
Date: 15 DEC 1951

3 With reference to preceding C/N 2, request comment.

1 Incl  
n/c



*HKB  
23616  
E  
m B*

GL File

Mr. Guyver 26-6786

Transmittal of Balance Sheet

13 Dec 51

ROUTING	
_____	A C S G-4
_____	DA C S G-4
_____	EXECUTIVE
_____	P + O
_____	C + R E
_____	S U P P L Y
_____	COM

1. The statement of operations for the month of October and the balance sheet as at 31 October 1951 are forwarded herewith.

2. Commencing 1 December a revision of the accounting procedures has been effected which are expected to have progressed sufficiently to permit the certification of the accounts as at 31 December 1951.

3. Attention is called to the following matters that have been discussed but on which no action has been taken:

a. As at 31 October the balance sheet shows approximately \$75,000.00 on deposit in New York. With United States banking facilities in Tokyo it is considered unnecessary to carry deposits in the States since these local banks can extend the same service.

b. It is obvious that the intent of the Operating Instructions was to conduct the operations of GPO on a non-profit basis. In view of the large profits accruing during the past year (which reached the sum of \$25,000.00 for the month of October), it is considered that the intent of the Operating Instructions is not being carried out.

c. The fact that the major increase in the business has been due to the Korean war makes it necessary to make commitments be carefully screened and definite delivery dates could result in the event local conditions returned to a normal basis.

1 Incl  
n/c

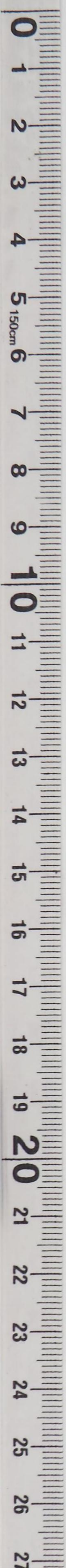
From: GPO  
To: GPO  
Date: 12 DEC 1951



1 Incl  
n/c

CP 1179

Handwritten notes: H, W, P, N, O



Memo for Record:

GD/E OBS/MSG/JHFB/bc 15 Dec 51

Subject: Transmittal of Bal Sheet

1. CPO in C/N 1 to G4 thru COMPT, 30 Nov 51, fwded CPO Bal Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus as of 31 Oct 51.

2. COMPT in C/N 2, 13 Dec 51, indicated that the profits earned by CPO are excessive. C/N 2 further indicated that the major increase in the volume of CPO's business is due to the Korean war which makes it nec that all purchase commitments be carefully screened and definite delivery dates be set, because long term commitments and indefinite delivery dates could result in a major loss in the event local conditions returned to a normal basis.

3. Inst C/N 3 is self-explanatory.

4. Coordination is unnecessary.

5. G4 action complete on JN 23616. 6. History: No.

OBS GD 26-6045 MSG MSA 26-6055 JHFB B 26-6044 (Div Chief)

CROSS REFERENCE OTHER THAN RADIO 331.3 CPO

FROM: Chief, CPO

DATE: 5 DEC 51

TO: G-1 thru G-4

SUBJECT: Procurement of Non-Communist Merchandise- Mark- Up

DOCUMENT IN: 400.12

JO. NO. 23070 DIV EXEC

*ML*

331.3  
Balance Sheet

9 Nov 51

Close Out M/R:

Subj: Transmittal of Balance Sheet

1. CPO in C/N 1 to G-4 thru Comp, dtd 25 Oct 51, forwarded CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus as of 30 Sept 51.

2. Comp in C/N 2 dtd 2 Nov 51, indicated that the net profit representing approx 45% of the gross profit earned by CPO is excessive.

3. G-4 in C/N 3, dtd 5 Nov 51, requested comment from CPO concerning the statement made by the Comp.

4. CPO in C/N 4, dtd 8 Nov 51, indicated that the present CPO authorized 4% mark-up should continue in effect until surplus and reserves have reached the authorized capital.

5. G-4 action complete on JN 21368.

OBS as 26-6456    MSG \_\_\_\_\_ 26-6055    ADS ms 26-6043  
Div Chief

*ms*

*ms*

G-4 File

G-4 ROUTING	
A C S G-4	<input checked="" type="checkbox"/>
DA C S G-4	<input checked="" type="checkbox"/>
EXECUTIVE	<input type="checkbox"/>
P T O	<input type="checkbox"/>
C T R E	<input checked="" type="checkbox"/>
S U P P L Y	<input type="checkbox"/>
A D M I N	<input type="checkbox"/>



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T

ⓔ  
21368  
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531.2  
Balance Sheet

9 Nov 51

Close Out M/R:

Subj: Transmittal of Balance Sheet

1. CPO in C/N 1 to G-4 thru Comp, dtd 25 Oct 51, forwarded CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus as of 30 Sept 51.

2. Comp in C/N 2 dtd 2 Nov 51, indicated that the net profit representing approx 4% of the gross profit earned by CPO is excessive.

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4. CPO in C/N 4, dtd 8 Nov 51, indicated that the present CPO authorized 4% mark-up should continue in effect until surplus and reserves have reached the authorized capital.

5. G-4 action complete on 11 21 51.

ORSA 26-6756 MSG 26-6052  
Div Chief

G-4 File

ADMIN	
SUPPLY	
CTRE	
P+O	
EXECUTIVE	
DA C-64	
A C-64	
G-4 ROUTING	



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533B

GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Lt Col Schneider  
26-6456

(Do not remove from attached sheets)

File No:

Subject: Transmittal of Balance Sheet

Note  
No.

From: G-4

To: CPO

Date: 5 Nov 51

3

With reference to par 1 preceding C/N 2, request comment.

1 Incl  
n/c

*any for*  
G. L. B. 20984  
A. Millet 67-1644

4

From: CPO

To: G-4

Date: 8 Nov 1951

1. Total CPO expenses for the past three months have averaged \$50,000 monthly. Recent upward revision of DAC salaries averages 10% of the General Schedule as of 1 July 1951, or approximately \$2,500 per month. Adjustments are retroactive to 1 July 1951. This will amount to about \$15,000 to be paid out in December.

2. Distressed inventories which have been carried on CPO records for as many as five years will be revalued and written off, or disposed of at a fraction of their book value between now and the end of the fiscal year, 31 December 1951.

3. It is anticipated that the volume of sales for November and December will be considerably lower than the monthly average, and that a 3% mark-up will not be sufficient to cover operating expenses for this period and the first quarter in 1952. The 4% mark-up has been uniformly applied for the purpose of building up our surplus and reserves to the authorized capital of \$3,500,000. This enabled CPO to increase its surplus and reserve to within \$39,191.16 of its authorized capital as of 30 September 1951.

4. On 5 October 1951, G-4 approval was secured raising the capitalization to \$4,000,000 and also granting CPO authority to negotiate a \$500,000 short term loan in order to relieve the acutely short cash position of CPO.

5. For reasons listed above, it is not deemed proper at this time to consider downward revision of the present CPO authorized mark-up.

1 Incl n/c

*A. H. N.*

A. H. N.



GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Lt Col Schneider  
56-6436

(Do not remove from attached sheets)

Subject: Financial of Balance Sheet

File No:

Date: 8 Nov 51

To: GPO

From: G-4

Note No.

3

With reference to par 1 preceding G/M S, request contains:

1 Incl  
w/c

Date: 8 Nov 1951  
To: G-4

From: GPO

1. Total GPO expenses for the past three months have averaged \$50,000 monthly. Recent upward revision of DMC salaries averages 10% of the General Schedule as of 1 July 1951, or approximately \$2,500 per month. Adjustments are retroactive to 1 July 1951. This will amount to about \$15,000 to be paid out in December.

2. Disposed inventories which have been carried on GPO records for as many as five years will be revealed and written off, or disposed of at expiration of their book value between now and the end of the fiscal year, 31 December 1951.

3. It is anticipated that the volume of sales for November and December will be considerably lower than the monthly average, and that a 2% mark-up will not be sufficient to cover operating expenses for this period and the first quarter in 1952. The 2% mark-up has been uniformly applied for the purpose of building up our surplus and reserves to the authorized capital of \$2,500,000. The enabled GPO to increase its surplus and reserve to within \$2,151,161 of the authorized capital as of 30 September 1951.

On 5 October 1951, G-4 approval was secured retaining the capitalization to \$2,500,000 and granting GPO authority to negotiate a \$500,000 short-term loan in order to relieve the current short cash of GPO.

Items listed above, it is not deemed appropriate to report to the President's Commission on the operations of the GPO.

DISPATCHED  
G-4  
5 NOV 1951  
GPO

GPO  
NOV 1951  
GPO

RECEIVED  
9 NOV 1951  
G-4  
GPO

4

From: CPO

To: G-4

A. Millet 67-1644  
Date: 8 Nov 1951

1. Total CPO expenses for the past three months have averaged \$50,000 monthly. Recent upward revision of DAC salaries averages 10% of the General Schedule as of 1 July 1951, or approximately \$2,500 per month. Adjustments are retroactive to 1 July 1951. This will amount to about \$15,000 to be paid out in December.

2. Distressed inventories which have been carried on CPO records for as many as five years will be revalued and written off, or disposed of at a fraction of their book value between now and the end of the fiscal year, 31 December 1951.

3. It is anticipated that the volume of sales for November and December will be considerably lower than the monthly average, and that a 3% mark-up will not be sufficient to cover operating expenses for this period and the first quarter in 1952. The 4% mark-up has been uniformly applied for the purpose of building up our surplus and reserves to the authorized capital of \$3,500,000. This enabled CPO to increase its surplus and reserve to within \$39,191.16 of its authorized capital as of 30 September 1951.

4. On 5 October 1951, G-4 approval was secured raising the capitalization to \$4,000,000 and also granting CPO authority to negotiate a \$500,000 short term loan in order to relieve the acutely short cash position of CPO.

5. For reasons listed above, it is not deemed proper at this time to consider downward revision of the present CPO authorized mark-up.

1 Incl n/c

-----A. H. N.-----

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A. Miller 67-1644

Date: 8 Nov 1951

To: G-4

From: CPO

1. Total CPO expenses for the past three months have averaged \$50,000 monthly. Recent upward revision of DAC salaries averages 10% of the General Schedule as of 1 July 1951, or approximately \$2,500 per month. Adjustments are retroactive to 1 July 1951. This will amount to about \$15,000 to be paid out in December.

2. Distressed inventories which have been carried on CPO records for as many as five years will be reviewed and written off, or disposed of at a fraction of their book value between now and the end of the fiscal year, 31 December 1951.

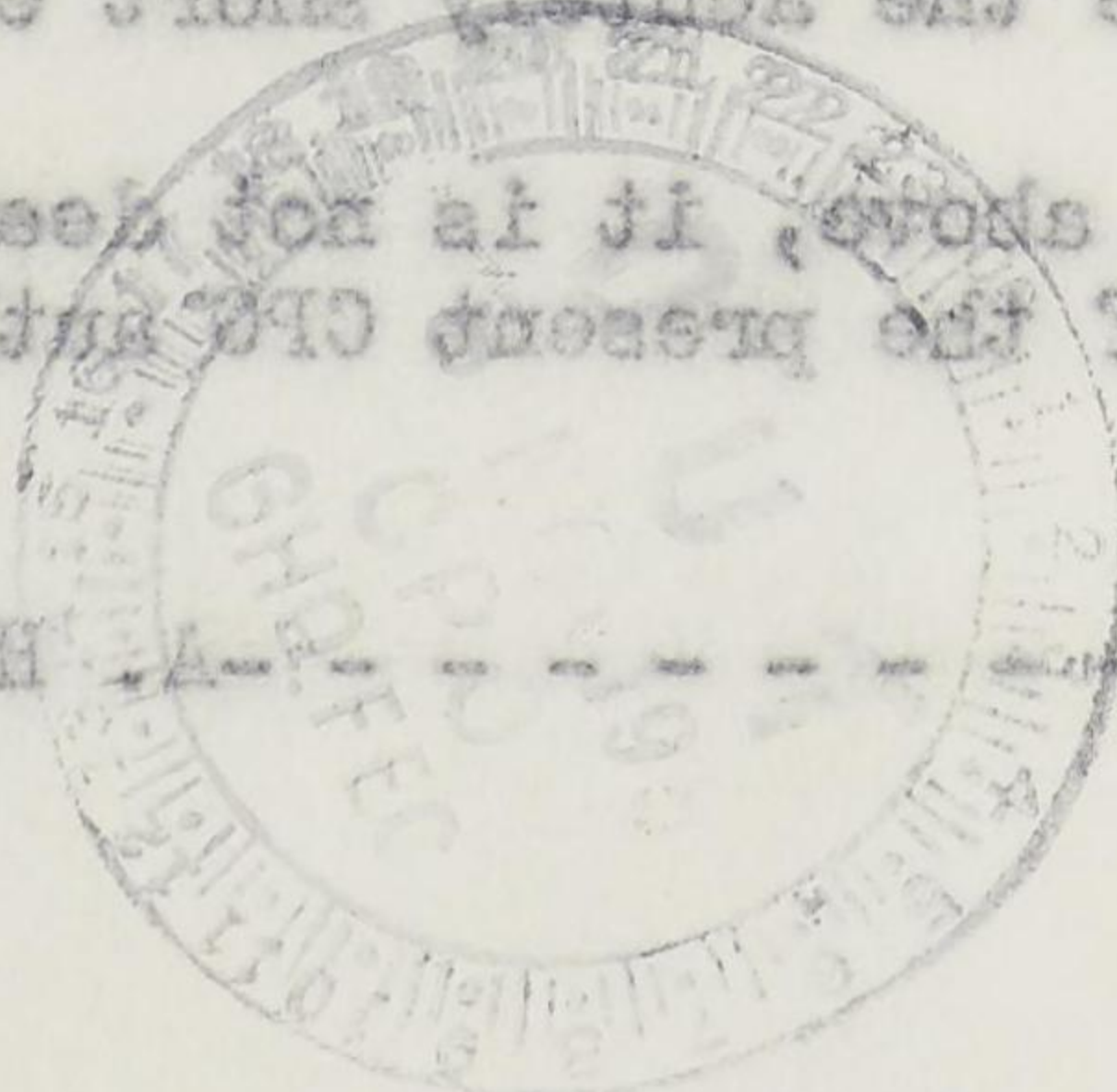
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5. For reasons listed above, it is not deemed proper at this time to consider downward revision of the present CPO authorized mark-up.

1 Incl r/c

----- A. H. N. -----



533B

**GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET**

(Do not remove from attached sheets) A. Millet  
67-1644

File No: AG (25 Oct 51)CPO Subject: Transmittal of Balance Sheet

Note No. From: CPO To: G-4 Date: 25 Oct 1951  
Thru: COM

1 Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C) and Analysis of Surplus (Exhibit III), as of 30 September 1951.

2. The following items of interest are reflected in the September Financial Statement:

- a. Sales amounted to \$2,483,572.16, an increase of \$526,820.71 over previous month, and second highest sales figure in CPO's history.
- b. A net gain of \$45,774.23 was realized in September 1951.
- c. Surplus and reserves are \$39,191.16 short of authorized capital of \$3,500,000.00 as of 30 September 1951.

1 Incl  
Balance Sheet  
w/ supporting schedules

*A. H. N.*

-----A. H. N.-----

Mr. Guynes 26-6786  
Date: 2 Nov 1951

From: COM To: G-4

2 1. The attached statements have been reviewed in the light of compliance with the current operating directive. While the percentage of markup, currently approved, of 4% has been substantially maintained according to the figures presented as representing the "cost of goods sold" the net profit representing approximately 45% of the gross profit is far greater than permitted by the OI which practically limits the gross profit to an amount sufficient to pay the operating expenses. This would indicate a substantial reduction in the markup percentage if the figures presented as representing the "cost of goods sold" could be relied upon.

2. Staff Auditors from this Division are currently assigned to CPO as advisors in order to make certain changes in the accounting procedures which will place the accounts in condition for certification by 31 December 1951.

1 Incl  
n/c

-----L. L. W.-----

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 CHECK SHEET

(Do not remove from attached sheets)  
 A. Miller  
 67-1644

File No: AG (25 Oct 51) CPO Subject: Transmittal of Balance Sheet

Note No. 1  
 From: CPO  
 To: G-4  
 Thrn: COM  
 Date: 25 Oct 1951

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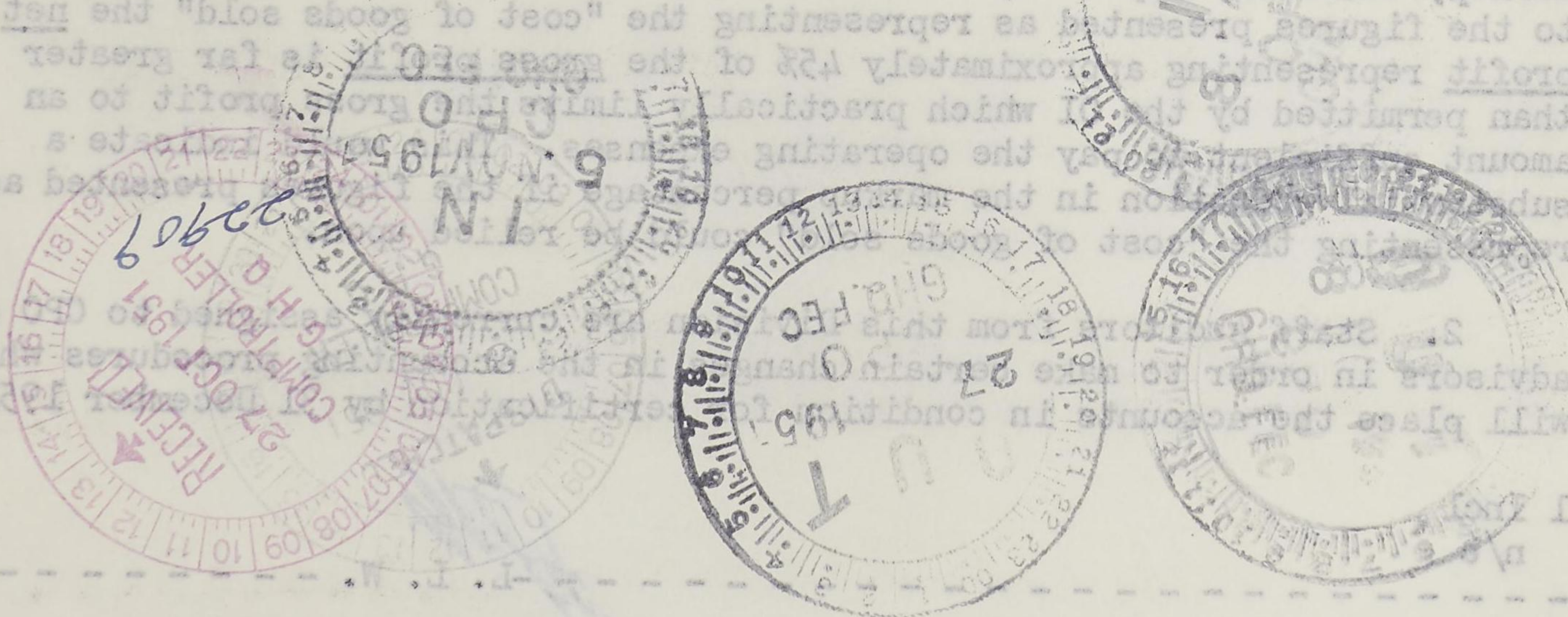
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- b. A net gain of \$45,774.23 was realized in September 1951.
- c. Surplus and reserves are \$39,191.16 short of authorized capital of \$3,500,000.00 as of 30 September 1951.

1 Incl  
 Balance Sheet  
 W/ supporting schedules

*Handwritten initials*

From: COM  
 To: G-4  
 Date: 2 Nov 1951  
 Mr. Guynes 26-6786

1. The attached statements have been reviewed in the light of compliance with the current operating directive. While the percentage of markup, currently approved, of 4% has been substantially maintained according to the figure presented as representing the "cost of goods sold" the net profit representing approximately 45% of the gross profit is far greater than permitted by the operating directive which practically limits net profit to an amount which represents approximately 25% of the gross profit. It is noted that the amount of surplus in the operating account is presented as \$39,191.16 which represents the net profit less the cost of goods sold. It is noted that the net profit is presented as \$179,191.16. The net profit is presented as \$179,191.16. The net profit is presented as \$179,191.16.



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Balance Sheet  
30 September 1951

EXHIBIT I

ASSETS

Current Assets

Cash in Banks

Chase National Bank, Tokyo Dollar A/C	\$ 250,920.40	
* Chase National Bank, Tokyo Yen A/C	(333,108.58)	
Chase National Bank, Tokyo Payroll A/C	16,486.03	
National City Bank of N.Y. Hongkong A/C	8,297.31	
National City Bank of N.Y. Dollar A/C	12,279.93	
Hongkong & Shanghai Bank - Sterling A/C	<u>69,704.89</u>	\$ 24,579.98

Change Fund

280.00

Petty Cash Fund

100.00

380.00

Funds with Agents, Hongkong

Cash in Bank

6,733.42

Cash in Transit

51,913.17

58,646.59

Chase National Bank, Allied National Bond A/C

500.00

Less: Allied National Bond Recovery

300.00

200.00

Pan-American Courtesy Card Deposit

425.00

Accounts Receivable - Dollars

2,914,873.24

Less: Reserve for Bad Debts

1,162.54

2,913,710.70

Other Receivables - Dollars, Regular

15,829.44

\*\* Accounts Receivable, Bangkok

26,629.20

\*\* Accounts Receivable, Vendors Dollars

187,862.58

\*\* Accounts Receivable, India

55,037.59

269,529.37

Accounts Receivable - Dollars Miscellaneous

Philcom Freight & Insurance A/C

17,180.89

Marbo Freight & Insurance A/C

3,125.86

Navy Insurance A/C

545.47

U.S. Navy Insurance A/C Sangley Pt., FPO 963

692.13

21,544.35

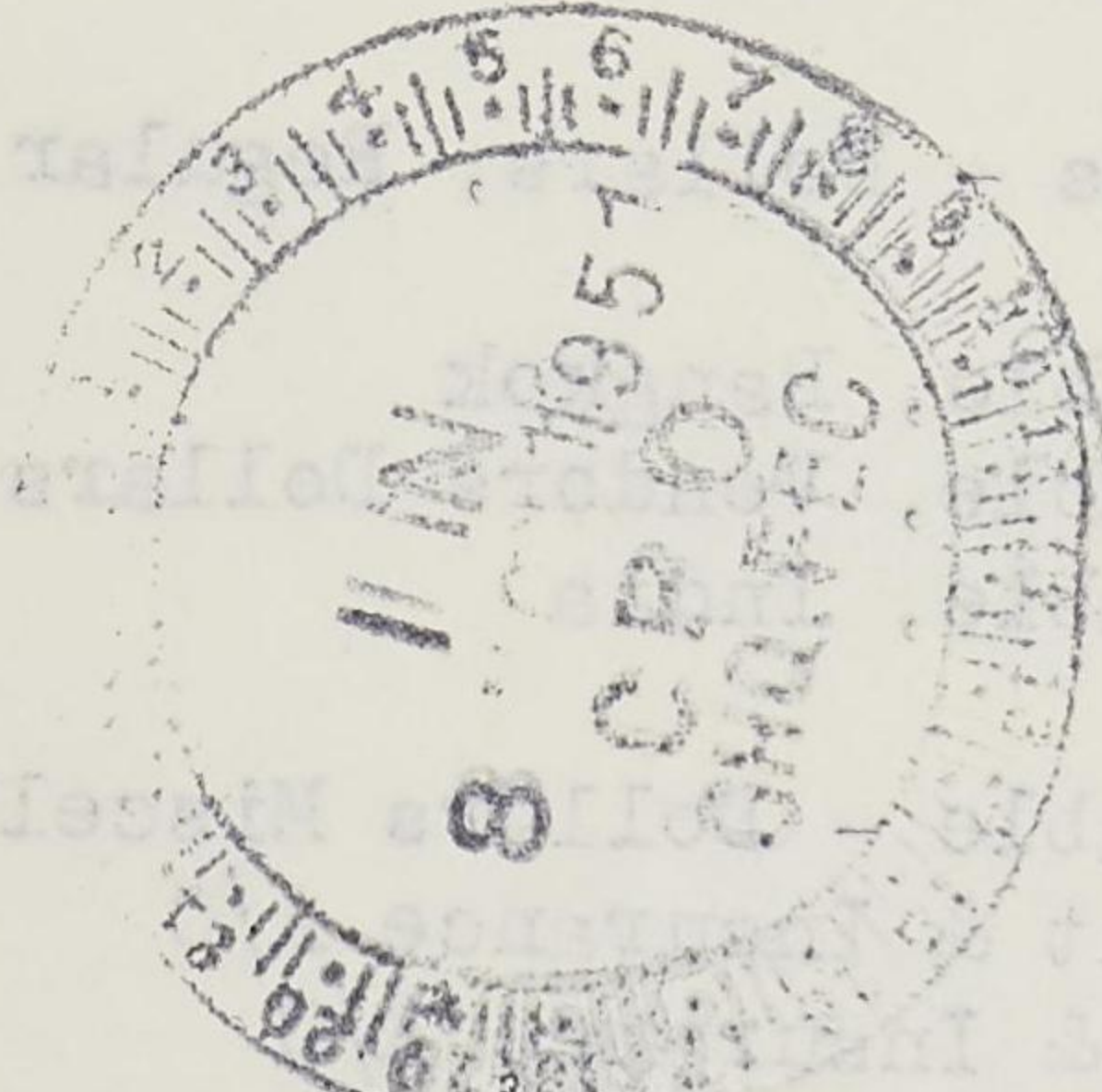
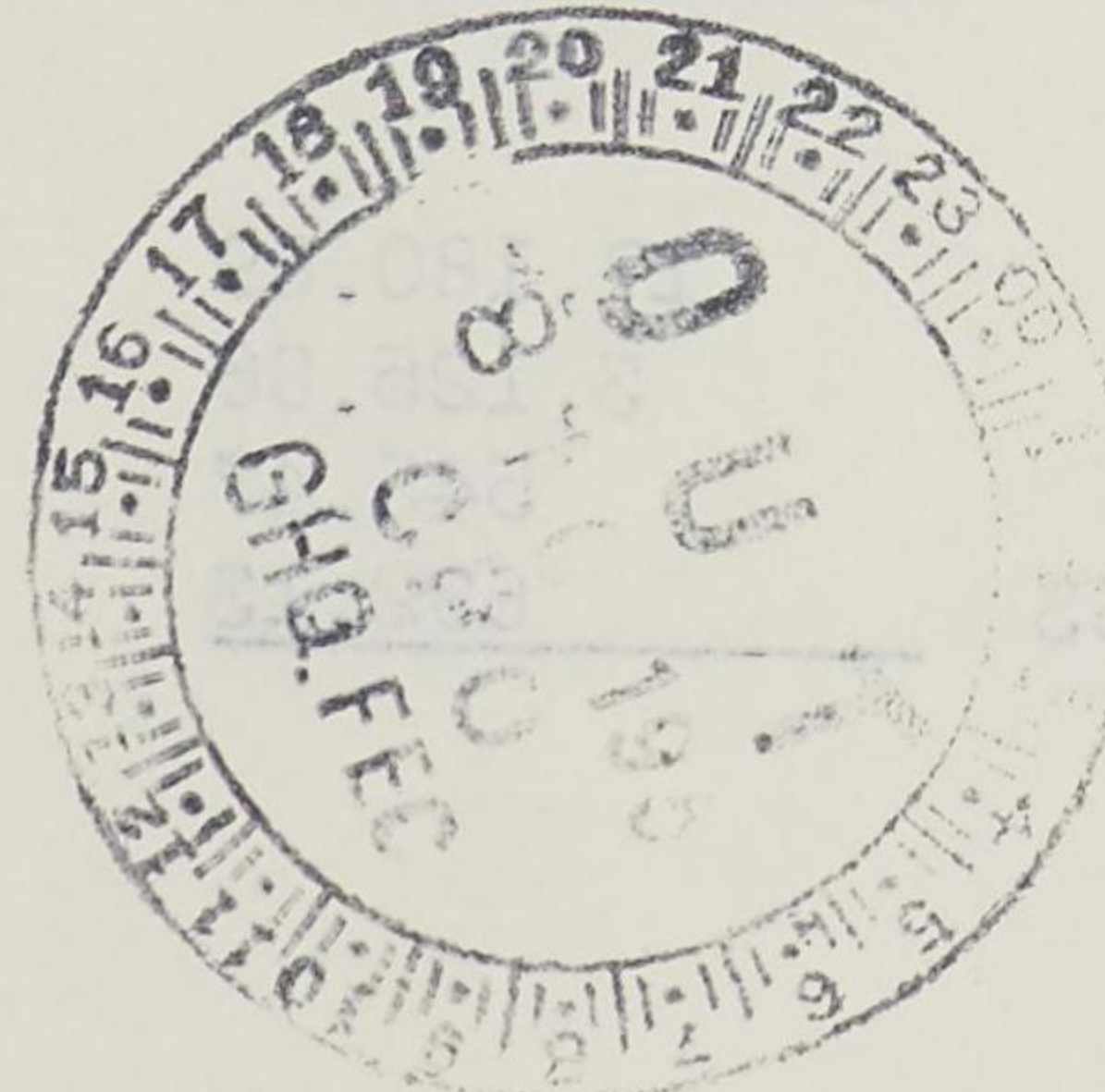
GENERAL HEADQUARTERS  
THE EAST COMMAND  
Central Purchasing Office  
APO 800

Balance Sheet  
30 September 1951

EXHIBIT 1

ASSETS

Current Assets	
Cash in Banks	
Chase National Bank, Tokyo Dollar A/C	\$ 280,320.40
Chase National Bank, Tokyo Yen A/C	(332,108.88)
Chase National Bank, Tokyo Dollar A/C	15,488.05
National City Bank of N.Y. Hongkong A/C	8,287.31
National City Bank of N.Y. Dollar A/C	12,279.98
Hongkong & Shanghai Bank - Sterling A/C	88,704.88
<b>Total</b>	<b>\$ 24,579.98</b>
Exchange Fund	
Petty Cash Fund	380.00
<b>Total</b>	<b>380.00</b>
Funds with Agents, Hongkong	
Cash in Bank	8,732.42
Cash in Transit	81,218.14
<b>Total</b>	<b>89,950.56</b>
Chase National Bank, Allied National Bond A/C	
Bond: Allied National Bond Recovery	500.00
<b>Total</b>	<b>500.00</b>
Pan-American Courtesy Card Deposit	
Accounts Receivable - Dollars	2,314,878.24
Less: Reserve for Bad Debts	(1,185.24)
<b>Total</b>	<b>2,313,693.00</b>
Other Receivables	
Accounts Receivable	28,639.30
Accounts Receivable	187,882.38
Accounts Receivable	25,327.38
<b>Total</b>	<b>241,849.06</b>



Inventories			
Merchandise Regular	\$ 1,309,301.58		
Manufacturing Stock	17,215.03		
Show Room	19,239.82		
Sales Room	<u>34,280.35</u>	\$ 1,380,036.78	
Other Receivables, Merchandise Out for Repair			12,972.08
Other Inventories			
Precious Metals	1,189.46		
Textile Samples	663.93		
Production Material	2,978.46		
Goods in Process, Silk and Precious Metals	<u>3,171.87</u>		8,003.72
Other Assets			
Office Equipment, Tokyo	24,428.03		
Office Equipment, Tokyo Reserve for Depreciation	<u>24,428.03</u>		Ø
Office Equipment, Hongkong	1,492.42		
Office Equipment, Hongkong, Reserve for Depreciation	<u>1,492.42</u>		Ø
Automotive Equipment	600.00		
Automotive Equipment Reserve for Depreciation	<u>600.00</u>		Ø
Total Assets		<u>\$ 4,705,858.01</u>	

LIABILITIES

Current Liabilities			
Accounts Payable			
Vendors Yen	18.62		
Vendors Dollars - Yen	770,980.70		
Deposit Orders	3,849.86		
Vendors Dollars, Hongkong	<u>345,242.00</u>	1,120,091.18	
Accounts Payable - Dollars Miscellaneous			
Rycom Freight and Insurance A/C	3,380.97		
U.S. Navy Insurance A/C Guam, FPO 943	464.73		
U.S. Navy Insurance A/C Sasebo, FPO 3912	1,711.68		
U.S. Navy Insurance A/C Guam, FPO 926	2,963.46		
U.S. Navy Insurance A/C Subic Bay, FPO 3002	217.62		
U.S. Navy Insurance A/C Kwajalein, FPO 824	<u>620.41</u>	9,358.87	
Accounts Payable - Others			13,921.51





Accrued Liabilities

Accrued Payroll	\$ 15,774.31	
Accrued Per Diem	300.00	
Accrued Income Tax Payable, Regular	9,301.70	
Accrued Income Tax Payable, Direct Hire	1,817.09	
Accrued F.I.C.A. Tax Payable, Regular	1,412.06	
Accrued F.I.C.A. Tax Payable, Direct Hire	335.32	
Accrued Quarters Deduction	18.34	
Accrued Annual Leave Payable	32,500.00	
Accrued Discount Payable	<u>2,218.79</u>	\$ 63,677.61

Contingent Liability

Accrued Return Travel Expense to U. S.		<u>38,000.00</u>	\$ <u>101,677.61</u>
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Total Liabilities

\$ 1,245,049.17

Net Worth

Surplus, 31 August 1951	2,915,034.61	
Add: Gain for the period, Sept. 1951	<u>45,774.23</u>	2,960,808.84

Reserve for Liquidation		<u>500,000.00</u>	<u>3,460,808.84</u>
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Total Liabilities and Net Worth

\$ 4,705,858.01

\* This is a book overdraft only. Numerous Yen Checks were drawn in September period and entered in the September cash book. However, they were withheld and not released until October period.

\*\* Debit balances in Accounts Payable.

I certify, to the best of my knowledge and belief, that this is a true statement of Central Purchasing Office Fiscal Accounts as of 30 September 1951.

REVIEWED BY:

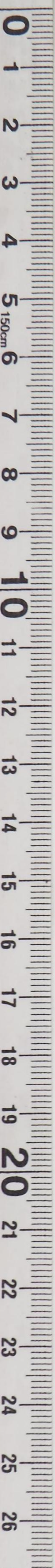
*Edwin M. Mendenhall*  
 EDWIN M. MENDENHALL  
 Deputy Chief  
 Fiscal Division

*L. S. Eberlein*  
 L. S. EBERLEIN  
 Actg. Chief, Accts.  
 and Statistics Br.  
 Fiscal Division

*A. Millet*  
 A. MILLET  
 Chief, Fiscal Division

APPROVED BY:

*A. H. Nordstrom*  
 A. H. NORDSTROM  
 Colonel, Ord.  
 Chief, CPO



Total Liabilities	
Accrued Discount Payable	\$ 2,218.79
Accrued Annual Leave Payable	33,800.00
Accrued Quarterly Deduction	18.34
Accrued P.I.O.A. Tax Payable, Direct Hire	288.82
Accrued P.I.O.A. Tax Payable, Regular	1,418.08
Accrued Income Tax Payable, Direct Hire	1,817.09
Accrued Income Tax Payable, Regular	2,301.70
Accrued Per Diem	300.00
Accrued Payroll	15,774.31
Accrued Liabilities	\$ 43,677.61
Contingent Liability	
Accrued Return Travel Expenses to U.S.	38,000.00
Total Liabilities	\$ 81,677.61
Net Worth	
Surplus, 31 August 1951	2,915,074.61
Add: Gain for the period, Sept. 1951	45,774.28
Total Liabilities and Net Worth	\$ 3,000,000.00
Reserve for Liquidation	\$ 480,808.84

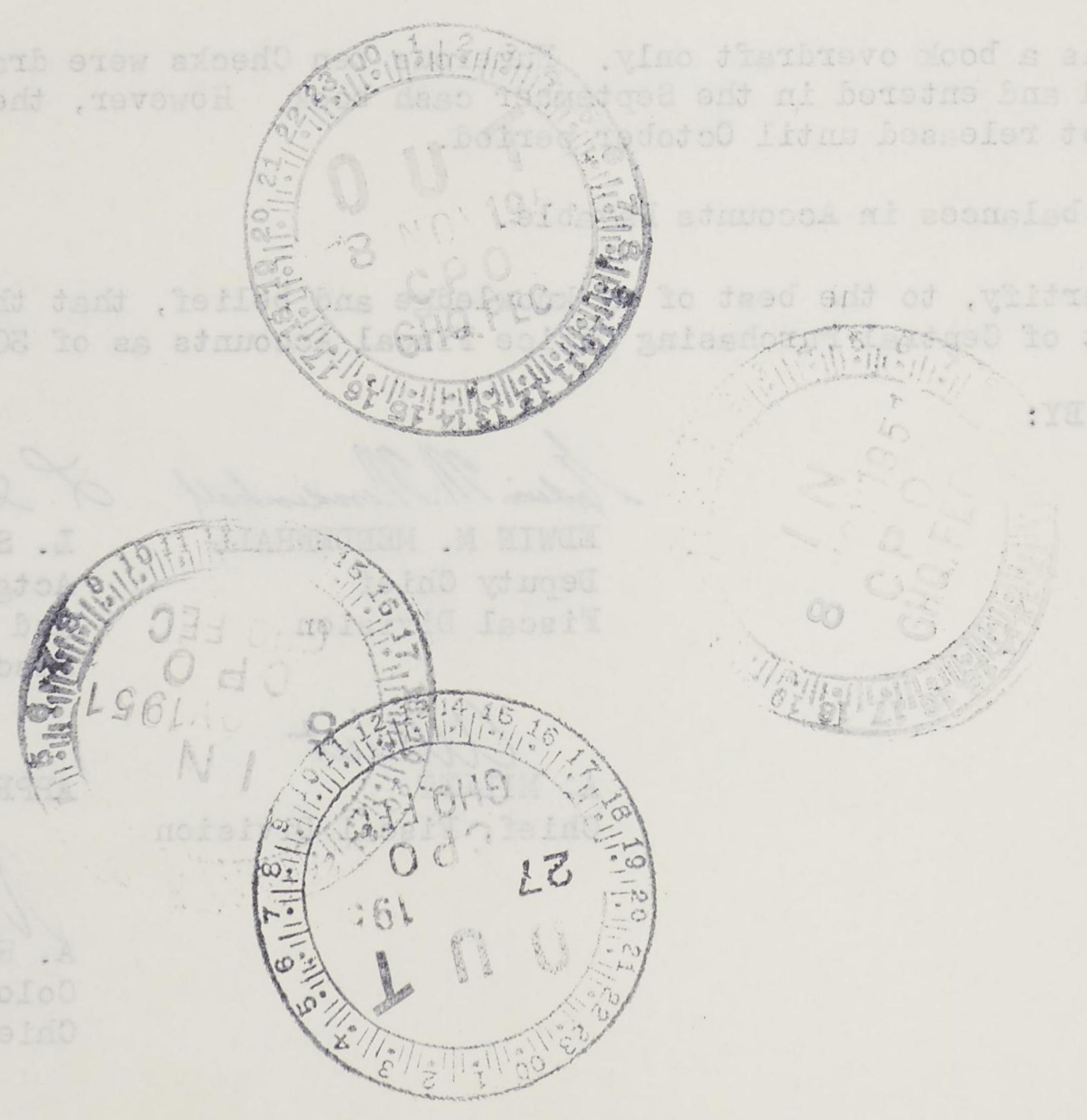
I certify, to the best of my knowledge and belief, that this is a true and correct statement of the financial condition of the Department of Defense as of 30 September 1951.

\*\* Debit balances in accounts receivable and other assets are not included in this statement and not released until October 1951.

\* This is a book overdraft only. Checks were drawn in September 1951 and entered in the Department of Defense accounts as of 30 September 1951. However, they were withheld.

REVIEWED BY: *[Signature]*  
A. S. HORDSTROM  
Colonel, Ord.  
Chief, GPO

REVIEWED BY: *[Signature]*  
Deputy Chief, Accts.  
Miscellaneous Division



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement  
Month of September 1951

EXHIBIT II

SALES

Exchange Systems	\$ 2,409,545.54	
Individuals & Clubs	61,182.02	
Japanese Vendors	ϕ	
Special Service Units	<u>19,712.39</u>	
	2,490,439.95	
Less Recoveries	<u>6,867.79</u>	\$ 2,483,572.16

COST OF SALES

Inventory, 30 August 1951	\$1,388,185.01		
Add: Purchases	2,363,707.13		
Freight & Insurance	12,827.16		
Mdse Inventory Transfers GIP	3,457.38		
Mdse Inventory Transfers - General	<u>319.10</u>	3,768,495.78	
Less: Inventory, 30 Sept. 1951	1,380,036.78		
Mdse. Inv. Adjustments	<u>2,318.95</u>	<u>1,382,355.73</u>	<u>2,386,140.05</u>
			97,432.11

OPERATING EXPENSES - Schedule A

47,429.43

OTHER EXPENSES - Schedule B

4,442.30

Total Expenses

51,871.73

OTHER INCOME - Schedule C

213.85

51,657.88

NET PROFIT

\$ 45,774.23

GENERAL HEADQUARTERS  
FOR EAST COMAND  
Central Purchasing Office  
APO 800

Profit and Loss Statement  
Month of September 1951

EXHIBIT II

SALES

Exchange Systems  
Individuals & Clubs  
Japanese Vendors  
Special Service Units

Loss Recoveries

COST OF SALES

Inventory, 30 August 1951

ADD: Purchases

Freight & Insurance

Misc Inventory Transfers

Misc Inventory

Less: Inventory

Misc Inv.

\$ 2,409,545.34  
61,162.03  
18,715.89  
2,490,423.26  
2,887.79  
\$ 2,493,535.47

\$1,388,182.01  
2,333,707.13  
12,327.16  
2,437.38

3,788,435.73

1,388,387.73  
2,388,141.08

11,438.11

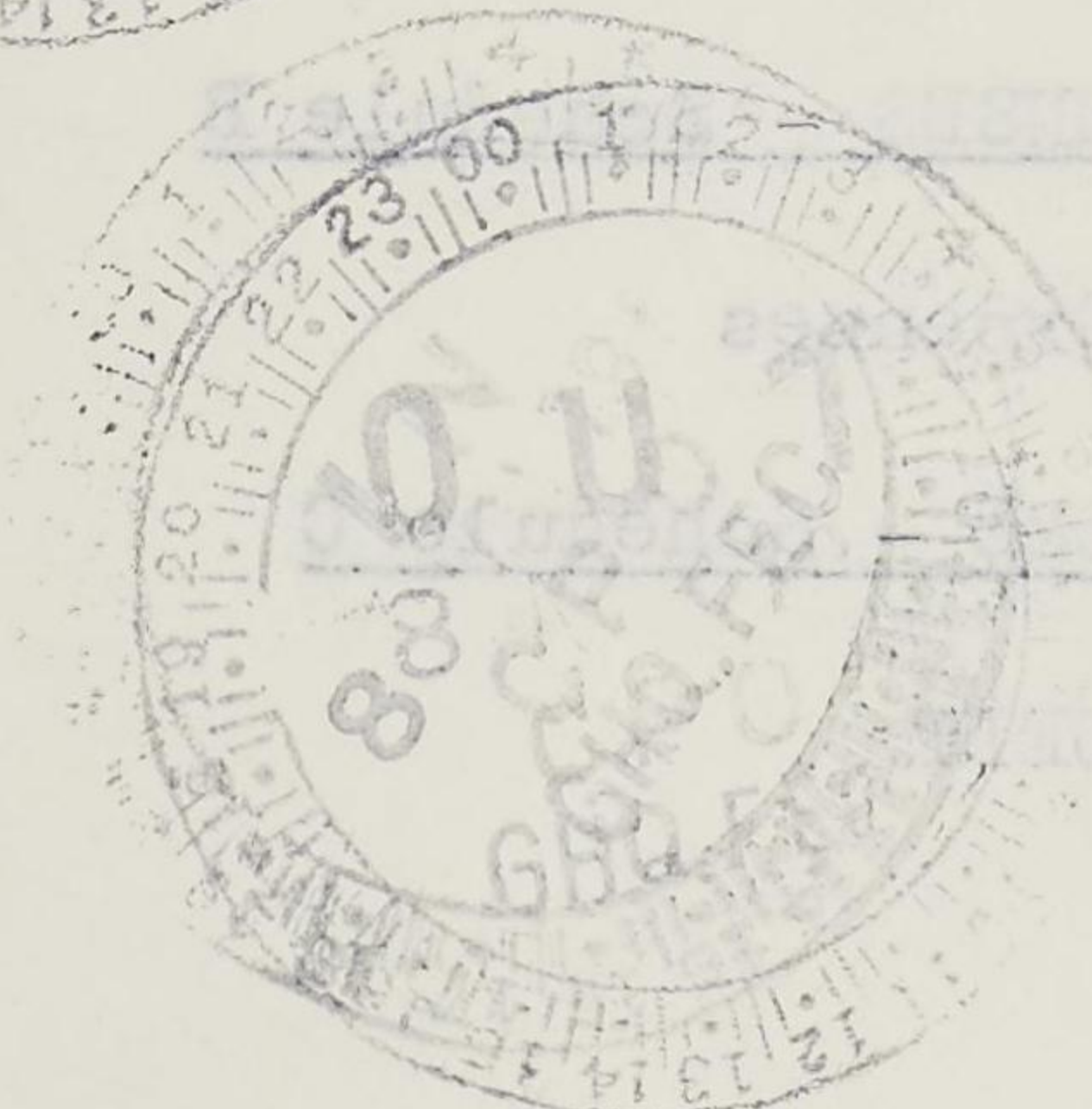
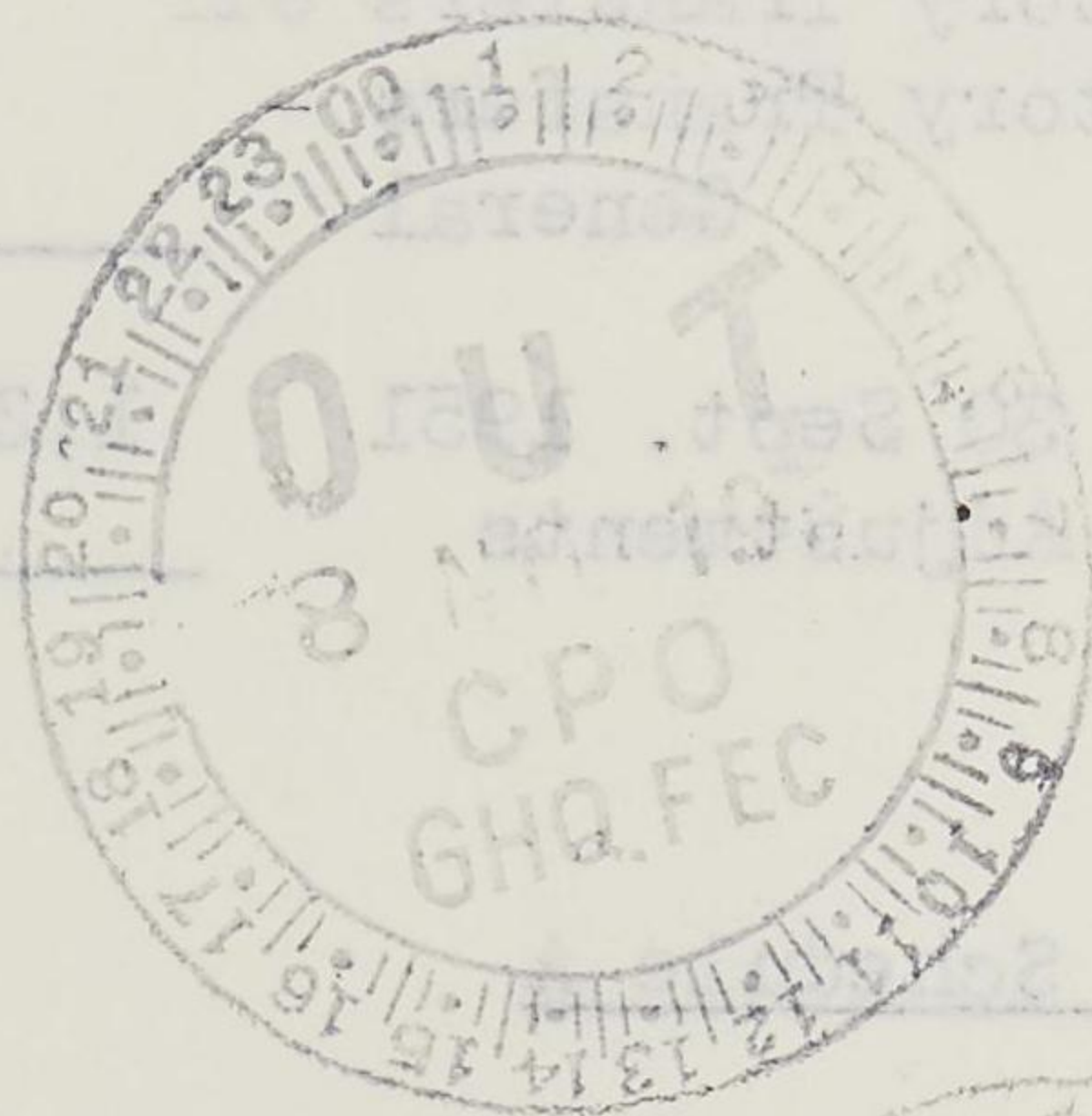
47,439.43

4,439.30

61,871.73

61,687.88

48,774.38



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule A  
Month of September 1951

SCHEDULE OF OPERATING EXPENSES

EXPENSES - TOKYO

Salaries, Tokyo Reg.	\$22,973.80	
Salaries, Direct Hire	3,934.45	
Salaries, Indigenous Hire	8,137.96	
Salaries, Kyoto Indigenous Hire	442.42	
Office Supplies	422.23	
Postage	164.66	
Printing and Forms	1,543.17	
Misc. Office Expense	7.38	
Telegrams and Cables	136.28	
Insurance Expense, Tokyo	1,354.39	
Insurance Expense, Recovered	(15.50)	
Freight Expense Other than Hongkong	7,001.45	
Freight Ins. Exp. other than HK, Recovered	(6,308.95)	
Depreciation Expense	122.74	
Mfg. Section Expense	51.28	
Mileage	8.42	
Gas and Oil Expense	771.38	
Auto Repairs	5.79	
Travel Expense	443.49	
Per Diem Expense	39.50	
Rental Allowance Expense	133.50	
Misc. Expense	212.89	
Exp. Personnel Returned to U.S.	118.45	
F.I.C.A. Tax Expense (Soc. Sec) Reg.	195.77	
F.I.C.A. Tax Expense (Soc. Sec) Direct Hire	48.89	
Health Ins. Exp. Tokyo, Ind. Hire	207.16	
Health Ins. Exp. Kyoto, Ind. Hire	13.67	
W.A. Ins. Exp. Tokyo, Ind. Hire	53.00	
W.A. Ins. Exp. Kyoto, Ind. Hire	3.33	
U.I. Ins. Exp. Tokyo, Ind. Hire	79.33	
U.I. Ins. Exp. Kyoto, Ind. Hire	4.59	
Charity Expense	3.75	42,310.67

EXPENSES- HONGKONG

Freight Expense	5,425.43
Freight Expense, Recovered	(7,010.40)
Ins. Exp. Hongkong Shipment	3,303.02
Salary Expense	1,326.48
Conversion	1,391.04
Misc.	28.78

GENERAL HEADQUARTERS  
THE EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule A  
Month of September 1951

SCHEDULE OF OPERATING EXPENSES

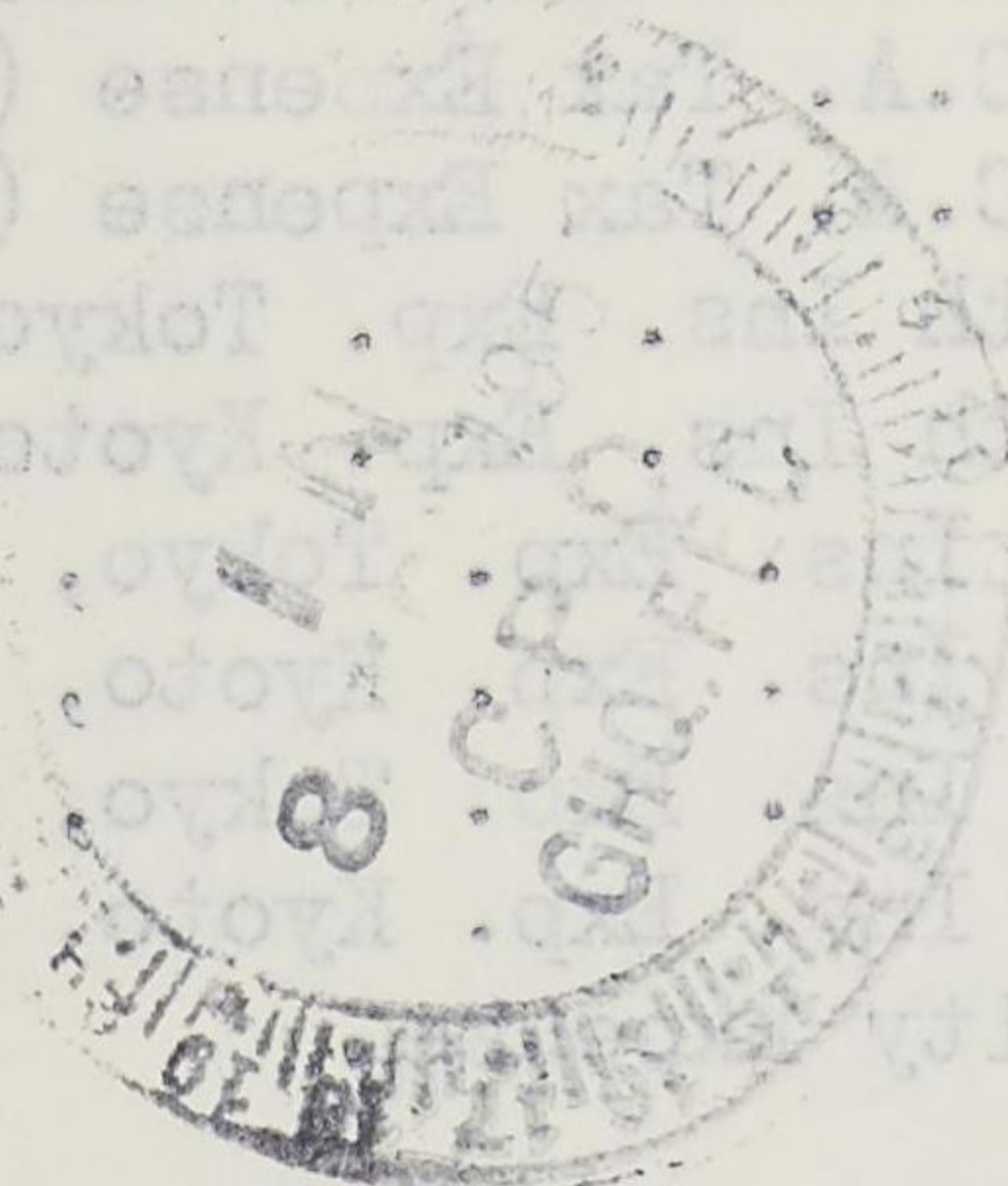
EXPENSES - TOKYO

\$22,973.80	Salaries, Tokyo Reg.
3,934.45	Salaries, Direct Hire
8,137.86	Salaries, Indigenous Hire
442.42	Salaries, Kyoto Indigenous Hire
422.23	Office Supplies
164.66	Postage
1,243.17	Printing and Forms
7.38	Misc. Office Expense
136.28	Telegrams and Cables
1,324.39	Insurance Expense, Tokyo
(15.50)	Insurance Expense, Recovered
7,001.45	Freight Expense Other than Hongkong
(6,308.95)	Freight Ins. Exp. other than HK, Recovered
122.74	Depreciation Expense
51.28	Mfy. Section Expense
8.42	Mileage
771.38	Gas and Oil Expense
5.79	Auto Repairs
443.49	Travel Expense
39.50	Per Diem Expense
133.50	Rental Allowance Expense
212.89	Misc. Expense
118.45	Exp. Personnel Returned to U.S.
195.77	F.I.C.A. Expense (Sec. Sec) Reg.
48.89	F.I.C.A. Expense (Sec. Sec) Direct Hire
207.16	Health Ins. Exp. Tokyo, Ind. Hire
13.67	Health Ins. Exp. Kyoto, Ind. Hire
53.00	W.A. Exp. Tokyo, Ind. Hire
3.33	W.A. Exp. Kyoto, Ind. Hire
79.33	U.I. Exp. Tokyo, Ind. Hire
4.59	U.I. Exp. Kyoto, Ind. Hire
3.75	Charity

42,310.67

EXPENSES - HONGKONG

2,455.43	Freight Expense
(7,010.40)	Freight Expense, Recovered
3,303.02	Ins. Exp. Hongkong Shipment
1,326.48	Salary Expense
1,391.04	Conversion
28.78	Misc.

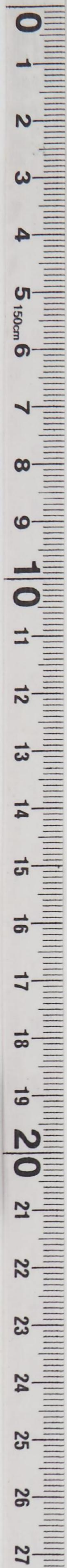


Office Expense Mis.	\$	41.12	
Forms and Printing		56.69	
Office Supplies		24.47	
Cable and Telegrams		56.72	
Pouch		45.87	
Postage		6.50	
Rent		113.04	
Per Diem Exp.		310.00	5,118.76
			<hr/>

\$ 47,429.43



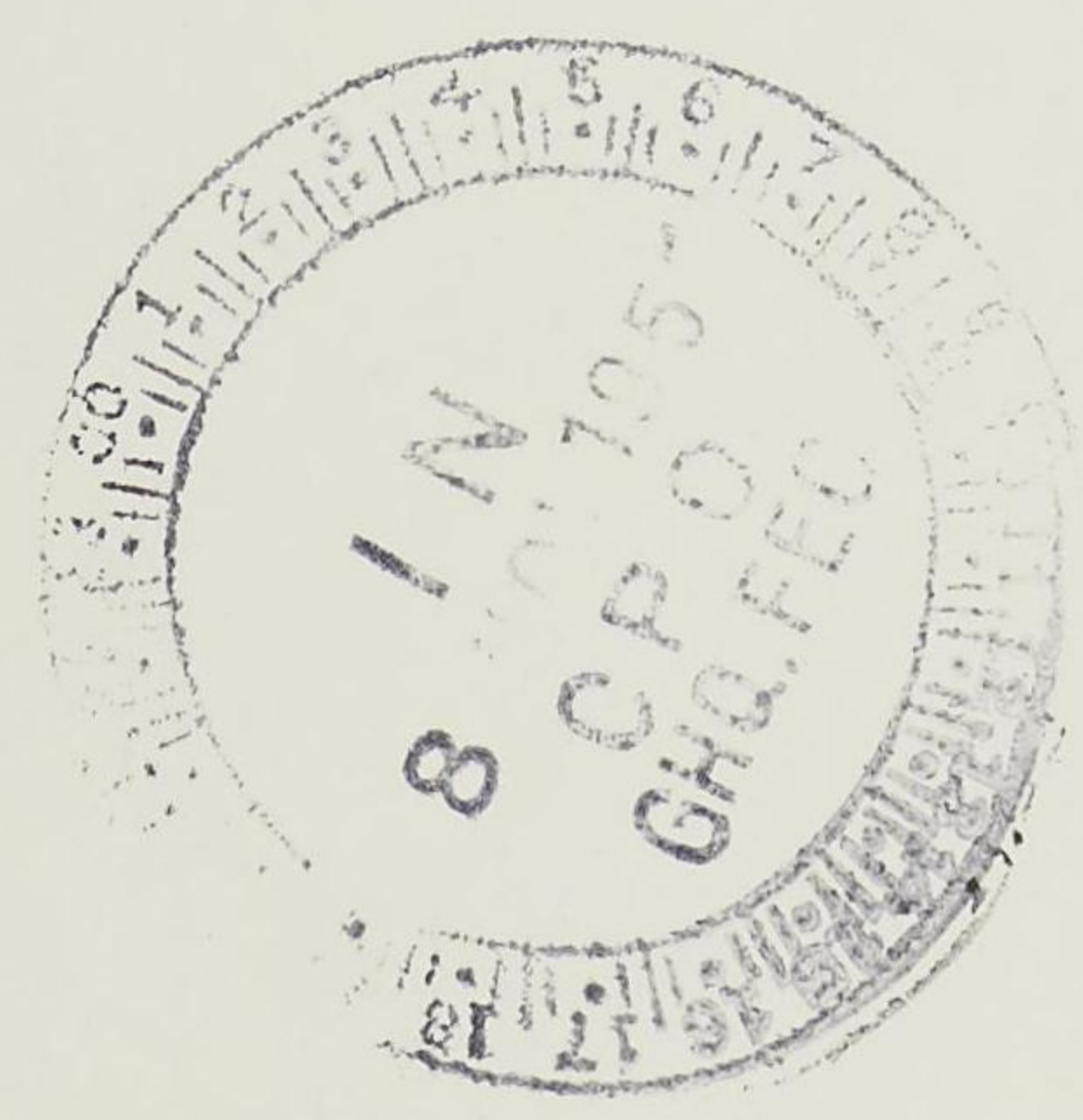




370.00  
113.04  
6.50  
45.87  
56.72  
24.47  
56.69  
41.12

517.13

Per Diem Exp.  
Rent  
Postage  
Pouch  
Cable and Telegrams  
Office Supplies  
Forms and Printing  
Office Expense Mts.



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule B  
Month of September 1951

\* SCHEDULE OF OTHER EXPENSES

Inventory Adjustment	\$ 2,838.67
Fiscal Pricing Loss	7.54
Conversion Loss	1,538.93
Miscellaneous, Over & Short, Write-offs	<u>57.16</u>
	<u>\$ 4,442.30</u>

\* Represents debit balances in Other Income Accounts.

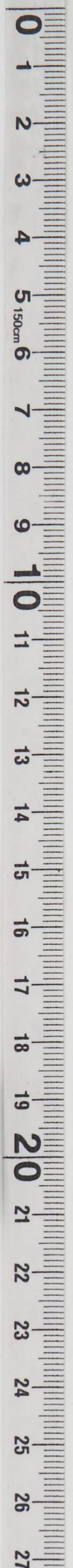
GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule C  
Month of September 1951

SCHEDULE OF OTHER INCOME

Procurement Pricing Gain	\$ <u>213.85</u>
	\$ <u>213.85</u>





GENERAL HEADQUARTERS  
THE EAST COAST  
Central Purchasing Office  
AFD 500

Profit and Loss Statement - Schedule C  
Month of September 1951

SCHEDULE OF OTHER INCOME

Procurement Pricing Gain

218.88

218.88



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Analysis of Surplus  
30 September 1951

EXHIBIT III

	Balance 31 August 1951	Adjustments Current Month	Balance 30 September 1951
Operating Income	\$1,285,423.62	\$ 50,002.68	\$ 1,335,426.30
Inventory Adjustments	292,275.00	(2,838.67)	289,436.33
Sale of Free Merchandise	382,457.33	Ø	382,457.33
Conversion Gains	334,446.67	(1,538.93)	332,907.74
Precious Metals Gains	48,216.87	Ø	48,216.87
★ Procurement Pricing Gains	318,345.95	213.85	318,559.80
★ Fiscal Pricing Gains	82,007.85	(7.54)	82,000.31
Miscellaneous, Over & Short, Write offs, etc.	5,885.00	(57.16)	5,827.84
Penalties to Vendors	417.06	Ø	417.06
Gain or Loss on Dye Orders	55,901.03	Ø	55,901.03
Adjustment to Surplus on Prior Month's Entries	301.74	Ø	301.74
Reserve for Precious Metal Adjustments	(29,256.37)	Ø	(29,256.37)
Reserve for Inventory Loss (Brocade & Tribute Silk)	(150,000.00)	Ø	(150,000.00)
Precious Metals Reserve Closed to Surplus	9,104.59	Ø	9,104.59
Reserve Balance Closed to Surplus	7,362.68	Ø	7,362.68
Stock Dividend Issued and Transferred to Surplus	(651,090.21)	Ø	(651,090.21)
Stock Dividend Balance Closed to Surplus	2.25	Ø	2.25
Cash Dividend Paid	(1,354,066.45)	Ø	(1,354,066.45)
★★ Capitalization Gains	2,875,194.31	Ø	2,875,194.31
Reserve for Liquidation	(500,000.00)	Ø	(500,000.00)
Reserve for Bad Debts	(1,162.54)	Ø	(1,162.54)
Inventory Losses, Bid Merchandise, Japanese Vendor	(26,231.77)	Ø	(26,231.77)
Reserve for Annual Leave	(32,500.00)	Ø	(32,500.00)
Reserve for Return Travel to U. S.	(38,000.00)	Ø	(38,000.00)
Net Surplus	<u>\$ 2,915,034.61</u>	<u>\$ 45,774.23</u>	<u>\$ 2,960,808.84</u>

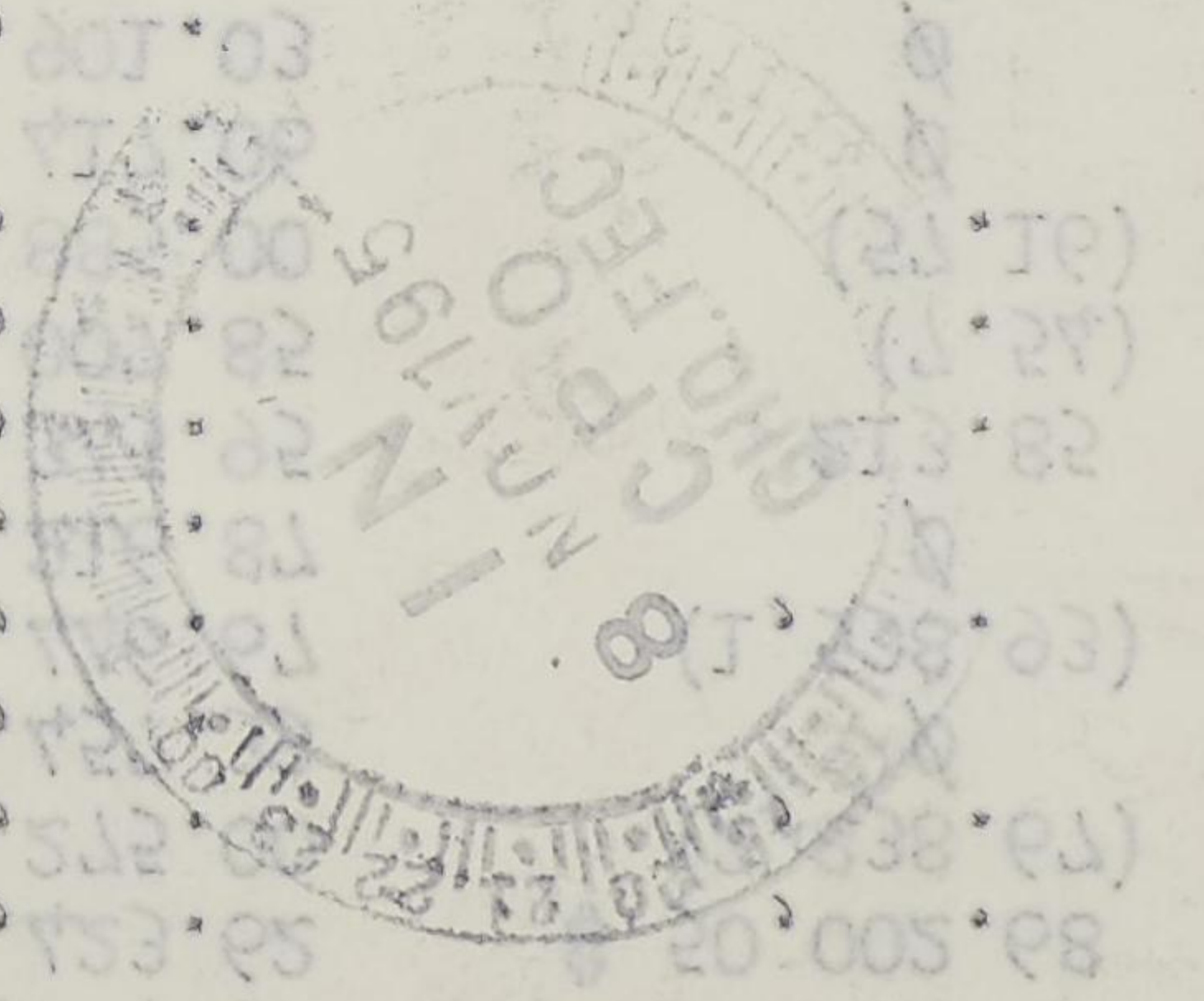
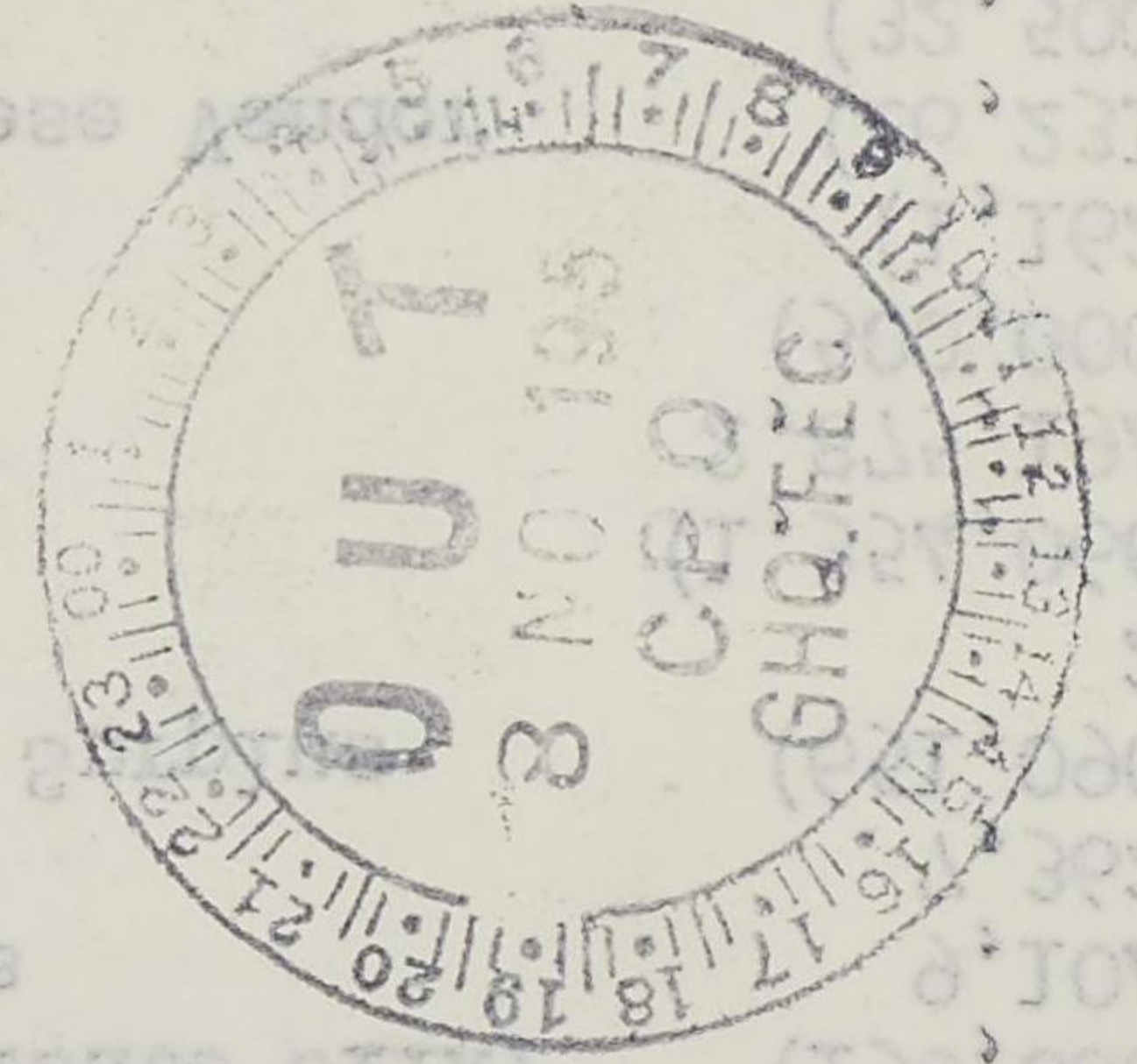
★ Pricing Gains contained in this account from 25 Oct 45 to 1 Jun 48, as segregation was established 1 Jun 48.  
★★ Developed from beginning of operations to date.

DECLASSIFIED  
Authority MND 975029



It developed from reviewing of operations to date  
 that certain items contained in this account from 22 Oct 42 to 1 Jul 43, as indicated are not included in the

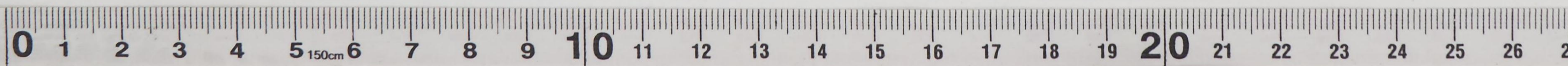
	31 August 1942 Balance	Current Month Adjustments	30 September 1942 Balance
Reserve for foreign travel to U.S.	(38,000.00)		(38,000.00)
Reserve for unissued checks	(35,200.00)		(35,200.00)
Inventory losses, etc. (miscellaneous)	(11,125.25)		(11,125.25)
Reserve for bad debts	(2,500.00)		(2,500.00)
Reserve for depreciation	(100,000.00)		(100,000.00)
Capitalization gains	12,000.00		12,000.00
Stock dividend paid	(2,500.00)		(2,500.00)
Stock dividend balance closed to surplus	5.52		5.52
Stock dividend issued and transferred to surplus	(15,000.00)		(15,000.00)
Reserve balance closed to surplus	395.88		395.88
Reserve for foreign travel closed to surplus	101.00		101.00
Reserve for inventory loss (procure & distribute)	(100,000.00)		(100,000.00)
Reserve for foreign travel adjustments	(1,250.00)		(1,250.00)
Adjustment to surplus on prior month's surplus	17,100.00		17,100.00
Gain or loss on the orders	30,100.00		30,100.00
Remittances to vendors	10,000.00		10,000.00
Miscellaneous, cash & short, write offs, etc.	18,125.25		18,125.25
Foreign exchange gains	12,000.00		12,000.00
Procurement foreign gains	378,220.00		378,220.00
Foreign exchange losses	18,125.25		18,125.25
Conversion gains	331,000.00		331,000.00
Gain of free merchandise	385,125.25		385,125.25
Inventory adjustments	585,125.25		585,125.25
Operating income	52,625.25		52,625.25



30 September 1942  
 Analysts of surplus  
 VLO 200  
 Central Procurement Office  
 War Base Command  
 General Headquarters

EXHIBIT III

DECLASSIFIED  
 Authority MNA 975029



G-4 ROUTING	
A C S G-4	_____
DA C S G-4	_____
EXECUTIVE	_____
P + O	_____
C + RE	_____
SUPPLY	_____
ADMIN	_____

331.3

Lt Col Schneider  
26-6456

Transmittal of Balance Sheet

5 Nov 51

CPO

3

With reference to par 1 preceding C/N 2, request comment.

1 Incl  
n/c

----- G. L. E. -----

M/R: 1. CPO in C/N 1 to G-4 thru Comp, dtd 25 Oct 51, forwarded CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus as of 30 September 1951.

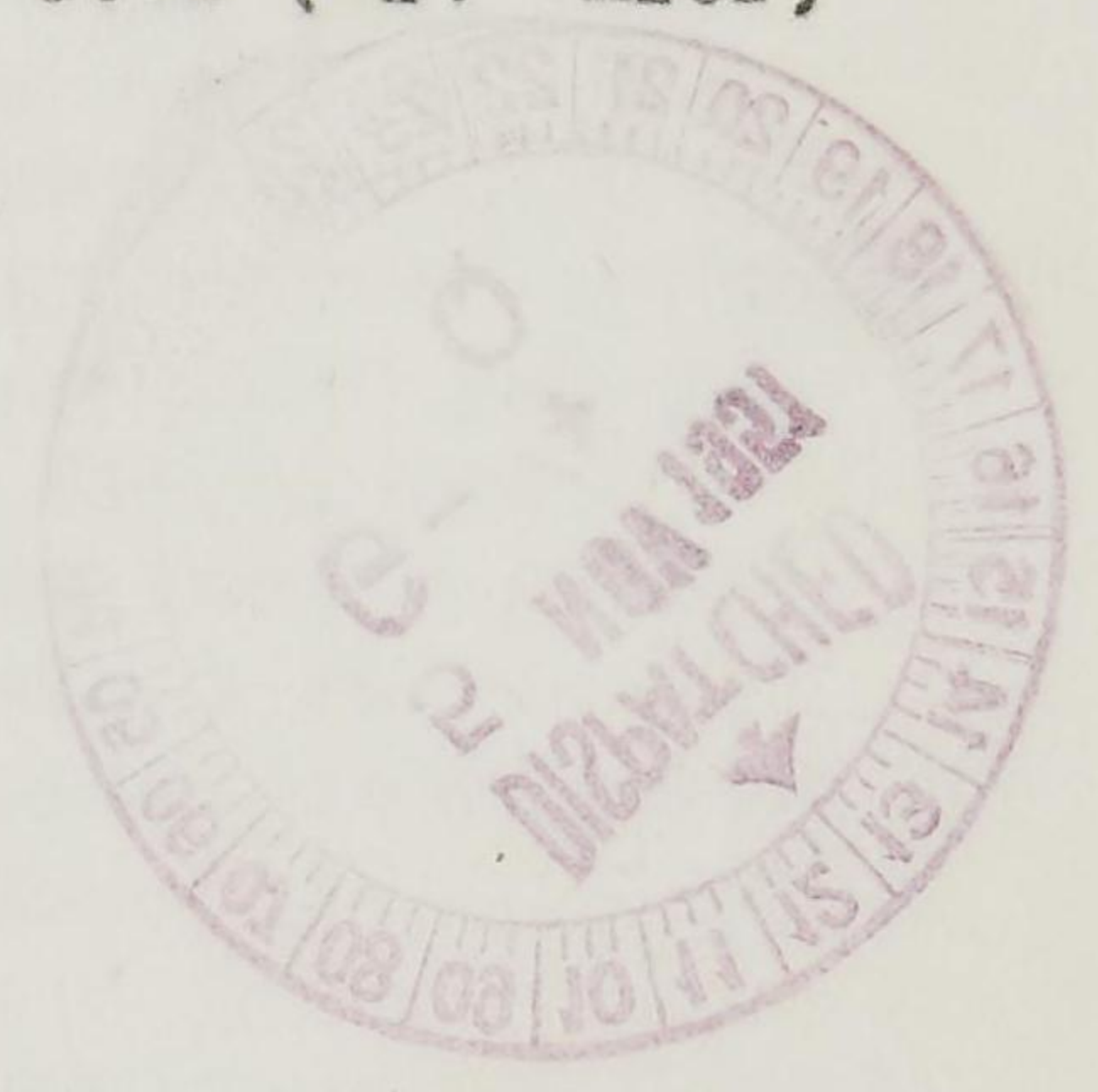
2. Comp in C/N 2 dtd 2 Nov 51, indicated that the net profit representing approximately 45% of the gross profit earned by CPO is excessive.

3. Inst C/N 3. Self explanatory.

4. Coordination: Unnecessary.

5. G-4 action complete on JN 20984.

OBS chs 26-6456 MSG MSH 26-6055 ADS chs 26-6043 (Div Chief)



ADS  
Jep  
20984  
MB

G-4 File

ROUTING

ADMIN	✓
SUPPLY	✓
C+RE	
P+O	
EXECUTIVE	
DAC	
A. C. G.	

Mr. G. J. Schneider  
28-6456

Transmittal of Balance Sheet

8 Nov 51

With reference to per 1 preceding C/N 2, request comment.

1 Incl  
n/c

----- G. J. S. -----

M/R: 1. CPO in C/N 1 to G-4 thru Comp, dtd 25 Oct 51, forwarded  
CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating  
Expenses, Schedule of Other Expenses, Schedule of Other Income  
and Analysis of Surplus as of 30 September 1951.

2. Comp in C/N 2 dtd 2 Nov 51, indicated that the net profit  
representing approximately 45% of the gross profit earned by CPO  
is excessive.

3. Inst C/N 3. Self explanatory.

4. Coordination: Unnecessary.

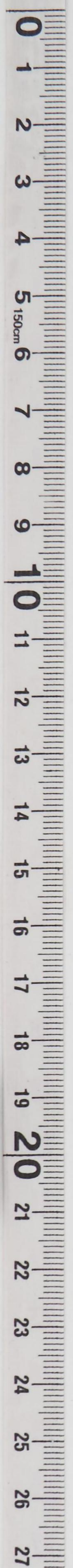
5. G-4 action complete on 21 20884.

Obs 28-6456 28-6056 28-6056 28-6043 (Div Chief)

G-4 HJT



ADP  
JOP  
20884





A. Millet  
67-1644

AG (25 Oct 51)CPO Subject: Transmittal of Balance Sheet

From: CPO To: G-4 Date: 25 Oct 1951  
Thru: COM

1

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C) and Analysis of Surplus (Exhibit III), as of 30 September 1951.

2. The following items of interest are reflected in the September Financial Statement:

a. Sales amounted to \$2,483,572.16, an increase of \$526,820.71 over previous month, and second highest sales figure in CPO's history.

b. A net gain of \$45,774.23 was realized in September 1951.

c. Surplus and reserves are \$39,191.16 short of authorized capital of \$3,500,000.00 as of 30 September 1951.

1 Incl  
Balance Sheet  
w/supporting schedules

-----A. H. N.-----

From: COM

To: G-4

Mr. Guynes 26-6786  
Date: 2 Nov 1951

2

1. The attached statements have been reviewed in the light of compliance with the current operating directive. While the percentage of markup, currently approved, of 4% has been substantially maintained according to the figures presented as representing the "cost of goods sold" the net profit representing approximately 45% of the gross profit is far greater than permitted by the OI which practically limits the gross profit to an amount sufficient to pay the operating expenses. This would indicate a substantial reduction in the markup percentage if the figures presented as representing the "cost of goods sold" could be relied upon.

2. Staff Auditors from this Division are currently assigned to CPO as advisors in order to make certain changes in the accounting procedures which will place the accounts in condition for certification by 31 December 1951.

1 Incl  
n/c

-----L. L. W.-----

331.3  
Balance Sheet

Lt. Col. Schneider  
26-6045

*CS*

Transmittal of Balance Sheet

G-4

CPO

5 Oct 51

3. 1. With reference to para 4 preceding C/N 1, CPO is authorized to increase its capitalization to \$4,000,000.00, and to negotiate a short term loan of \$500,000.00 for a period of 90 days to cover current commitments.
2. Inclosure # 1 has been withdrawn for G-4 file.

1 Incl  
w/d

G-4 File

----- G. L. E. \* -----

MEMO FOR RECORD

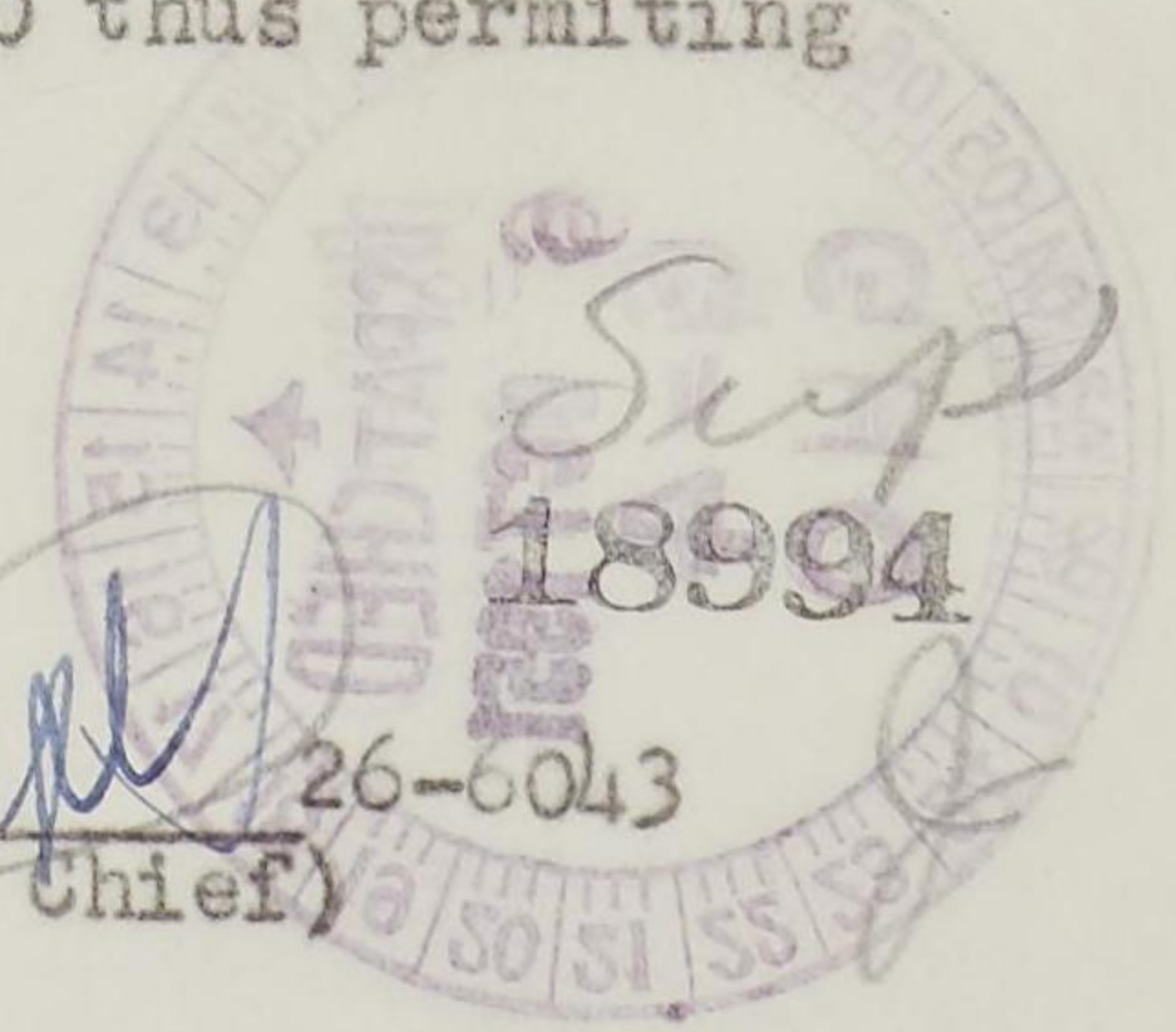
GD SP OBS/MSG/ADS/vj

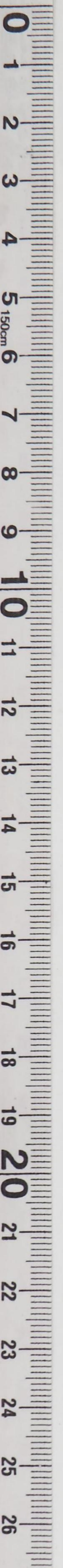
1. CPO in C/N 1 to G-4 thru Comp, dtd 25 Sept 51, forwarded CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of surplus as of 31 August 1951. CPO indicated that accounting methods and procedures recommended by the Comptroller's office are being effected. CPO requested authorization to increase its capitalization from \$3,500,000.00 to \$4,000,000.00 and authority to negotiate a short term loan of \$500,000.00 for a period of 90 days.
2. Comp in C/N 2, dtd 29 Sept 51, recommended that the authorized capital of CPO be increased from \$3,500,000.00 to \$4,000,000.00 because of the acute cash shortage of CPO as a result of the major increase in the volume of business.
3. Current operating instructions permit CPO to make loans in such amounts as may be required, for periods not exceeding 90 days, to finance emergencies resulting from major increases in business, if the total amount of loans outstanding at any one time does not exceed the difference between the CPO net worth and the authorized Surplus. The total authorized capital for CPO has been increased from \$3,500,000.00 to \$4,000,000.00 approved by C/S, 4 Oct 51 initials W. P. S.
4. The net worth of CPO as of 31 Aug 51, was \$3,415,034.61 with no outstanding loans, the authorized capital is \$4,000,000.00 thus permitting CPO to negotiate a loan for \$584,965.39.
5. Instant C/N 3 self explanatory.
6. Coordination: Unnecessary.
7. Initiated case: G-4 action complete.

OBS *QWS* 26-6045

MSG \_\_\_\_\_ 26-6045

ADS *[Signature]* 26-6043  
(Div Chief)





G-4 File

MEMO FOR RECORD

GD SP OBS/MSG/ADS/vj

1. GPO in C/N 1 to G-4 thru Comp, dtd 25 Sept 51, forwarded GPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of surplus as of 31 August 1951. GPO indicated that accounting methods and procedures recommended by the Comptroller's office are being effected. GPO requested authorization to increase its capitalization from \$3,500,000.00 to \$4,000,000.00 and authority to negotiate a short term loan of \$500,000.00 for a period of 90 days.

2. Comp in C/N 2, dtd 29 Sept 51, recommended that the authorized capital of GPO be increased from \$3,500,000.00 to \$4,000,000.00 because of the acute cash shortage of GPO as a result of the major increase in the volume of business.

3. Current operating instructions permit GPO to make loans in such amounts as may be required, for periods not exceeding 90 days, to finance emergencies resulting from major increases in business, if the total amount of loans outstanding at any one time does not exceed the difference between the GPO net worth and the authorized surplus. The total authorized capital for GPO has been increased from \$3,500,000.00 to \$4,000,000.00 approved by C/S, 4 Oct 51 initials W. P. S.

4. The net worth of GPO as of 31 Aug 51, was \$3,415,034.61 with no outstanding loans, the authorized capital is \$4,000,000.00 thus permitting GPO to negotiate a loan for \$584,965.39.

5. Instant C/N 3 self explanatory.

6. Coordination: unnecessary.

7. Initiated case: G-4 action complete.

1. With reference to para 4 preceding C/N 1, GPO is authorized to increase its capitalization to \$4,000,000.00, and to negotiate a short term loan of \$500,000.00 for a period of 90 days to cover current commitments.

2. Inclosure 4 I has been withdrawn for G-4 file.

Transmittal of Balance Sheet

2 Oct 51

GPO

G-4

lt. Col. Schneider  
25-6015

231.3  
Balance Sheet

ll

OBS W.P.S. 25-6015  
MSG \_\_\_\_\_ 25-6015  
ADS \_\_\_\_\_

(Inv. Chief)

Mr. Guoynes 26-6786

Transmittal of Balance Sheet

COM

G-4

29 Sep 1951

2

1. Reference: Transmittal of Balance Sheet at 31 Aug 1951: CPO - dated 25 September 1951.

2. In view of the changes in accounting procedures made and approved for immediate implementation to conform with the recommendation made by this office and in consideration of the acute cash position of CPO as a result of the major increase in the volume of business, it is recommended that the authorized capital of CPO be increased from \$3,500,000 to \$4,000,000 with the understanding that a reappraisal of the capital requirements be made as at 31 December 1951.

3. Arrangements have been made with CPO under which the accounting procedures will be revised to conform with established commercial practice as at 1 November, under the supervision of staff auditors from this office. These changes, together with certain changes in the financial and operational procedures which have been approved, will make a substantial reduction in the capital tied up in receivables, inventories and funds in transit by the end of the year.

4. The current operating instructions provide for the making of short term loans as required. This is interpreted to permit CPO to make loans, in such amounts as may be required, for periods not exceeding 90 days, and for the purpose of financing emergencies resulting from major increases in business. In approving such loans consideration must be given to the conformance by CPO with the provisions of the directive which sets the terms of sale and, with a few minor exceptions, limits purchases by CPO to goods required to fill specific requisition from post exchanges and other agencies.

1 Incl  
n/c

----- L. L. W. -----



0607

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Balance Sheet  
 31 August 1951

EXHIBIT I

ASSETS

Current Assets

Cash in Banks

Chase National Bank, Tokyo Dollar A/C	\$ 206,271.73	
Chase National Bank, Tokyo Yen A/C	.48	
Chase National Bank, Deposit Order A/C	5,820.99	
Chase National Bank, Payroll A/C	11,798.49	
National City Bank of N.Y. - Hongkong A/C	7,210.48	
National City Bank of N.Y. - Dollars A/C	45,810.12	
Hongkong - Shanghai Bank - Sterling A/C	<u>79,877.07</u>	\$ 356,789.36

Change Fund

380.00

Petty Cash Fund

150.00

530.00

Funds w/Agents, Hongkong

Cash in Bank	39,857.17	
Cash in Transit	245,000.00	
Less: Merchandise in Transit	<u>(35,344.01)</u>	249,513.16

Chase National Bank, Allied National Bond A/C

500.00

Less: Allied National Bond Recovery

250.00

250.00

Pan-American Courtesy Card Deposit

425.00

Accounts Receivable - Dollars

2,297,290.86

Less: Reserve for Bad Debts

1,162.54

2,296,128.32

\* Accounts Receivable - India

17,202.52

\* Accounts Receivable - Dollar Vendors

190,155.55

207,358.07

Other Receivables - Dollars, Regular

18,761.57

Accounts Receivable - Dollars, Miscellaneous

Philcom Freight & Insurance A/C

16,419.04

Marbo Freight & Insurance A/C

138.89

Navy Insurance A/C

545.47

U.S. Navy Insurance A/C, Sangley Pt., APO 963

923.13

18,026.53

**Inventories**

Merchandise Regular	\$ 1,326,785.67	
Manufacturing Stock	17,160.47	
Show Room	14,731.63	
Sales Room	<u>29,507.24</u>	\$ 1,388,185.01

Other Receivables, Mdse. Out for Repair 14,299.73

**Other Inventories**

Precious Metals	1,189.46	
Production Sample Material	2,799.52	
Textile Samples	663.93	
Goods in Process, Silk & Precious Metals	<u>6,629.25</u>	11,282.16

**Other Assets**

Office Equipment, Tokyo	24,356.53	
Office Equipment, Tokyo, Reserve for Depreciation	<u>24,356.53</u>	∅
Office Equipment, Hongkong	1,441.18	
Office Equipment, Hongkong, Reserve for Depreciation	<u>1,441.18</u>	∅
Automotive Equipment	600.00	
Automotive Equipment Reserve for Depreciation	<u>600.00</u>	∅

**Total Assets**

\$ 4,561,548.91

LIABILITIES

**Current Liabilities**

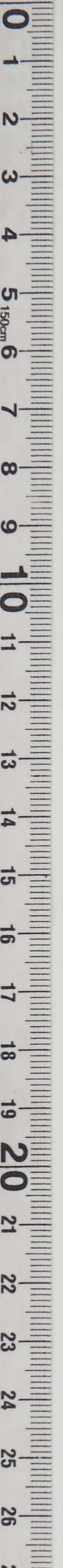
Accounts Payable		
Vendors, Yen	402.41	
Vendors, Dollars - Yen	1,009,926.75	
Deposit Orders	<u>5,820.99</u>	\$ 1,016,150.15

**Accounts Payable - Dollars, Miscellaneous**

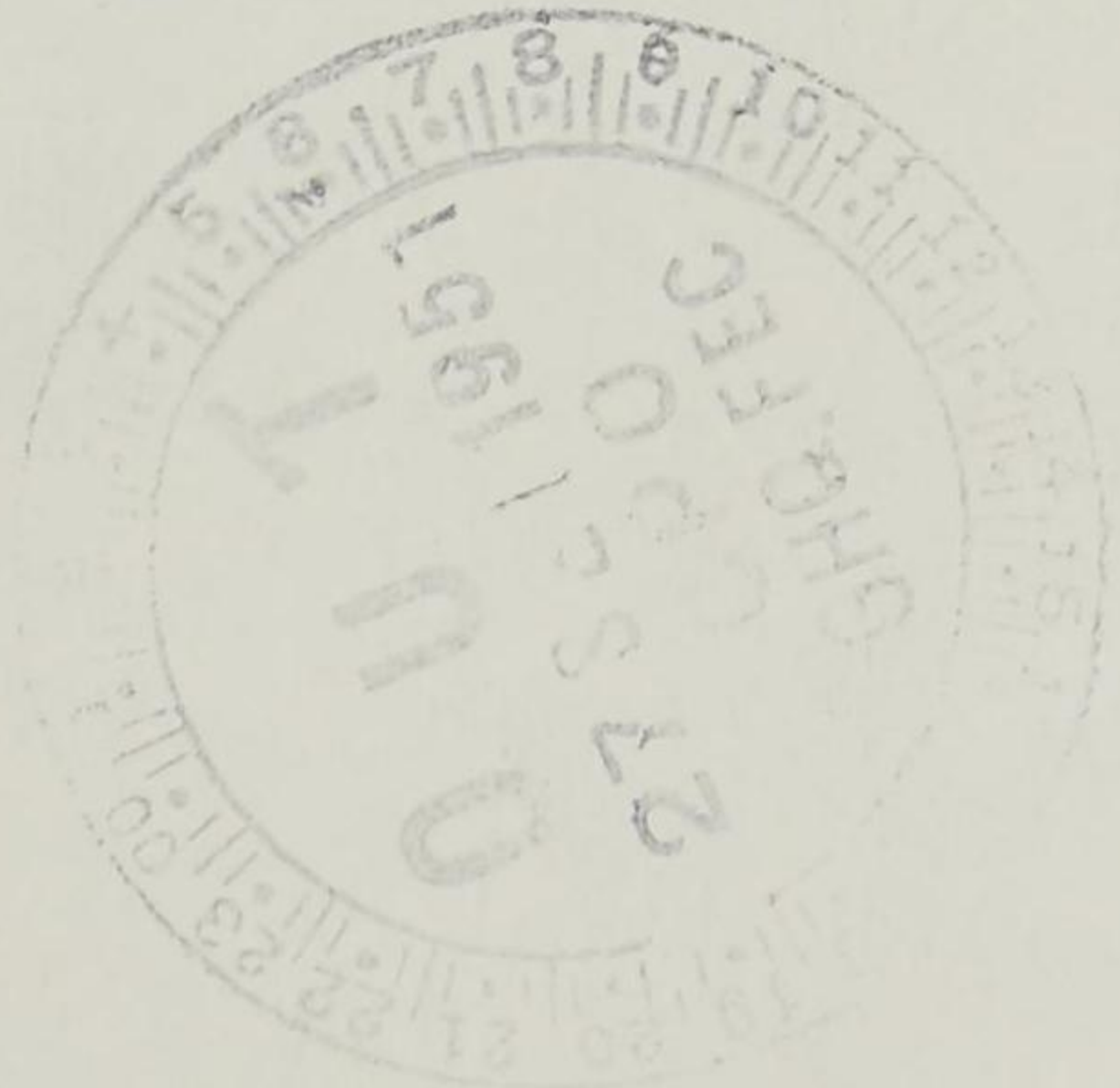
Rycom Freight and Insurance A/C	4,897.07	
U.S. Navy Ins. A/C - Guam, APO 943	442.01	
U.S. Navy Ins. A/C - Sasebo APO 3912	1,682.17	
U.S. Navy Ins. A/C - Guam, APO 926	1,965.87	
U.S. Navy Ins. A/C - Subic Bay, APO 3002	52.01	
U.S. Navy Ins. A/C - Kwajalein	<u>687.87</u>	9,727.00

Accounts Payable - Bangkok 15,676.23

Accounts Payable, Others 10,951.87



			Inventories
			Merchandise Regular
			Manufacturing Stock
			Show Room
			Sales Room
			Other Receivables, Misc. Out for Repair
			Other Inventories
			Precious Metals
			Production Sample Material
			Textile Samples
			Goods in Process, Silk & Precious Metals
			Other Assets
			Office Equipment, Tokyo
			Office Equipment, Tokyo, Reserve for Depreciation
			Office Equipment, Hongkong
			Office Equipment, Hongkong, Reserve for Depreciation
			Automotive Equipment
			Automotive Equipment Reserve for Depreciation
			Total Assets
			<u>LIABILITIES</u>
			Current Liabilities
			Accounts Payable
			Vendors, Yen
			Vendors, Dollars - Yen
			Deposit Orders
			Accounts Payable - Dollars, Miscellaneous
			Freight and Insurance A/C
			U.S. Navy Ins. A/C - Guam, APO 943
			U.S. Navy Ins. A/C - Saipan APO 942
			U.S. Navy Ins. A/C - Guam, APO 926
			U.S. Navy Ins. A/C - Rabo Bay, APO 3002
			U.S. Navy Ins. A/C - Kwajalein
			Accounts Payable - Bangkok
			Accounts Payable, Others



Accrued Liabilities

Accrued Payroll	\$ 12,048.44	
Accrued Per Diem	300.00	
Accrued Income Tax Payable, Regular	6,384.00	
Accrued Income Tax Payable, Direct Hire	1,289.02	
Accrued F.I.C.A. Tax Payable, Regular	1,018.52	
Accrued F.I.C.A. Tax Payable, Direct Hire	239.54	
Accrued Quarters Deductions	17.54	
Accrued Annual Leave Payable	32,500.00	
Accrued Discounts Payable	<u>2,211.99</u>	\$ 56,009.05

Contingent Liability

Return Travel to U.S.		<u>38,000.00</u>
-----------------------	--	------------------

Total Liabilities

\$ 1,146,514.30

Net Worth

Surplus, 31 July 1951	2,887,237.50	
** Add: Additions to Surplus	214.96	
Gain for the Period, Aug. 1951	<u>27,582.15</u>	2,915,034.61

Reserve for Liquidation

500,000.00      3,415,034.61

Total Liabilities and Net Worth

4,561,548.91

- \* Debit Balances in Accounts Payable
- \*\* Bad Debts previously charged to Surplus in December 1950 but has been collected during the current month - August 1951

I certify, to the best of my knowledge and belief, that this is a true statement of Central Purchasing Office Fiscal Accounts as of 31 August 1951.

REVIEWED BY:

*Edwin M. Mendenhall*

EDWIN M. MENDENHALL  
 Deputy Chief  
 Fiscal Division

*Francis J. Erhardt*

FRANCIS J. ERHARDT  
 Captain, Inf.  
 Actg. Chief, Fiscal Div.

*T. E. Vergara*

T. E. VERGARA  
 Chief, Accts. and  
 Statistics Br,  
 Fiscal Division

APPROVED BY:

*A. H. Nordstrom*

A. H. NORDSTROM  
 Colonel, Ord.  
 Chief, CPO



GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement  
 Month of August 1951

EXHIBIT II

SALES

Exchange Systems	\$ 1,863,438.46		
Individuals & Clubs	71,363.33		
Japanese Vendors	118.33		
Air Force Uniforms	505.55		
Special Service Units	26,737.14		
	<u>1,962,162.81</u>		
Less Recoveries	5,411.36		
<b>NET SALES</b>			<b>\$ 1,956,751.45</b>

EX II

COST OF SALES

Inventory, 31 July 1951	\$ 1,402,717.02		
Add: Purchases	1,857,758.50		
Freight & Insurance	9,964.69		
Inventory Adjustments	392.14		
Mdse Inventory Transfers GIP	1,710.56	3,272,542.91	
		<u>1,391,897.75</u>	<u>1,880,645.16</u>
Less: Inventory, 31 Aug. 1951	1,388,185.01		
Inventory Transfers - General	3,712.74		
			<u>76,106.29</u>

OPERATING EXPENSE - Schedule A

48,792.80

OTHER EXPENSE - Schedule B

45.59

Total Expenses

48,838.39

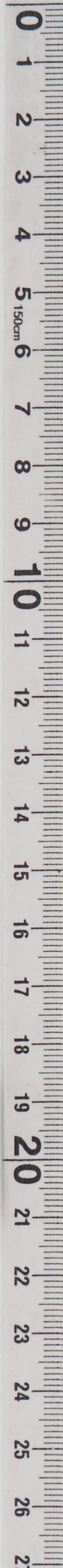
OTHER INCOME - Schedule C

314.25

48,524.14

NET PROFIT

\$ 27,582.15



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule A  
Month of August 1951

SCHEDULE OF OPERATING EXPENSES

Expenses - Tokyo

Salaries, Tokyo, Regular	\$	23,744.66
Salaries, Tokyo, Direct Hire		4,024.06
Salaries, Tokyo, Indigenous		9,601.82
Salaries, Kyoto, Indigenous		955.41
Office Supplies		165.20
Postage		97.62
Printing & Forms		861.17
Mileage		7.70
Telegrams & Cables		137.55
Subscription & Advertising		19.37
Insurance Expense, Tokyo		2,161.07
Insurance Expense, Tokyo Recovered		(200.50)
Freight Expense Other than Hongkong		5,709.69
Freight Expense Other than Hongkong Recovered		(3,717.04)
Depreciation Expense		550.02
Mfg. Section Expense		48.57
Gas & Oil		718.23
Travel		611.23
Per Diem		831.50
Miscellaneous Expenses		263.90
Expense - Personnel Ret. to U.S.		1,340.69
F.I.C.A. Tax Expense, Regular		349.43
F.I.C.A. Tax Expense, Direct Hire		56.75
Health Insurance Tokyo, Indigenous Hire		134.83
Health Insurance Kyoto, Indigenous Hire		10.42
W.A. Insurance Tokyo, Indigenous Hire		48.49
W.A. Insurance Kyoto, Indigenous Hire		3.00
U.I. Insurance Tokyo, Indigenous Hire		77.03
U.I. Insurance Kyoto, Indigenous Hire		4.93
Charity Expense		13.52

Total, Tokyo Expenses

\$ 48,630.32

Expenses - Hongkong

Freight Expense	3,709.61
Freight Expense Recovered	(6,260.73)
Insurance Expense - Hongkong Shipments Recovered	(200.30)

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement - Schedule A  
 Month of August 1951

SCHEDULE OF OPERATING EXPENSES

Expenses - Tokyo

\$ 23,744.66  
 4,024.06  
 9,601.82  
 955.41  
 155.20  
 97.62  
 861.17  
 7.70  
 137.55  
 19.37  
 2,161.07  
 (200.50)  
 5,709.69  
 (3,717.04)  
 550.02  
 48.57  
 78.23  
 611.23  
 821.50  
 253.90  
 1,340.69  
 349.43  
 56.75  
 134.83  
 10.42  
 48.49  
 3.00  
 77.03  
 4.93  
 17.52

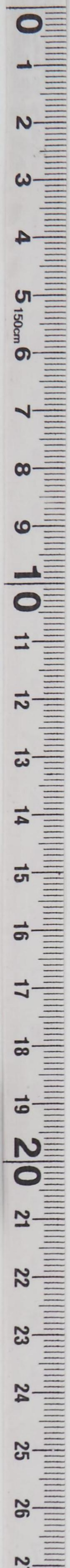
Salaries, Tokyo, Regular  
 Salaries, Tokyo, Direct Hire  
 Salaries, Tokyo, Indigenons  
 Salaries, Kyoto, Indigenons  
 Office Supplies  
 Postage  
 Printing & Forms  
 Mileage  
 Telegrams & Cables  
 Subscription & Advertising  
 Insurance Expense, Tokyo  
 Insurance Expense, Tokyo Recovered  
 Freight Expense Other than Hongkong  
 Freight Expense Other than Hongkong Recovered  
 Depreciation Expense  
 Mfg. Section Expense  
 Gas & Oil  
 Travel  
 Per Diem  
 Miscellaneous Expenses  
 Expense - Personnel Ret. to U.S.  
 F.I.C.A. Tax Expense, Regular  
 F.I.C.A. Tax Expense, Direct Hire  
 Health Insurance Tokyo, Indigenons Hire  
 Health Insurance Kyoto, Indigenons Hire  
 W.A. Insurance Tokyo, Indigenons Hire  
 W.A. Insurance Kyoto, Indigenons Hire  
 U.I. Insurance Tokyo, Indigenons Hire  
 U.I. Insurance Kyoto, Indigenons Hire  
 Charity Expense

Total, Tokyo Expenses

Expenses - Hongkong

3,709.61  
 (6,260.73)  
 (200.30)

Freight Expense  
 Freight Expense Recovered  
 Insurance Expense - Hongkong  
 Recovered



Expenses - Hongkong (Cont'd)

Salary Expense	\$	1,141.26
Conversion Expense		795.62
Miscellaneous Expense		26.70
Office Supplies		113.79
Travel		98.02
Per Diem		300.00
Rent		237.73
Cables & Telegrams		98.20
Curier Expense		36.37
Forms & Printing		35.40
Subscription & Advertising		11.43
Postage		<u>19.38</u>

Total Hongkong Expenses

\$ 162.48

Total Operating Expense

\$ 48,792.80

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule B  
Month of August 1951

\* SCHEDULE OF OTHER EXPENSES

Fiscal Pricing Loss	\$	33.99
Miscellaneous, Over & Short, Write-offs, etc.		<u>11.60</u>
	\$	<u>45.59</u>

\*Represents debit balances in Other Income Accounts.

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule C  
Month of August 1951

SCHEDULE OF OTHER INCOME

Procurement Gain by Pricing	\$ 12.56
Inventory Adjustment	99.33
Conversion Gains	<u>202.36</u>
	<u>\$ 314.25</u>

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

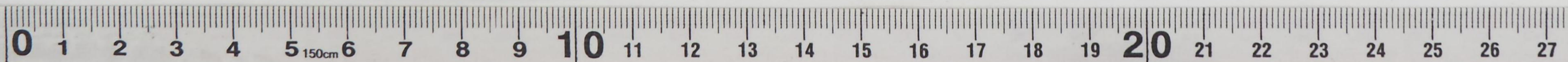
Analysis of Surplus  
 Exhibit III  
 31 August 1951

	Balance 31 July	Adjustment Current Month	Balance 31 August 1951
Operating Income	\$ 1,258,110.13	\$ 27,313.49	\$ 1,285,423.62
Inventory Adjustments	292,175.67	99.33	292,275.00
Sale of Free Merchandise	382,457.33	- 0 -	382,457.33
Conversion Gains	334,244.31	202.36	334,446.67
Precious Metals Gains	48,216.87	- 0 -	48,216.87
<b>I</b> Procurement Pricing Gains	318,333.39	12.56	318,345.95
<b>I</b> Fiscal Pricing Gains	82,041.84	(33.99)	82,007.85
Miscellaneous Over & Short, Write Offs, etc.	5,896.60	(11.60)	5,885.00
Penalties to Vendors	417.06	- 0 -	417.06
Gain or Loss on Dye Orders	55,901.03	- 0 -	55,901.03
Adjustment to Surplus on Prior Month's Entries	301.74	- 0 -	301.74
Reserve for Precious Metal Adjustments	(29,256.37)	- 0 -	(29,256.37)
Reserve for Inventory Loss (Brocade & Tribute Silk)	(150,000.00)	- 0 -	(150,000.00)
Precious Metals Reserve Closed to Surplus	9,104.59	- 0 -	9,104.59
Reserve Balance Closed to Surplus	7,362.68	- 0 -	7,362.68
Stock Dividend Issued & Transferred to Surplus	(651,090.21)	- 0 -	(651,090.21)
Stock Dividend Balance Closed to Surplus	2.25	- 0 -	2.25
Cash Dividend Paid	(1,354,066.45)	- 0 -	(1,354,066.45)
<b>III</b> Capitalization Gains	2,875,194.31	- 0 -	2,875,194.31
Reserve for Liquidation	(500,000.00)	- 0 -	(500,000.00)
Reserve for Bad Debts	(1,377.50)	214.96	(1,162.54)
Inventory Losses, Bid Merchandise, Japanese Vendors	(26,231.77)	- 0 -	(26,231.77)
Reserve for Annual Leave	(32,500.00)	- 0 -	(32,500.00)
Reserve for Return Travel to U.S.	(38,000.00)	- 0 -	(38,000.00)
	<u>\$ 2,887,237.50</u>	<u>\$ 27,797.11</u>	<u>\$ 2,915,034.61</u>

**I** Pricing Gains contained in this account from 25 October 1945 to 1 June 1948, as segregation was established on 1 June 1948.

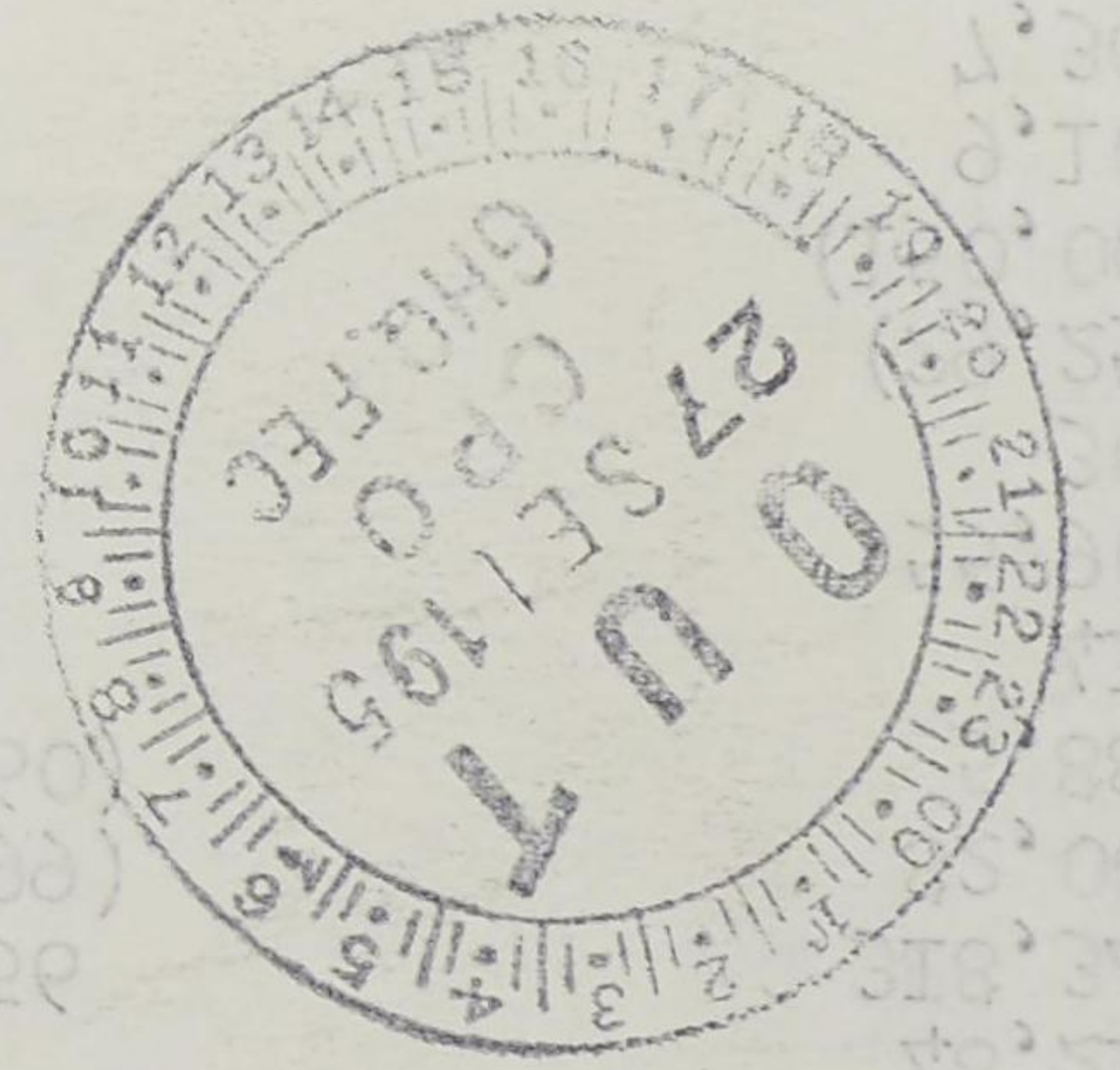
**I** Developed from beginning of operations to date.

DECLASSIFIED  
 Authority NND 975029



I Balance forward from statement of operations to date  
 II Balance forward from statement of operations to date  
 III Balance forward from statement of operations to date

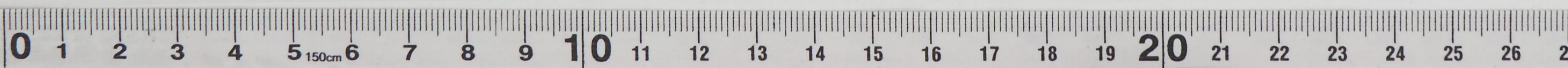
	\$ 5,882,532.20	\$ 5,882,532.20	\$ 5,882,532.20
Balance forward from statement of operations to date	(38,000.00)	- 0 -	(38,000.00)
Balance forward from statement of operations to date	(35,200.00)	- 0 -	(35,200.00)
Balance forward from statement of operations to date	(50,531.11)	- 0 -	(50,531.11)
Balance forward from statement of operations to date	(1,331.20)	374.28	(1,705.48)
Balance forward from statement of operations to date	(200,000.00)	- 0 -	(200,000.00)
Balance forward from statement of operations to date	5,882,532.20	- 0 -	5,882,532.20
Balance forward from statement of operations to date	(1,331.20)	- 0 -	(1,331.20)
Balance forward from statement of operations to date	5.52	- 0 -	5.52
Balance forward from statement of operations to date	(92,000.00)	- 0 -	(92,000.00)
Balance forward from statement of operations to date	1,395.88	- 0 -	1,395.88
Balance forward from statement of operations to date	2,101.28	- 0 -	2,101.28
Balance forward from statement of operations to date	(120,000.00)	- 0 -	(120,000.00)
Balance forward from statement of operations to date	(3,522.21)	- 0 -	(3,522.21)
Balance forward from statement of operations to date	301.11	- 0 -	301.11
Balance forward from statement of operations to date	33,109.83	- 0 -	33,109.83
Balance forward from statement of operations to date	371.00	- 0 -	371.00
Balance forward from statement of operations to date	2,988.00	(1,000.00)	1,988.00
Balance forward from statement of operations to date	65,000.00	(33.88)	64,966.12
Balance forward from statement of operations to date	270,333.33	15.28	270,348.61
Balance forward from statement of operations to date	73,578.81	- 0 -	73,578.81
Balance forward from statement of operations to date	337,771.31	505.30	338,276.61
Balance forward from statement of operations to date	385,732.33	- 0 -	385,732.33
Balance forward from statement of operations to date	385,732.33	88.83	385,821.16
Balance forward from statement of operations to date	\$ 1,338,110.13	\$ 51,373.78	\$ 1,389,483.91



Balance forward from statement of operations to date  
 Balance forward from statement of operations to date  
 Balance forward from statement of operations to date

Balance forward from statement of operations to date  
 Balance forward from statement of operations to date  
 Balance forward from statement of operations to date

DECLASSIFIED  
 Authority NND 975029





**GENERAL HEADQUARTERS  
FAR EAST COMMAND**

**CHECK SHEET**

GD SP AKA ADS/ejt  
Lt Col Akin 26-6055

(Do not remove from attached sheets)

Central Purchasing Office

File No:

Subject:

Note  
No.

From: G-4

To: Chief of Staff

Date: 2 Oct 51

1

1. References: a. C/N, G-4 to Chief of Staff, subject as above, 24 September 1951.

b. C/N No. 2, Comptroller to G-4, Transmittal of Balance Sheet, 29 September 51 (TAB A).

2. Paragraph 9b of present Operational Instructions for Central Purchasing Office (Inclosure 4 to TAB D of reference 1a above) authorizes CPO to maintain the following:

Surplus	\$ 3,000,000.00
Reserve	500,000.00
Total	<u>\$ 3,500,000.00</u>

3. Paragraph 6 of Inclosure 2 to TAB D of reference 1a above states in part (with reference to proposed changes):

"In paragraph 9b the amount indicated as surplus is changed from three (3) million dollars to four (4) million dollars."

4. Comptroller, in paragraph 3 of Check Note to G-4, 31 August 1951 (TAB G of reference 1a above) states:

"The proposed changes ---- are concurred in with the exception of paragraph 6. This paragraph proposes increasing the surplus from \$3,500,000.00 to \$4,000,000.00. Such increase in capital is not concurred in."

The above statement indicates that the Comptroller misread the proposal whereby "surplus" alone would be increased by one million dollars, from \$3,000,000.00 to \$4,000,000.00.

5. Based on review of the most recent CPO Balance Sheet, the Comptroller has now altered his previous stand and in paragraph 2 of TAB A states:

10 4/17

**GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET**

(Do not remove from attached sheets)

File No:

Subject: Central Purchasing Office

Note  
No.

From: G4

To: Chief of Staff

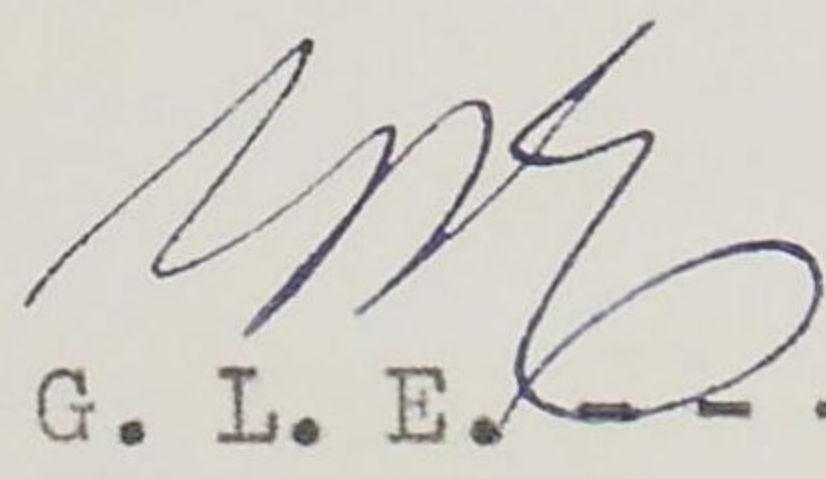
Date: 2 Oct 51

1  
Cont'd

"It is recommended that the authorized capital of CPO be increased from \$3,500,000.00 to \$4,000,000.00."

6. In connection with paragraph 2, General Shepard's memo to CofS, 26 Sep 51, pertaining to reference 1a above, since Comptroller now has altered his previous position (TAB A) and because CPO urgently needs additional capital to meet current obligations, G4 recommends that total authorized capital be increased from \$3,500,000.00 to \$4,000,000.00.

1 Incl  
TAB A - C/N 2, COM to  
G4, 29 Sep 51



----- G. L. E. -----

CHIEF OF STAFF  
APPROVED *for*  
*Lt. Gen. D. O. Nikey*  
*4 Oct 51*  
INITIALS *N.P.S.*

104/171

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET

(Do not remove from attached sheets)

File No: \_\_\_\_\_ Subject: \_\_\_\_\_ Central Purchasing Office

Note No. \_\_\_\_\_ From: \_\_\_\_\_ To: \_\_\_\_\_ Date: \_\_\_\_\_

In connection with paragraph 2, General Shepard's memo to G-4, 26 Sep 51, pertaining to reference in above, since Comptroller now has altered his previous position (TAB A) and because CPO urgently needs additional capital to meet current obligations, G-4 recommends that total authorized capital be increased from \$2,500,000.00 to \$3,000,000.00.

It is recommended that the authorized capital of CPO be increased from \$2,500,000.00 to \$3,000,000.00.

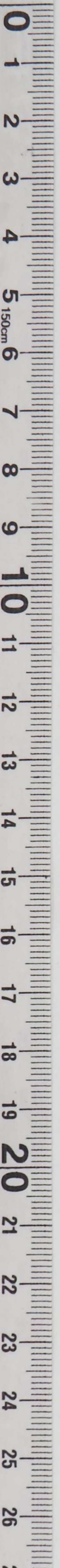
I find  
TAB A - C/N 2, COM to  
G-4, 29 Sep 51

*[Handwritten signature]*

CHIEF OF STAFF  
APPROVED  
*[Signature]*  
10/29/51

RECEIVED  
4 OCT 1951  
G-4  
CH O

10/29/51

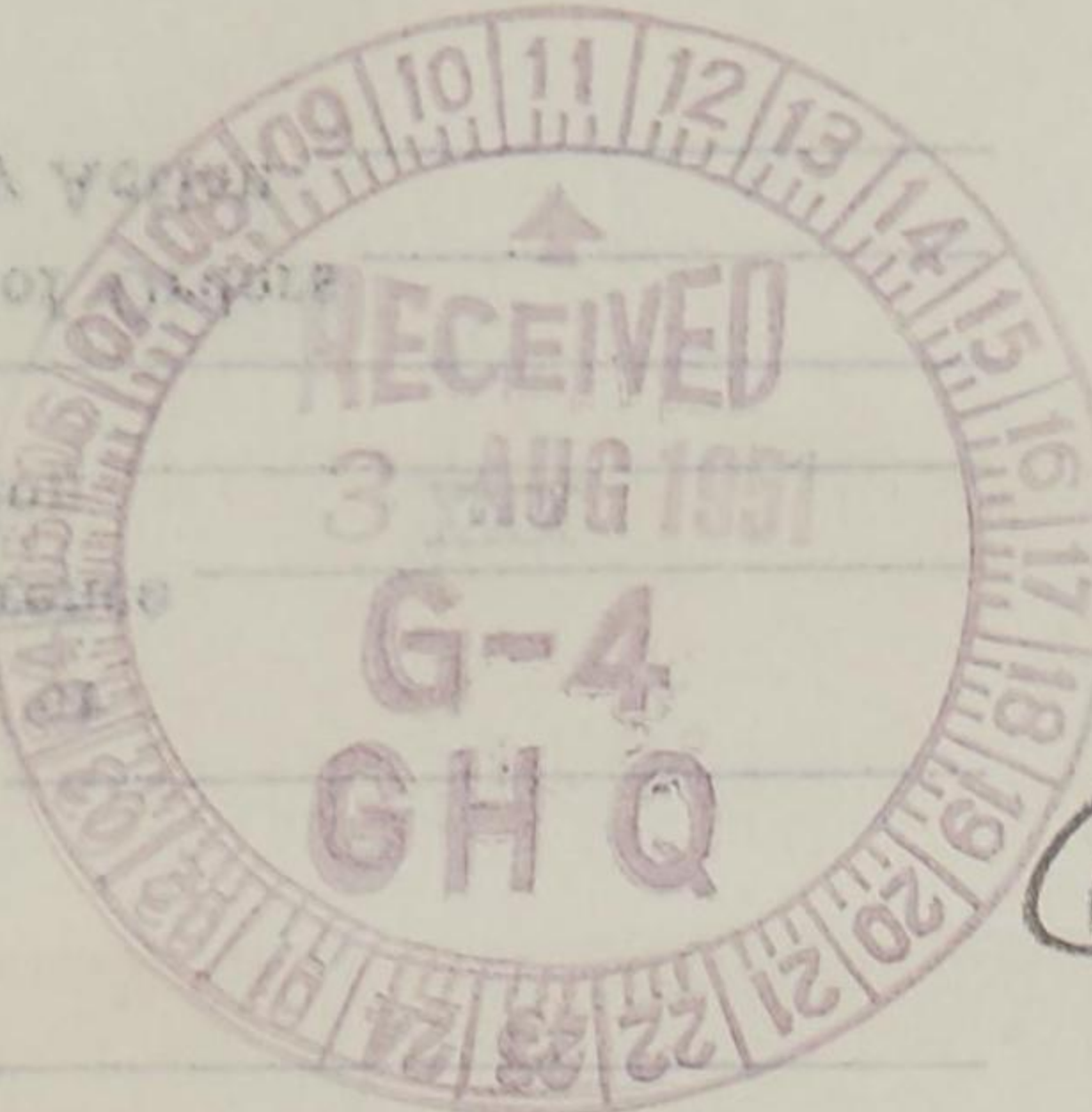


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FORM 1-10-10071



Necessarily a copy  
Influence of  
Initial  
Information  
Concentration  
Comments  
Approval



Reference  
Assignment of  
**G-4 ROUTING**  
Director  
SIA  
DIA  
EXECUTIVE  
P+O  
C+RE  
SUPPLY  
KEA  
ADMIN  
CIA  
CIA Property Controller  
CIA Int  
CIFE  
CIA Historical  
CIA Comm  
CIA VII  
LIFE  
TRANS  
Sp Services  
Signal  
OM  
Bureau of War  
BIO  
PM  
Ordnance  
DATE: 1 August 1951

FOR:  
Medical  
IA  
IC  
Hd Comdr  
Engineer  
CIA Personnel  
Crews  
Cdr  
Central Purchasing O  
Auxiliary  
AC  
ISPOC  
C-4  
C-3  
C-2  
C-1  
Comptroller  
SGS  
DCS SCAP  
DCS REC  
Chief of Staff  
Aide-de-Camp  
Commander-in-Chief  
TO:  
FROM: COT

14295

ROUTING SLIP

FOR EVAL COMMAND

AND

SUPREME COMMANDER FOR THE ALLIED POWERS  
GENERAL HEADQUARTERS

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS  
AND  
FAR EAST COMMAND

ROUTING SLIP

FROM: COM

DATE: 1 August 1951

TO:

- Commander-in-Chief \_\_\_\_\_
- Aide-de-Camp \_\_\_\_\_
- Chief of Staff \_\_\_\_\_
- DCofS FEC \_\_\_\_\_
- DCofS SCAP \_\_\_\_\_
- SGS \_\_\_\_\_
- Comptroller \_\_\_\_\_
- G-1 \_\_\_\_\_
- G-2 \_\_\_\_\_
- G-3 \_\_\_\_\_
- G-4 XXX \_\_\_\_\_
- JSPOG \_\_\_\_\_
- AG \_\_\_\_\_
- Antiaircraft \_\_\_\_\_
- Central Purchasing O \_\_\_\_\_
- Chaplain \_\_\_\_\_
- Chemical \_\_\_\_\_
- Civ Personnel \_\_\_\_\_
- Engineer \_\_\_\_\_
- Hq Comdt \_\_\_\_\_
- IG \_\_\_\_\_
- JA \_\_\_\_\_
- Medical \_\_\_\_\_

- Ordnance \_\_\_\_\_
- PM \_\_\_\_\_
- PIO \_\_\_\_\_
- Ryukyus Mil Govt \_\_\_\_\_
- QM \_\_\_\_\_
- Signal \_\_\_\_\_
- Sp Services \_\_\_\_\_
- Trans \_\_\_\_\_
- TI&E \_\_\_\_\_
- Civ Aff \_\_\_\_\_
- Civ Comm \_\_\_\_\_
- Civ Historical \_\_\_\_\_
- CI&E \_\_\_\_\_
- Civ Int \_\_\_\_\_
- Civil Property Custodian \_\_\_\_\_
- Civ Trans \_\_\_\_\_
- Diplomatic \_\_\_\_\_
- ESS \_\_\_\_\_
- Government \_\_\_\_\_
- Legal \_\_\_\_\_
- NRS \_\_\_\_\_
- PH&W \_\_\_\_\_

FOR:

- Approval \_\_\_\_\_
- Comment or  
Concurrence \_\_\_\_\_
- Information XXX \_\_\_\_\_
- Initials \_\_\_\_\_
- Issuance of Orders \_\_\_\_\_
- Necessary Action \_\_\_\_\_

- Note and Return \_\_\_\_\_
- Distribution Desired \_\_\_\_\_
- Signature \_\_\_\_\_
- Dispatch \_\_\_\_\_
- Attachment of  
Reference \_\_\_\_\_
- File \_\_\_\_\_

*786 fuhll*

**GENERAL HEADQUARTERS  
FAR EAST COMMAND**

**CHECK SHEET** Mr. Guoynes 26-6786

(Do not remove from attached sheets)

File No:

Subject: Transmittal of Statement of CPO for month of  
June, 1951

Note  
No.

From: COM

To: G-4

Date: 1 August 1951

2

1. The statement of CPO for the month of June, 1951 is forwarded without comment. Presumably a statement for the six month period ending 30 June 1951 is being prepared and any comments deemed appropriate will be made upon receipt of said statement.

2. No physical inventory was made by CPO as at 30 June 1951 as has been the practice in prior years. The new directive requires a physical inventory to be made annually on 31 December. The audit has therefore been scheduled on an annual basis instead of a semi-annual audit as has been the practice in the past. Selective test checks will be made periodically during the year in order to complete the annual audit as promptly as possible after the close of the year.

Incls  
a/s

*L. L. W.*

*331.3  
CPO Bal Sheets*

GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Mr. Guyton SC-5786

(Do not remove from attached sheets)

Transmittal of Statement of CFO for month of

Subject: Guyton, 1951

File No:

Date: 1 August 1951

To: C-4

From: COM

Note No.

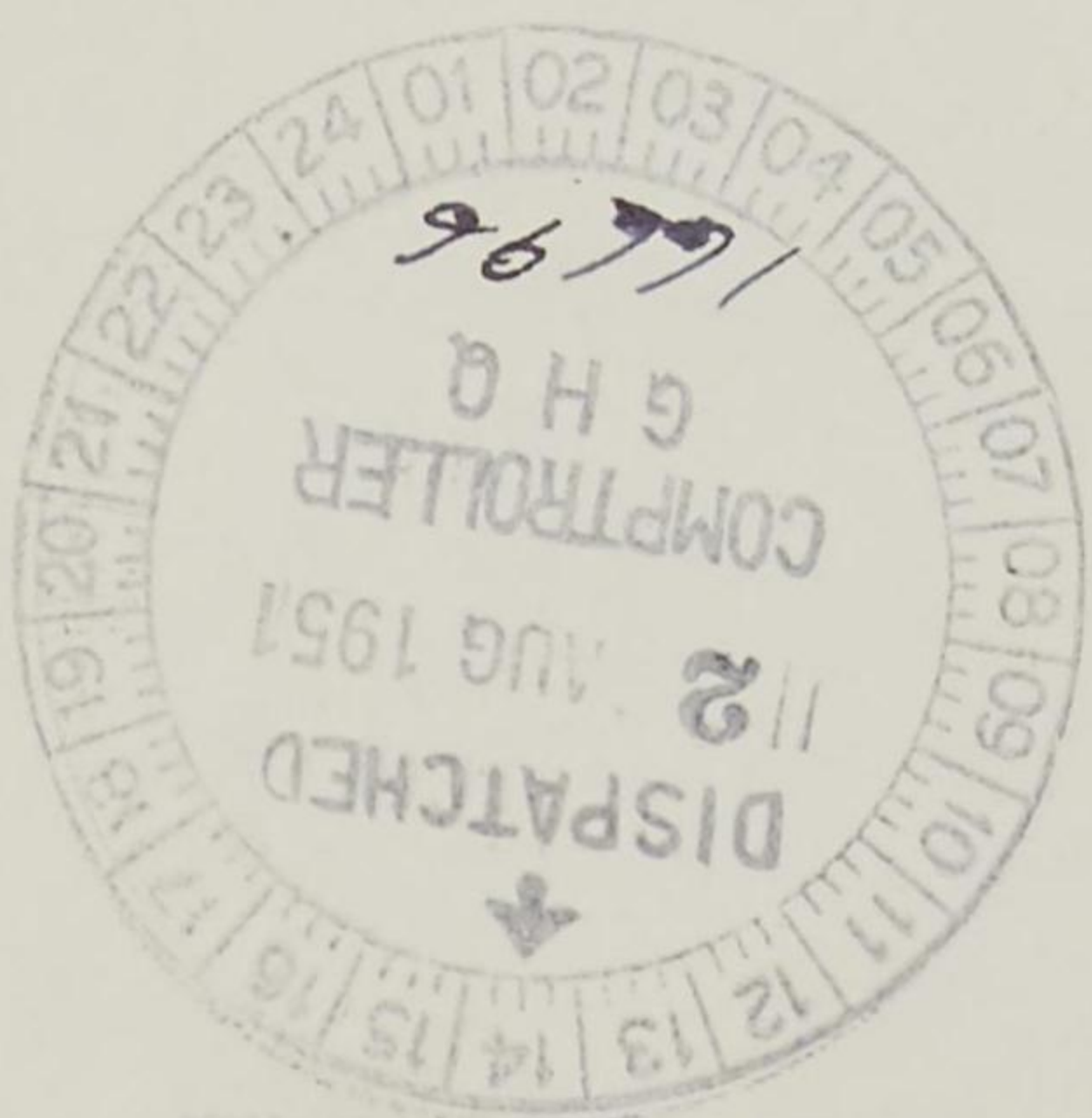
2

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Incls  
s/s

*Good*  
*W.M.*



5605

**GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET**

(Do not remove from attached sheets) AJM/EMM  
67-1644

File No: AG (25 July 51)CPO Subject: Transmittal of Balance Sheet

Note  
No.

From: CPO

To: G-4  
Thru: COM

Date: 25 July 1951

1

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C) and Analysis of Surplus (Exhibit III), as of 30 June 1951.

2. The following comments of special interest are furnished:

- a. Sales amounted to \$1,941,412.68.
- b. Requisitions from Exchanges during June amounted to \$1,728,000.00, approximately the same as the previous month. Forecast on requisitions is that they will continue near the two million mark for some time.
- c. Net profit for the period was \$52,997.95.
- d. Authorized capital, ie., Surplus and Reserves of \$3,500,000.00 is still short of the mark by \$133,534.50. This should be realized during the second half of this year through generation of normal profits provided through present high sales figures and stabilized expenses. In this connection, our payroll on indigenous hire, plus supplementary expenses in connection with this payroll, such as health insurance, WACI and unemployment insurance will materially increase CPO's operating costs.
- e. It will be noted that freight and insurance have been carried as a separate item in the Cost of Goods Sold Section of the Statement of Profit and Loss per recommendation of the Comptroller's Department.
- f. A final revised method of completely accounting for all Tally-Ins to insure positive checks will be in effect starting with the August period.

1 Incl  
Balance Sheet  
w/supporting schedules

A. H. N.



2002

GENERAL HEADQUARTERS  
PAR EAST COMMAND  
CHECK SHEET

(Do not remove from attached sheets) ALM/EMM  
67-1644

File No: AG (25 July 51) GPO Subject: Transmittal of Balance Sheet

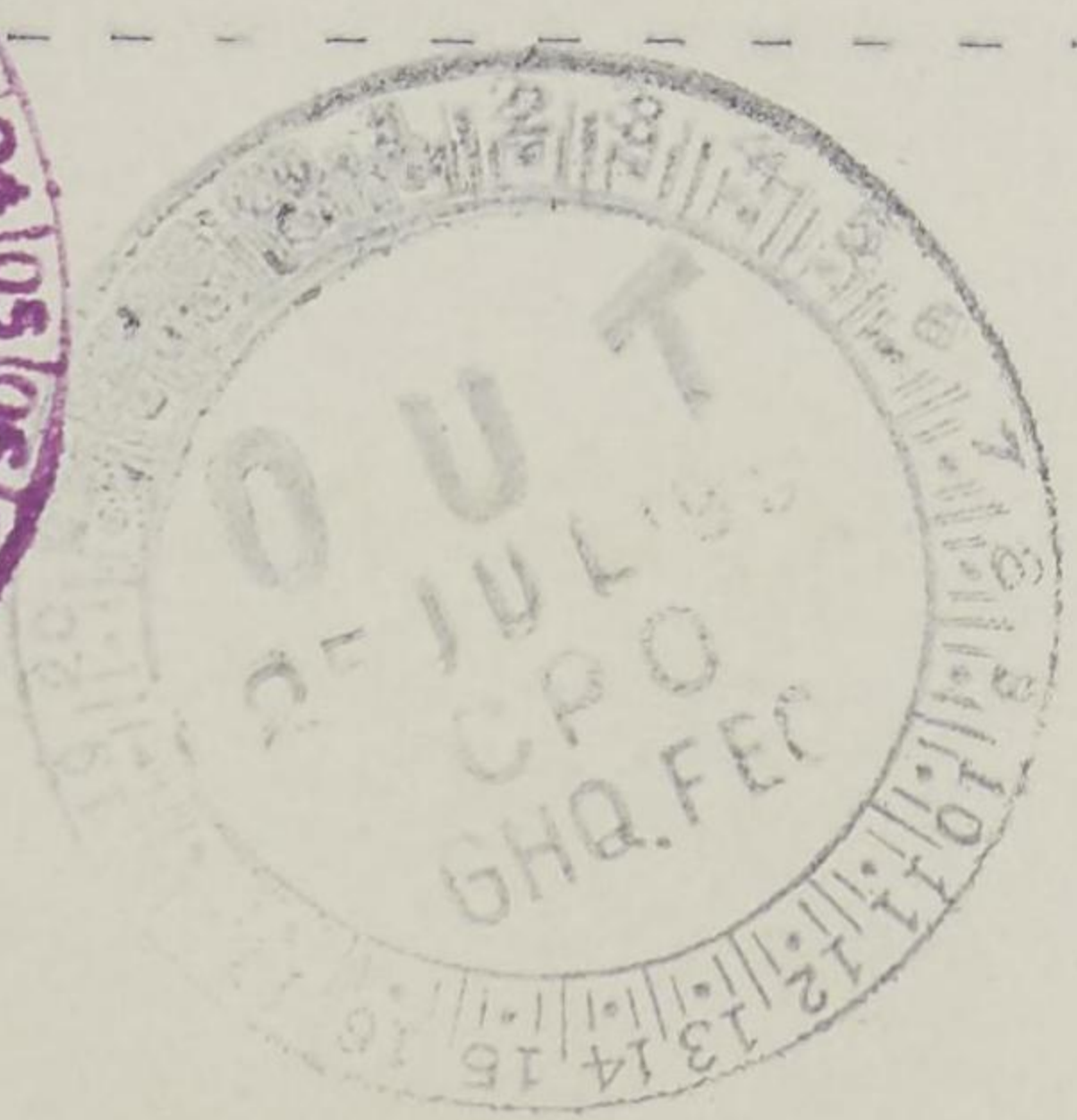
Date: 25 July 1951 From: GPO To: G-4  
THRU: COM

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C) and Analysis of Surplus (Exhibit III), as of 30 June 1951.

2. The following comments of special interest are furnished:

- a. Sales amounted to \$1,941,412.68.
- b. Repatriations from exchanges during June amounted to \$1,728,000.00, approximately the same as the previous month. Forecast on repatriations is that they will continue near the two million mark for some time.
- c. Net profit for the period was \$22,927.95.
- d. Authorized capital, ie., Surplus and Reserves of \$3,500,000.00 is still short of the mark by \$152,534.50. This should be realized during the second half of this year through generation of normal profits provided through present high sales figures and stabilized expenses. In this connection, our payroll on indigenous hire, plus supplementary expenses in connection with this payroll, such as health insurance, WACI and unemployment insurance will materially increase GPO's operating costs. It will be noted that freight and insurance have been carried as a separate item in the Cost of Goods Sold Section of the Statement of Profit and Loss per recommendation of the Comptroller's Department.
- e. A final revised method of completely accounting for all tally-ins to insure positive checks will be in effect starting with the August period.

I Inc. Balance Sheet w/supporting schedules



GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Balance Sheet  
 30 June 1951

EXHIBIT I

EX I

Current Assets

Cash in Banks

Chase Nat'l Bank, Tokyo, Dollar A/C	\$ 65,806.98	
Chase Nat'l Bank, Tokyo, Yen A/C	1,613.19	
Chase Nat'l Bank, Air Force Uniform A/C	999.75	
Chase Nat'l Bank, Deposit Order A/C	4,313.52	
Chase Nat'l Bank, Payroll A/C	16,134.12	
National City Bank of N.Y., Dollar A/C for Hongkong	131,308.12	
National City Bank of N.Y., Dollar A/C	83,990.59	
Hongkong & Shanghai Bank, Tokyo, Pound A/C	74,880.36	
Chase National Bank, Special Service Deposit A/C	<u>.60</u>	\$ 379,047.23

Change Fund

430.00

Petty Cash Fund

175.00

Funds w/Agents, Hongkong

Cash in Bank	68,047.05	
Cash in Transit	70,000.00	
Merchandise in Transit	<u>(71,354.43)</u>	66,692.62

Chase Nat'l Bank, Allied National Bond A/C

500.00

Less: Allied Nat'l Bond Recovery

150.00

350.00

Pan-American Courtesy Card Deposit

425.00

Accounts Receivable - Dollars

2,394,569.23

Less: Reserve for Bad Debts

1,665.20

2,392,904.03

\* Accounts Receivable - Dollar

55,244.65

Other Receivables - Dollar, Regular

5,141.58

Notes Receivable

3,467.82

Accounts Receivable - Dollar - Miscellaneous

Philcom Freight & Insurance A/C	15,773.83	
Marbo Freight & Insurance A/C	1,596.59	
Navy Insurance A/C	545.47	
U. S. Navy Insurance A/C APO 961	1,008.00	
U. S. Navy Insurance A/C, Truk	3.59	
U. S. Navy Insurance A/C, Subic Bay APO 3002	<u>23.85</u>	18,951.33

Inventories

Merchandise Regular	990,784.89	
Manufacturing Stock	28,208.49	
Show Room	11,165.65	
Sales Room	<u>24,744.77</u>	1,054,903.80

Other Receivables - Merchandise Out for Repair \$ 32,216.52

Other Inventories

Previous Metals on Hand	\$ 1,236.81	
Production Sample Material	2,992.45	
Textile Samples	663.93	
Goods in Process, Silk & Precious Metals	<u>8,926.56</u>	13,819.75

Other Assets

Office Equipment, Tokyo	22,997.16	
Less Reserve for Depreciation	<u>22,997.16</u>	∅
Office Equipment, Hongkong	1,199.82	
Less Reserve for Depreciation	<u>1,199.82</u>	∅
Automotive Equipment	600.00	
Less Reserve for Depreciation	<u>600.00</u>	<u>∅</u>

Total Assets

\$ 4,023,769.33

Current Liabilities

Accounts Payable

Vendors, Yen	1,567.30	
Vendors, Dollars, Payable in Yen	497,908.23	
Deposits on Air Force Uniforms	999.75	
Deposit Orders	<u>4,313.52</u>	504,788.80

Accounts Payable - Dollar - Miscellaneous

Rycom Freight & Insurance A/C	6,358.48	
Eniwetok Insurance A/C	28.24	
U. S. Marine Corps Insurance A/C	4.86	
U. S. Navy Insurance A/C, Guam, APO 943	454.68	
U. S. Navy Insurance A/C, Sasebo, APO 3912	1,467.80	
U. S. Navy Insurance A/C, Guam, APO 926	507.42	
U. S. Navy Insurance A/C, Kwajalein	<u>237.05</u>	9,058.53
Accounts Payable, Bangkok		39,702.47
Accounts Payable, Others		3,880.48

Accrued Liabilities

Accrued Payroll	13,538.89	
Accrued Per Diem	300.00	
Accrued Income Tax Payable, Regular	9,636.00	
Accrued Income Tax Payable, Direct Hire	1,855.89	
Accrued F. I. C. A. Tax Payable, Regular	1,897.04	
Accrued F. I. C. A. Tax Payable, Direct Hire	362.60	
Accrued Quarters Deduction	8.77	
Accrued Discounts Payable	1,774.36	
Accrued Annual Leave Payable	<u>32,500.00</u>	61,873.55

Contingent Liability		
Return Travel to U. S.	<u>\$ 38,000.00</u>	
Total Liabilities		\$ 657,303.83
Net Worth		
Surplus, 31 May 1951	\$ 2,812,832.24	
Add: Gain for the Period, June 1951	52,997.95	
** Other Additions to Surplus	635.28	
*** Other Additions to Surplus	<u>.03</u>	2,866,465.50
Reserve for Liquidation		<u>500,000.00</u>
		<u>\$4,023,769.33</u>

- \* Debit Balance in A/C Payable
- \*\* Bad Debts previously charged to Surplus in December 1950 which has been collected in June 1951
- \*\*\* Adjustment of Surplus on Prior month's entries (May, 1951)

I certify, to the best of my knowledge and belief, that this is a true statement of Central Purchasing Office Fiscal Accounts as of 30 June 1951.

REVIEWED BY:

<i>Edwin M. Mendenhall</i>	<i>T. E. Vergara</i>
EDWIN M. MENDENHALL	T. E. VERGARA
Actg. Deputy Chief	Chief, Accts. and
Fiscal Division	Statistics Br, Fiscal

*A. Millet*

A. MILLET  
Actg. Chief  
Fiscal Division

APPROVED BY:

*A. H. Nordstrom*

A. H. NORDSTROM  
Colonel, Ord.  
Chief, CPO

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement  
 30 June 1951

EXHIBIT II

SALES

Exchange Systems		\$ 1,687,717.95	
Individuals and Clubs		120,664.62	
Air Force Uniforms		106,536.65	
* Special Service Units	\$ 26,586.43		
Less - Insurance Recovery	92.97	26,493.46	\$1,941,412.68

COST OF SALE

Inventory, 31 May 1951	846,462.93		
Add: Purchases	2,033,610.68		
Freight and Insurance	21,224.67		
Inventory Adjustment	7,143.02		
Inventory Transfers - G.I.P.	13,824.73	2,922,266.03	
Less: Inventory Transfers - General	2,008.59		
Inventory, 30 June 1951	1,054,903.80	1,056,912.39	1,865,353.64

Gross Income from Sales

76,059.04

OPERATING EXPENSE - Schedule A

29,127.82

OTHER EXPENSE - Schedule B

541.19

Total Expenses

29,669.01

OTHER INCOME - Schedule C

6,607.92

23,061.09

Gain for Period

\$ 52,997.95

\* Special Service Units gross sales made up of sales at B.E. price plus CPO mark-up which is the basis for gross sales figure; however, SSU gross sales figure includes insurance charge which is a recovery item included in Schedule A.

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Trial Balance - Schedule A  
30 June 1951

SCHEDULE OF OPERATING EXPENSES

Expenses - Tokyo

Salaries, Tokyo, General	\$ 21,568.54	
Salaries, Tokyo, Direct Hire	4,504.96	
Salaries, Tokyo, Indigenous	1,525.91	
Office Supplies	427.87	
Postage	89.19	
Printing and Forms	(789.83)	
Telegrams and Cables	107.32	
Insurance Expense	2,393.77	
Insurance Expense Recovered	(396.36)	
Freight Expense Other than Hongkong	4,137.06	
Freight Expense Other than Hongkong, Recovered	(4,873.75)	
Depreciation Expense	154.61	
Loss on Bad Debts	(103.01)	
Pearl Processing Expense & Recovery	112.50	
Manufacturing Section Expense	10.50	
Subscription and Advertising	7.65	
Gas & Oil Expense	777.23	
Travel Expense	161.53	
Per Diem Expense, Tokyo	915.83	
Miscellaneous Expense	185.55	
Expense - Personnel Returned to U. S.	1,099.00	
F.I.C.A. Tax Expense, Regular	308.61	
F.I.C.A. Tax Expense, Direct Hire	65.15	
Automobile Repairs	30.41	
Miscellaneous Office Expense	14.90	
Courier Expense	5.70	
Renovation Expense	388.75	\$ 32,829.59

Expenses - Hongkong

Salaries	1,229.35	
Per Diem	300.00	
Insurance Expense - Hongkong Shipments	1,131.14	
Hongkong Freight A/C	5,107.26	
" " and Insurance, Recovered	(12,632.30)	
Printing and Forms	107.99	
Office Supplies	62.72	
Conversion Expense	669.06	
Rent	119.43	

Courier Expense	\$	45.09	
Postage		9.24	
Telegrams & Cables		96.77	
Office Supplies - Miscellaneous		34.66	
Miscellaneous Expenses		<u>17.82</u>	<u>(3,701.77)</u>
Total Operating Expenses .....			<u>\$ 29,127.82</u>

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit & Loss Statement - Schedule B  
30 June 1951

\* Schedule B - Schedule of Other Expenses

Inventory Adjustment	\$ 491.62
Miscellaneous, Over & Short, Write Offs, etc.	<u>49.57</u>
	<u>\$ 541.19</u>

\* Represents debit balances in other Income Accounts.



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Authority NND 975029

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit & Loss Statement - Schedule C  
30 June 1951

Schedule C - Schedule of Other Income

Procurement Pricing Gain	\$ 5,560.18
Precious Metals Gain	.08
Fiscal Manufacturing Gain	595.50
Conversion Gains	<u>452.16</u>
	<u>\$ 6,607.92</u>

EXHIBIT III

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Analysis of Surplus  
30 June 1951

EXHIBIT III

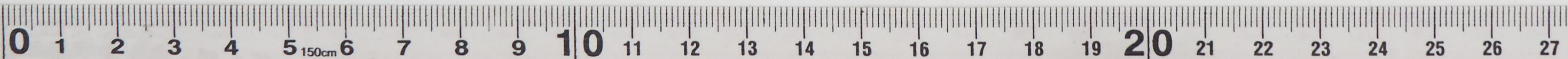
	Balance 31 May 1951	Adjustments Current Month	Balance 30 June 1951
Operating Income	\$1,185,511.63	\$46,931.22	\$1,232,442.85
* Inventory Adjustments	294,229.62	(491.62)	293,738.00
Sale of Free Merchandise	382,457.33	Ø	382,457.33
Conversion Gains	333,752.79	452.16	334,204.95
Previous Metals Gains	48,216.62	.08	48,216.70
Procurement Pricing Gains	316,397.19	5,560.18	321,957.37
Fiscal Pricing Gains	81,471.81	595.50	82,067.31
Miscellaneous	5,956.90	(49.57)	5,907.33
Penalties to Vendors	417.06	Ø	417.06
Gain or Loss on Dye Orders	55,901.03	Ø	55,901.03
Adjustment to Surplus on Prior Month's Entries	301.71	.03	301.74
Reserve for Precious Metal Adjustments	(29,256.37)	Ø	(29,256.37)
Reserve for Inventory Loss (Brocade & Tribute Silk)	(150,000.00)	Ø	(150,000.00)
Precious Metals Reserve Closed to Surplus	9,104.59	Ø	9,104.59
Inventory Loss (Brocade & Tribute Silk)	-	-	-
Reserve Balance Closed to Surplus	7,362.68	Ø	7,362.68
Stock Dividend Issued & Transferred to Surplus	(651,090.21)	Ø	(651,090.21)
Stock Dividend Balance Closed to Surplus	2.25	Ø	2.25
Cash Dividend Paid	(1,354,066.45)	Ø	(1,354,066.45)
** Capitalization Gains	2,875,194.31	Ø	2,875,194.31
Reserve for Liquidation	(500,000.00)	Ø	(500,000.00)
Reserve for Bad Debts	(2,300.48)	635.28	(1,665.20)
Reserve for Inventory Losses Bid Merchandise	-	-	-
Inventory Losses Bid Merchandise, Japanese Vendors	(26,231.77)	Ø	(26,231.77)
Reserve for Annual Leave	(32,500.00)	Ø	(32,500.00)
Reserve for Return Travel to U. S.	(38,000.00)	Ø	(38,000.00)
Net Surplus	<u>\$2,812,832.24</u>	<u>\$53,633.26</u>	<u>\$ 2,866,465.50</u>

\* Pricing gains contained in this account from 25 Oct 45 to 1 Jun 48, as segregation was established 1 Jun 48.

\*\* Developed from beginning of operations to date.

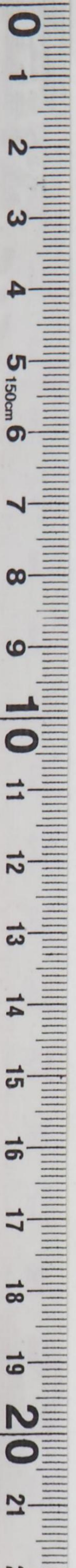
DECLASSIFIED

Authority NND 975029



AT ON M A O 3 O S A 3 E F

FORM 1-1-1949 (REV. 1-21-1948)



Necessary Action \_\_\_\_\_  
 Issuance of Orders \_\_\_\_\_  
 Initials \_\_\_\_\_  
 Information \_\_\_\_\_  
 Concurrence \_\_\_\_\_  
 Comment or \_\_\_\_\_  
 Approval \_\_\_\_\_  
 FOB: \_\_\_\_\_  
 Medical \_\_\_\_\_  
 VA \_\_\_\_\_  
 IC \_\_\_\_\_  
 Hd Comdr \_\_\_\_\_  
 Engineer \_\_\_\_\_  
 Civ Personnel \_\_\_\_\_  
 Chaplain \_\_\_\_\_  
 Central Purchasing O \_\_\_\_\_  
 Administrator \_\_\_\_\_  
 VC \_\_\_\_\_  
 ISPOC \_\_\_\_\_  
 C-4 \_\_\_\_\_  
 C-3 \_\_\_\_\_  
 C-2 \_\_\_\_\_  
 C-1 \_\_\_\_\_  
 Comptroller \_\_\_\_\_  
 SES \_\_\_\_\_  
 DCofS SCVP \_\_\_\_\_  
 DCofS SEC \_\_\_\_\_  
 Chief of Staff \_\_\_\_\_  
 Aide-de-Camp \_\_\_\_\_  
 Commander-in-Chief \_\_\_\_\_

**G-4 ROUTING**

Department of \_\_\_\_\_  
 A C/S G-4 \_\_\_\_\_  
 DAC/S \_\_\_\_\_  
 Distribution Desired \_\_\_\_\_  
 EXECUTIVE \_\_\_\_\_  
 Note and Return \_\_\_\_\_  
 P + O \_\_\_\_\_  
 C + RE \_\_\_\_\_  
 SUPPLY \_\_\_\_\_

① \_\_\_\_\_  
 BHM \_\_\_\_\_  
 KEA \_\_\_\_\_  
 ADMIN \_\_\_\_\_  
 ② \_\_\_\_\_

G-4JW # 11404

CIA \_\_\_\_\_  
 Civil Property Custodian \_\_\_\_\_  
 CIA Int \_\_\_\_\_  
 CIFE \_\_\_\_\_  
 CIA Historical \_\_\_\_\_  
 CIA Comm \_\_\_\_\_  
 CIA Ad \_\_\_\_\_  
 LIA \_\_\_\_\_  
 Trans \_\_\_\_\_  
 Sp Services \_\_\_\_\_  
 Signal \_\_\_\_\_  
 OM \_\_\_\_\_  
 Rlogys CIA Adm \_\_\_\_\_  
 PIO \_\_\_\_\_  
 PM \_\_\_\_\_  
 Ordnance \_\_\_\_\_

TO: \_\_\_\_\_  
 FROM: C60

DATE: 22 Jan 51

ROUTING SLIP  
 FOR EAST COMMAND  
 AND  
 SUPREME COMMANDER FOR THE ALLIED POWERS  
 GENERAL DOWRYLES

GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS  
AND  
FAR EAST COMMAND

ROUTING SLIP

FROM: CPO

DATE: 25 JUN 51

TO:

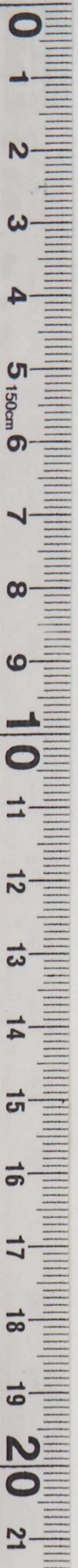
- Commander-in-Chief \_\_\_\_\_
- Aide-de-Camp \_\_\_\_\_
- Chief of Staff \_\_\_\_\_
- DCofS FEC \_\_\_\_\_
- DCofS SCAP \_\_\_\_\_
- SGS \_\_\_\_\_
- Comptroller \_\_\_\_\_
- G-1 \_\_\_\_\_
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- Ryukyus Civ Adm \_\_\_\_\_
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- Diplomatic \_\_\_\_\_
- ESS \_\_\_\_\_
- Government \_\_\_\_\_
- Legal \_\_\_\_\_
- NRS \_\_\_\_\_
- PH&W \_\_\_\_\_

FOR:

- Approval \_\_\_\_\_
- Comment or  
Concurrence  \_\_\_\_\_
- Information  \_\_\_\_\_
- Initials \_\_\_\_\_
- Issuance of Orders \_\_\_\_\_
- Necessary Action \_\_\_\_\_

- Note and Return \_\_\_\_\_
- Distribution Desired \_\_\_\_\_
- Signature \_\_\_\_\_
- Dispatch \_\_\_\_\_
- Attachment of  
Reference \_\_\_\_\_
- File \_\_\_\_\_



*A. H. N.*  
*64L*

GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Mr. Guoynes 26-6786

(Do not remove from attached sheets)

331.3

File No:

Subject: Transmittal of CPO Balance Sheet

Note No.

From: COM

To: G-4

Date: 5 June 1951

2

1. The Comptroller submitted a Memorandum for Record under date of 31 May 1951 containing certain data and comments on the records maintained by CPO. At a recent conference concerning the points covered by this memorandum a tentative agreement was reached under which the changes recommended would be placed in operation. Staff Auditors will be available for consultation in respect to the working out of the details.

2. It is suggested that every effort be made by CPO to make the necessary changes as at 1 June in order that the accounts as at 30 June may be correctly presented. The statements issued by CPO for the months ending 31 December thru 31 May must be considered as tentative pending the activating of the changes recommended. Further information in respect to the accounts will be given in the Report of Examination for the period ending 31 December 1950 which will be issued during the month of June.

1 Incl.  
Balance Sheet with  
supporting Schedules

----- L. L. W. -----

From: G-4

To: CPO

Lt Col Schneider 26-6432

Date: 7 Jun 51

3

For information and return to G-4.

1 Incl  
n/c

----- G. L. E. -----  
A. Millet 26-7858

Date: 25 June 1951

4

From: CPO

To: G-4

Noted.

1 Incl  
n/c

----- A. H. N. -----

GENERAL HEADQUARTERS

FAR EAST COMMAND

CHECK SHEET

28-6788

(Do not remove from attached sheets)

Subject: Transmittal of CFO Balance Sheet

File No:

Date: 5 June 1951

To: G-4

From: COM

Note No.

1. The Comptroller submitted a Memorandum for Record under date of 31 May 1951 containing certain data and comments on the records maintained by CFO. At a recent conference concerning the points covered by this memorandum a tentative agreement was reached under which the changes recommended would be placed in operation. Staff Auditors will be available for consultation in respect to the working out of the details.

2. It is suggested that every effort be made by CFO to make the necessary changes as of 1 June in order that the accounts as at 30 June may be correctly presented. The statements issued by CFO for the months ending 31 December 1950 and 31 May must be considered as tentative pending the activating of the changes recommended. Further information in respect to the accounts will be given in the Report of Examination for the period ending 31 December 1950 which will be issued during the month of June.

1 Incl.  
Balance Sheet with  
supporting Schedules

To: Col Schneider 28-6132  
Date: 7 Jun 51

To: CFO

From: G-4

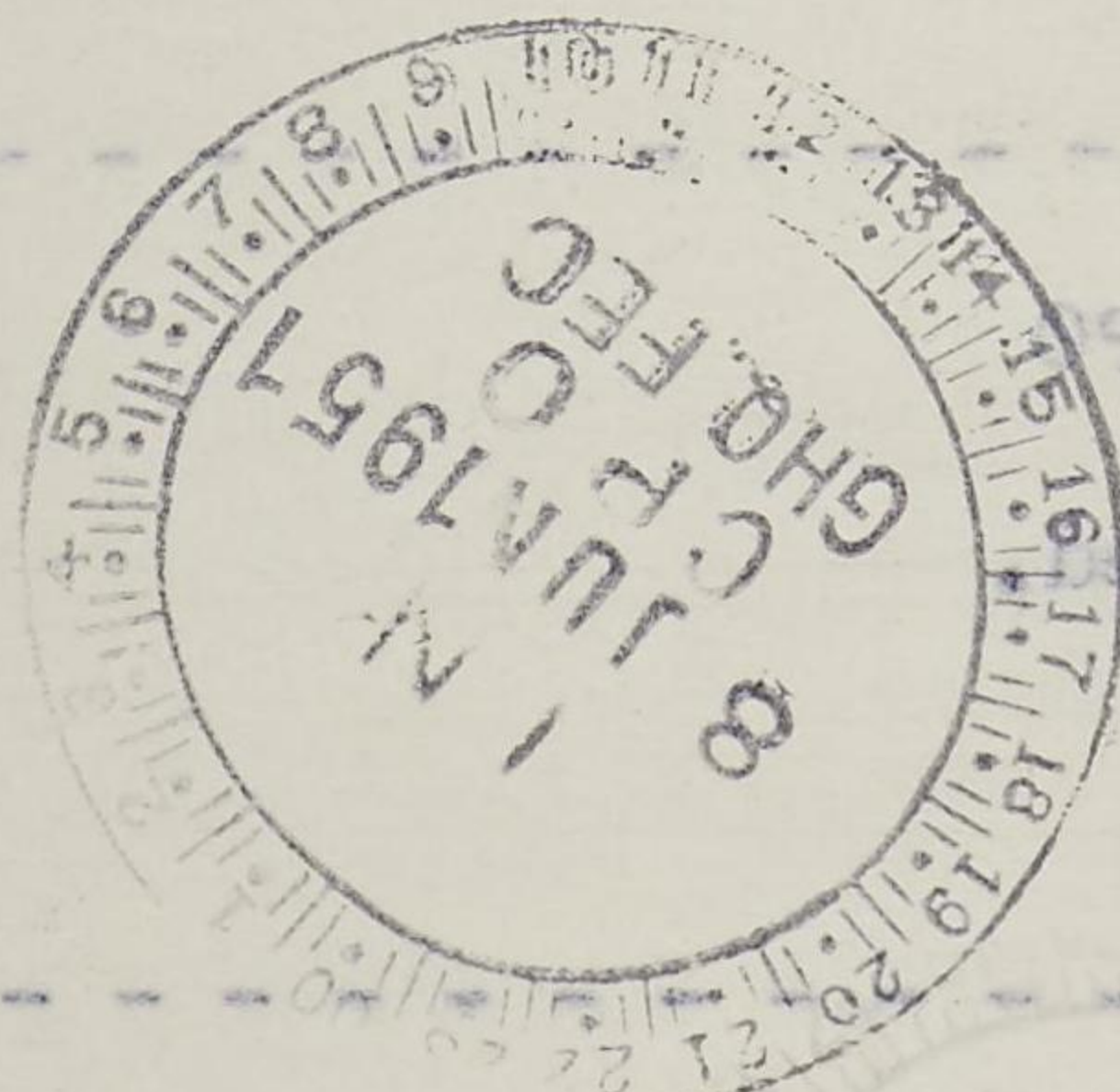
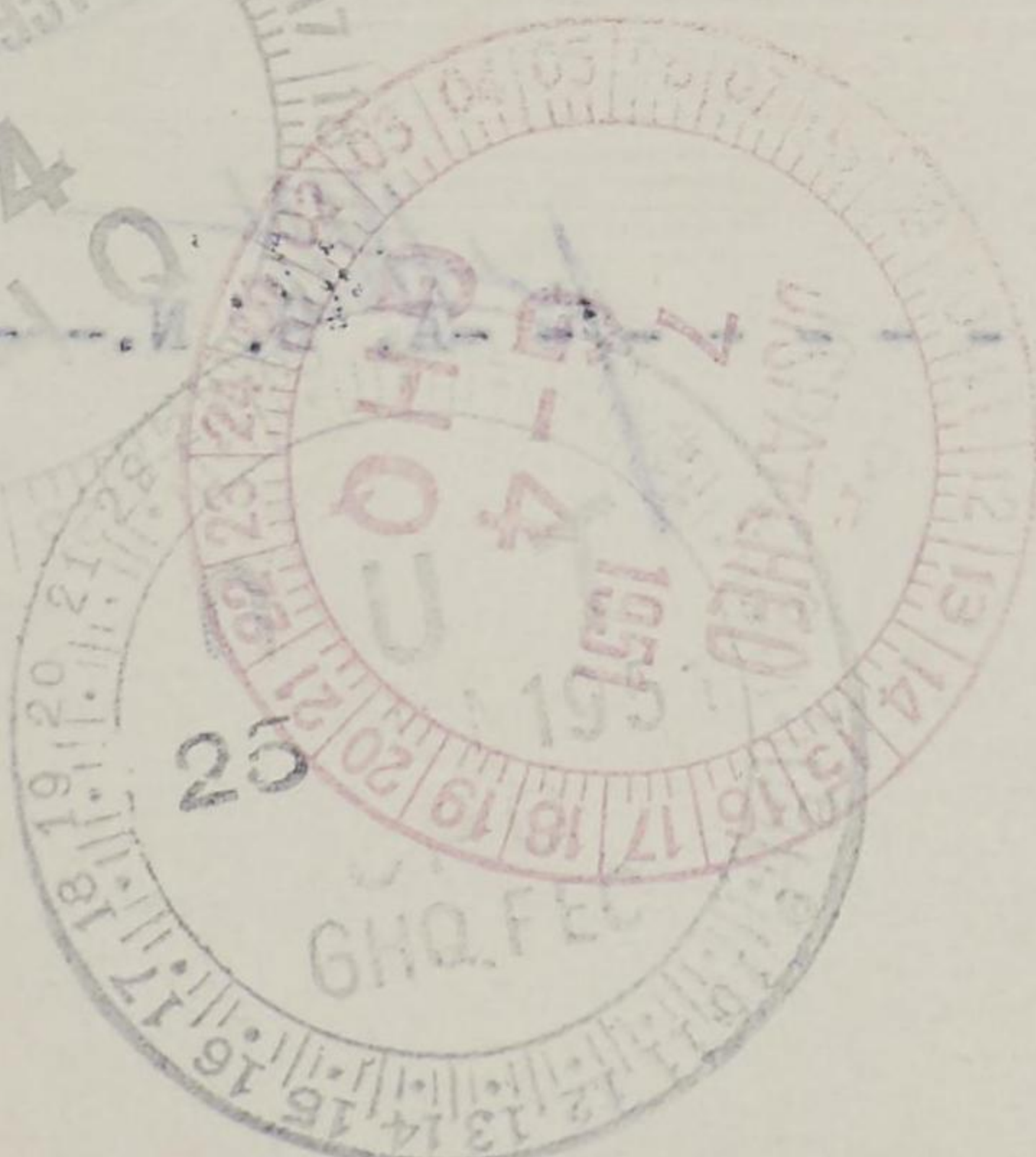
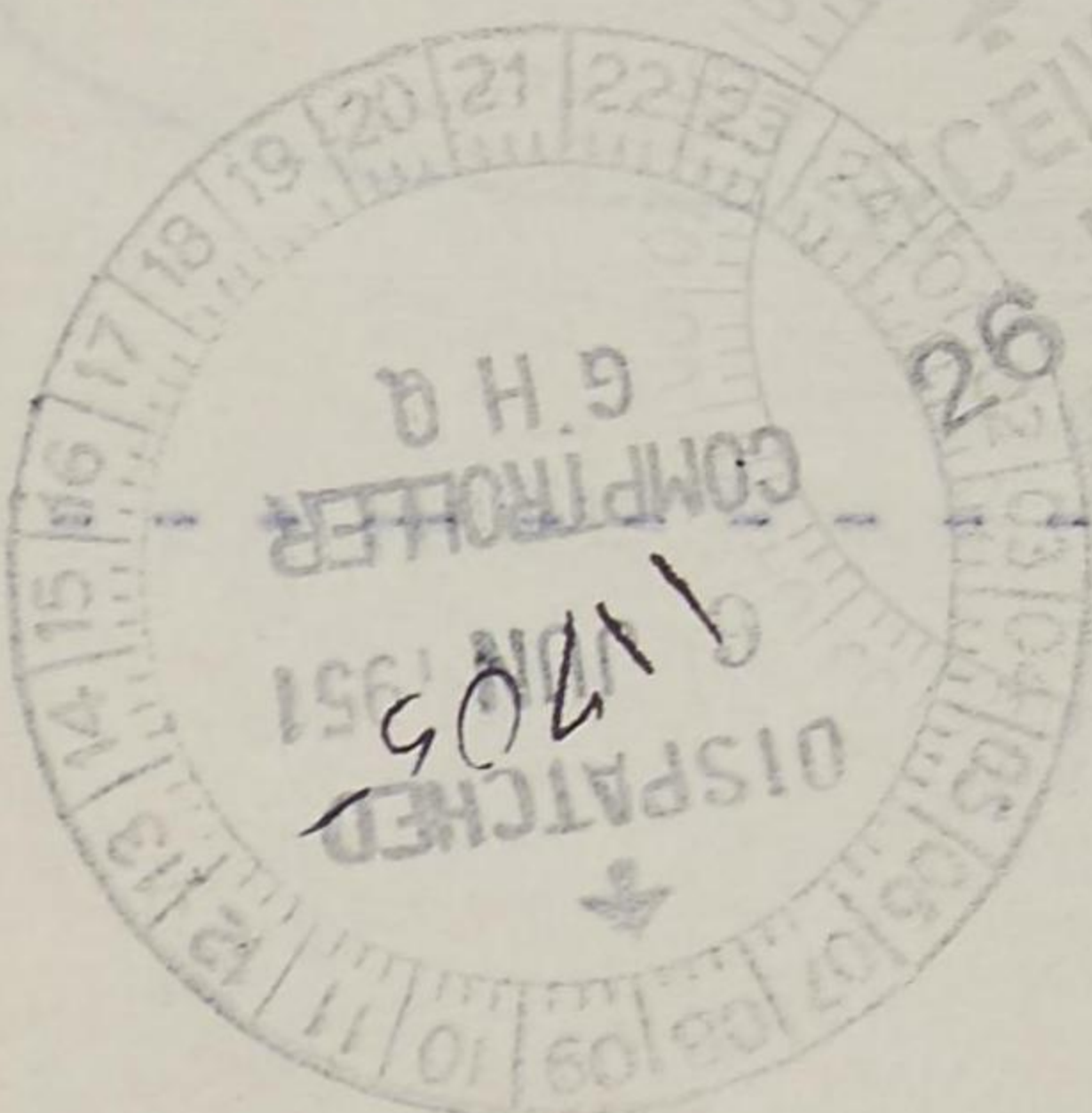
For information and return to G-4.

1 Incl  
n/c

To: Chief 28-7858  
Date: 13 June 1951

To: G-4

From: OP



6142

**GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET**

(Do not remove from attached sheets) **A. Millet 26-7858**  
FMM

File No: **AG (29 May 51)CPO** Subject: **Transmittal of Balance Sheet**

Note  
No.

From: **CPO**

To: **G-4**  
Thru: **COM**

Date: **29 May 1951**

1

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C), and Analysis of Surplus (Exhibit III), as of 30 April 1951.

2. The following comments of special interest are furnished:

- a. Sales amounted to \$1,880,026.09.
- b. Requisitions from Exchanges during April amounted to \$2,150,000.00.
- c. Net profit for period was \$44,035.51.

Inasmuch as expense and revenue items for the month were uniform, special comment is not deemed necessary on the phases of the month's operation in connection with the net gain.

3. Bid merchandise sale entries were cleared up in the period and the remaining \$8,768.23 in the Reserve for Inventory Losses set aside for these sales closed to Surplus, leaving the net loss on these sales at \$26,231.77.

4. A total of \$132,500.00 is still required to increase the CPO net worth and reserves up to the \$3,500,000.00 authorized. It is anticipated that a continuation of the 4% mark-up for the second quarter will bring CPO net worth and reserves up to the authorized total.

5. It is anticipated that recommendations made by the Comptroller's Office regarding financial statement revisions will be carried out progressively starting with the June statement.

1 Incl.  
Balance Sheet with  
supporting Schedules

*A. H. N.*  
-----  
A. H. N.-----

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET

(Do not remove from attached sheets) A. Miller 26-7858  
RHM

File No: AG (29 May 51) CPO Subject: Transmittal of Balance Sheet

From: CPO To: G-4  
Thru: COM Date: 29 May 1951

1. Transmitted herewith is the General Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C), and Analysis of Surplus (Exhibit III), as of 30 April 1951.

2. The following comments of special interest are furnished:

- a. Sales amounted to \$1,380,026.09.
- b. Requisitions from exchanges during April amounted to \$2,150,000.00.
- c. Net profit for period was \$44,092.51.

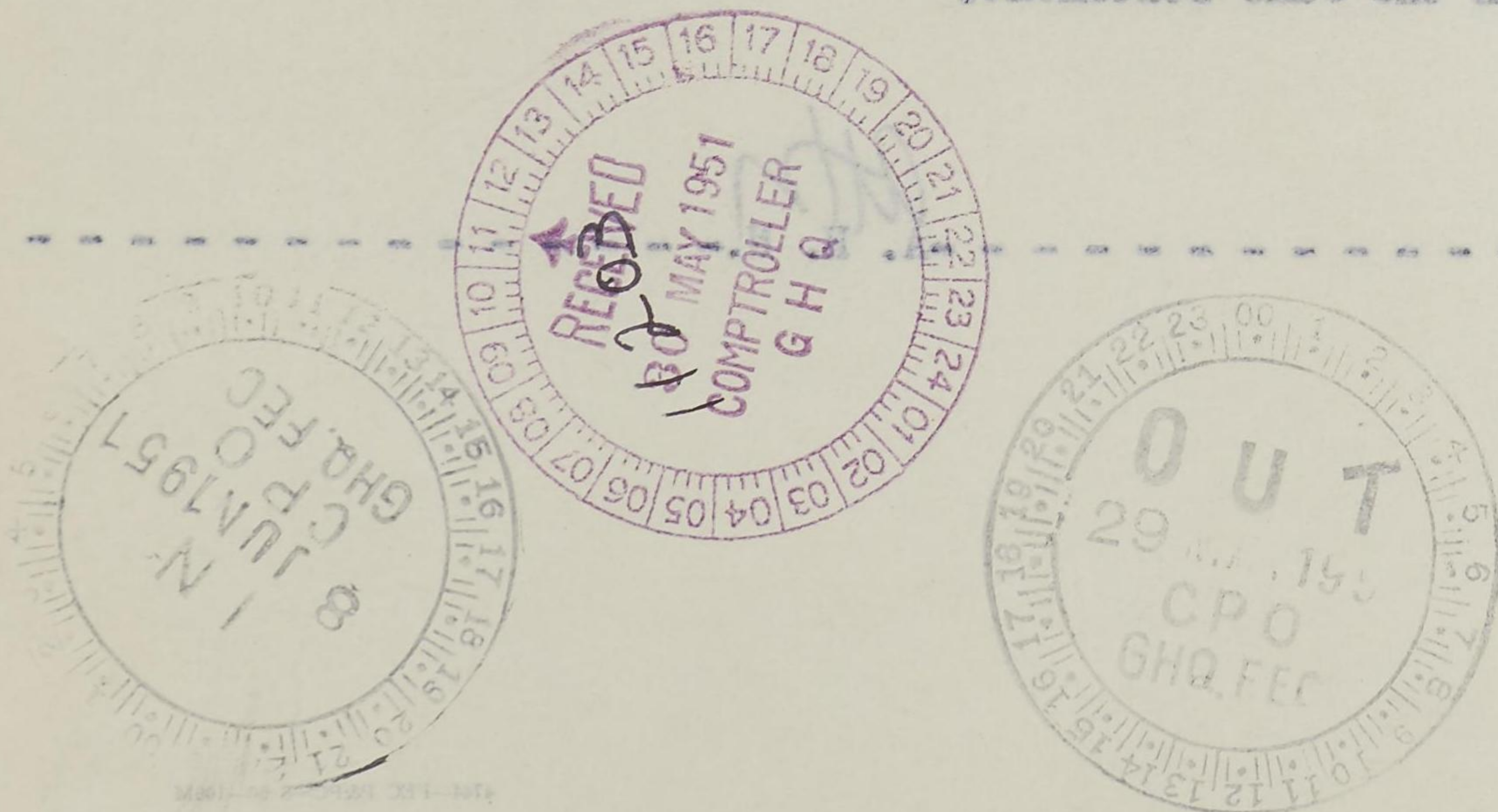
Inasmuch as expense and revenue items for the month were uniform, special comment is not deemed necessary on the phases of the month's operation in connection with the net gain.

3. Bid merchandise sale entries were cleared up in the period and the remaining \$8,768.23 in the Reserve for Inventory Losses set aside for these sales closed to Surplus, leaving the net loss on these sales at \$26,231.77.

4. A total of \$132,500.00 is still required to increase the CPO net worth and reserves up to the \$3,500,000.00 authorized. It is anticipated that a continuation of the 4% mark-up for the second quarter will bring CPO net worth and reserves up to the authorized total.

5. It is anticipated that recommendations made by the Comptroller's Office regarding financial statement revisions will be carried out progressively starting with the June statement.

I incl. Balance sheet with supporting schedules





6146

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Balance Sheet  
 30 April 51

EXHIBIT I

Current Assets

Cash in Banks

Chase Nat'l Bank, Tokyo Dollar A/C	\$ 398,923.26	
Chase Nat'l Bank, Tokyo Yen A/C	98,895.63	
Chase Nat'l Bank, Tokyo Dollar Sales Deposit A/C	164.30	
Chase Nat'l Bank, Tokyo Dollar A. F. Uniform A/C	1,729.75	
Chase Nat'l Bank, Tokyo Dollar Deposit Order A/C	8,624.44	
Chase Nat'l Bank, Payroll A/C	9,820.65	
Nat'l City Bank, N. Y. Dollar A/C for Hongkong	6,739.86	
Nat'l City Bank, N. Y. Dollar A/C	111,915.95	
Hongkong and Shanghai Bank, Tokyo Pound A/C	<u>53,940.40</u>	\$ 690,754.24
**Funds Transfer A/C		(98,970.63)

Change Fund

480.00

Petty Cash Fund

200.00

Funds w/Agents, Hongkong

Cash in Bank	84,715.51	
Cash in Transit	155,000.00	
Merchandise in Transit	<u>34,646.91</u>	274,362.42

Chase Nat'l Bank, Allied National Bond A/C

500.00

Less: Allied National Bond Recovery

(50.00)

450.00

Letter of Credit, Ditisheim & Cie, Switzerland

7,073.75

Pan American Courtesy Card Deposit

425.00

Accounts Receivable, Dollars

2,294,399.23

Less: Reserve for Bad Debts

2,300.48

2,292,098.75

\*Accounts Receivable Dollars

21,812.20

\*Accounts Receivable - China

202.97

\*Accounts Receivable - Bangkok

8,278.76

Accounts Receivable, Dollars, Other

4,226.06

Notes Receivable

5,134.49

Accounts Receivable, Dollars, Miscellaneous			
Philcom Freight and Insurance A/C	\$	16,861.69	
Marbo Freight & Insurance A/C		333.73	
Navy Insurance A/C		545.47	
U.S. Navy Insurance A/C, FPO 961		635.72	
U.S. Navy Insurance A/C, FPO 3410		1.51	
U.S. Navy Insurance A/C, FPO 926		110.05	
U.S. Navy Insurance A/C, FPO 3002		<u>28.01</u>	\$ 18,516.18
 Inventories			
Merchandise, Regular		457,379.08	
Manufacturing Stock		30,055.24	
Show Room		4,379.10	
Sales Room		<u>36,687.97</u>	528,501.39
 Accounts Receivable, Dollars, Merchandise Out For Repair			27,386.73
 Other Inventories			
Precious Metals on Hand		1,090.95	
Production Sample Material		3,612.28	
Textile Samples		663.93	
Goods in Process, Silk & Precious Metals		<u>36,595.57</u>	41,962.73
 Other Assets			
Office Equipment, Tokyo		21,215.22	
Less Reserve for Depreciation		<u>21,215.22</u>	∅
Office Equipment, Hongkong		1,156.52	
Less Reserve for Depreciation		<u>1,156.52</u>	∅
Automotive Equipment		600.00	
Less Reserve for Depreciation		<u>600.00</u>	∅
 Total Assets			<u>3,822,895.04</u>
 Current Liabilities			
Accounts Payable			
Vendors, Yen	\$	18,497.86	
Vendors, Dollars Payable in Yen		400,945.82	
Deposits on Air Force Uniforms		1,729.75	
Deposit Orders Placed		164.30	
Deposit Orders		<u>8,624.44</u>	429,962.17
 Accounts Payable, Dollars, Miscellaneous			
Rycom Freight and Insurance		6,778.45	
Eniwetok Insurance		28.24	
U.S. Marine Corps Insurance		4.86	
U.S. Navy Insurance, FPO 943		132.50	
U.S. Navy Insurance, FPO 3912		1,054.40	
U.S. Navy Insurance, FPO 824		67.54	
Other		<u>6,765.40</u>	14,831.39

## Accrued Liabilities

Salaries	\$	5,646.63	
Per Diem		300.00	
Income Tax Payable, Regular Hire		3,224.60	
Income Tax Payable, Direct Hire		539.03	
F.I.C.A. Tax Payable, Regular Hire		664.32	
F.I.C.A. Tax Payable, Direct Hire		103.20	
Quarters Deductions		<u>112.00</u>	
	\$	<u>10,589.78</u>	\$ 455,383.34

## New Worth

Surplus 31 March 1951		2,814,181.15	
Add: Recovery on Bad Debts Charge Off		526.81	
: Reserve for Inventory Losses			
Balance closed to Surplus		8,768.23	
: Gain for April 1951 Period		<u>44,035.51</u>	2,867,511.70

## Reserve for Liquidation

500,000.00

## Total Liabilities and Net Worth

\$3,822,895.04

\* Debit balances in Accounts Payable Accounts.

\*\* Check #2602 dated 1 May 1951 picked up in Yen Account in April period but entered in Dollar, Tokyo Account in May period. This was a conversion and transfer of funds and is shown as an outstanding ~~check in Tokyo dollar~~ bank reconciliation at end of April 1951 period.

DEPOSIT YEN A/C

I certify that this is a true statement to the best of my knowledge and belief of Central Purchasing Office Fiscal Accounts as of 30 April 1951.

REVIEWED BY:

*Edwin M. Mendenhall*

EDWIN M. MENDENHALL  
Actg. Deputy Chief  
Fiscal Division

*T. Vergara*

T. VERGARA  
Chief, Accts. and  
Statistics Br., Fiscal Div.

*A. Millet*

A. MILLET  
Actg. Chief, Fiscal Div. APPROVED BY:

*A. H. Nordstrom*

A. H. NORDSTROM  
Colonel, Ord.  
Chief, CPO

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement  
 Month of April 1951

EXHIBIT II

SALES

Exchange Systems		\$1,730,750.03	
Individuals and Clubs		55,984.16	
*Japanese Vendors		2,504.52	
Air Force Uniforms		73,804.20	
**Special Service Units		17,004.78	
Less: Insurance Recovery		<u>(21.60)</u>	\$1,880,026.09

COST OF SALES

Inventory 31 March 1951	\$ 380,211.91		
Add: Inventory Transfer (G.in P.)	25,016.93		
Inventory Adjustments	23,116.05		
Purchases April 1951	<u>1,917,335.53</u>	2,345,680.42	
Less: Inventory Transfer (General)	11,254.48		
Inventory 30 April 1951	<u>528,501.39</u>	<u>539,755.87</u>	<u>1,805,924.55</u>

Gross Income from Sales 74,101.54

OPERATING EXPENSE (Schedule A)

29,999.84

OTHER EXPENSE (Schedule B)

203.99

Total Expenses

30,203.83

OTHER INCOME (Schedule C)

137.80

30,066.03

Gain for Period

\$44,035.51

*Sales to Japanese Vendors	\$ 2,504.52
Cost of Goods Sold to Vendors	<u>3,010.74</u>
Net Loss on Goods Sold to Japanese Vendors	<u>506.22</u>

*Losses Charged to Reserve for Inventory Losses	<u>506.22</u>
---	---------------

\*\*Special Service Units gross sales made up of sales at B.E. price plus CPO mark-up, which is basis for gross sales figure, however, SSU gross sales figure includes insurance charge which is a recovery item included in Schedule A figures.

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule A  
Month of April 1951

SCHEDULE OF OPERATING EXPENSES

Expenses - Tokyo

Regular Hire Salaries	\$20,068.14	
Direct Hire Salaries	3,576.84	
Indigenous Salaries	1,458.72	
Office Supplies	43.05	
Postage	45.62	
Printing & Forms	1,044.89	
Misc. Office Expense	93.75	
Telegrams & Cables	207.69	
Courier	30.21	
Insurance	442.36	
Insurance Expense Recovered	(151.29)	
Freight & Insurance, Other than HK	2,405.13	
Freight & Insurance, Other than HK, Recovered	(2,455.95)	
Depreciation	830.64	
Manufacturing Section Expense	137.25	
Gas & Oil	513.74	
Auto Repairs	.63	
Travel	316.27	
Per Diem, Tokyo	242.92	
Miscellaneous	150.40	
Personnel Returned to U.S.	182.75	
F.I.C.A. Tax Regular	320.79	
F.I.C.A. Direct Hire	<u>52.13</u>	\$29,556.68

Expenses - Hongkong

Salaries	1,087.32	
Miscellaneous	4.17	
Per Diem	300.00	
Insurance	6,288.21	
Hong Kong Freight	10,306.59	
Hong Kong Freight & Insurance Recovered	(19,381.98)	
Conversion	1,075.80	
Forms & Printing	96.90	
Office Supplies	56.55	
Courier	54.60	
Postage	5.04	
Misc. Office	358.33	
Rent	123.97	
Telegrams & Cables	<u>67.66</u>	<u>443.16</u>

Total Operating Expense \$29,999.84

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement - Schedule A  
 Month of April 1951

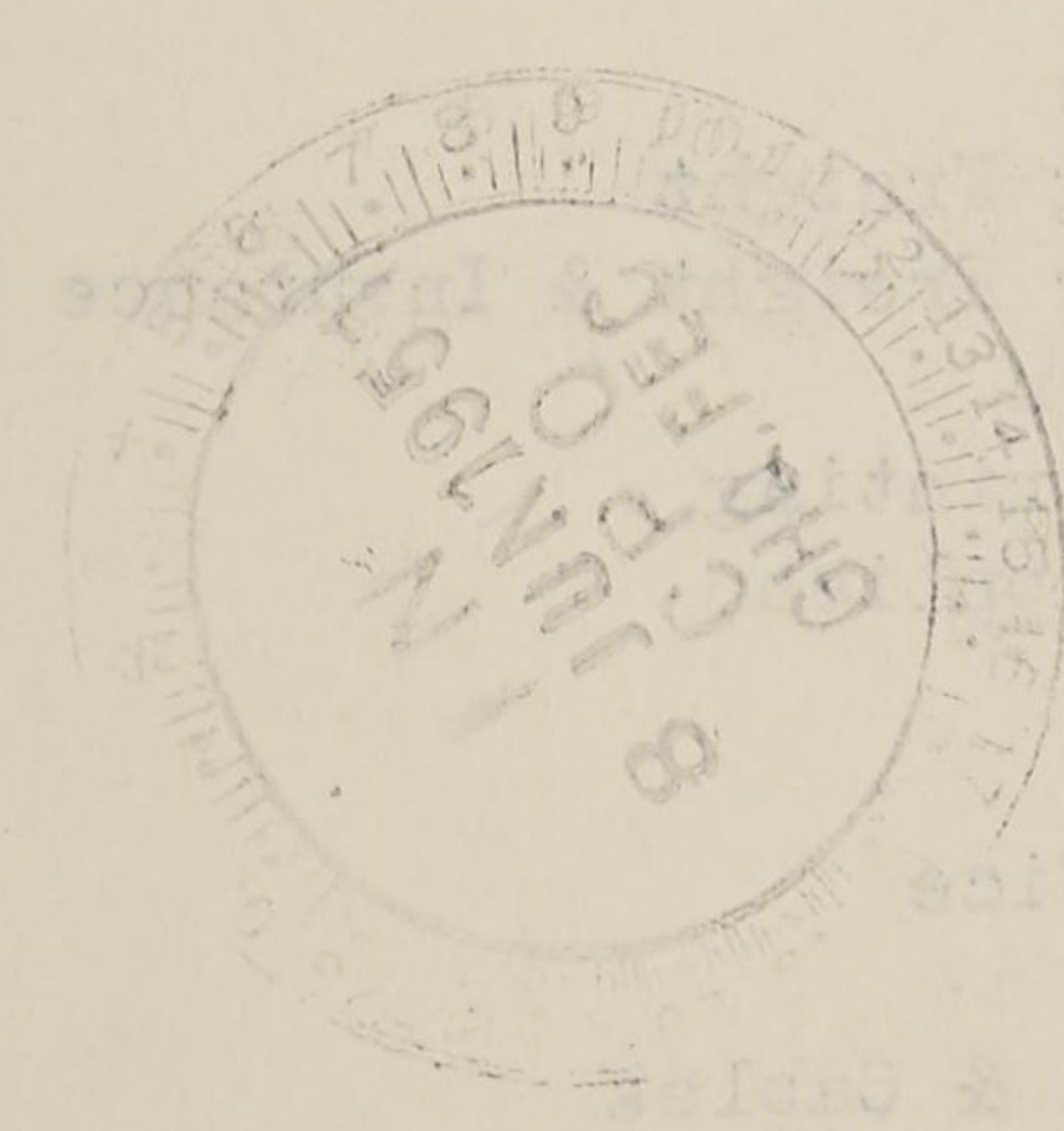
SCHEDULE OF OPERATING EXPENSES

Expenses - Tokyo

Regular Hire Salaries	250,000.14
Direct Hire Salaries	3,576.84
Indigenous Salaries	1,128.75
Office Supplies	47.05
Postage	15.62
Printing & Forms	1,011.80
Misc. Office Expenses	97.75
Telephone & Cable	207.69
Courier	30.21
Insurance	112.36
Insurance Expense Recovered	(151.39)
Freight & Insurance, Other than HK	2,402.13
Freight & Insurance, Other than HK, Recovered	(2,455.95)
Depreciation	832.84
Manufacturing Section Expenses	171.25
Gas & Oil	213.74
Auto Repairs	63.63
Travel	216.27
Per Diem, Tokyo	242.00
Miscellaneous	150.00
Personnel Returned to U.S.	122.75
F.I.C.A. Tax Regular	320.70
F.I.C.A. Direct Hire	22.12
<b>Total</b>	<b>252,526.64</b>

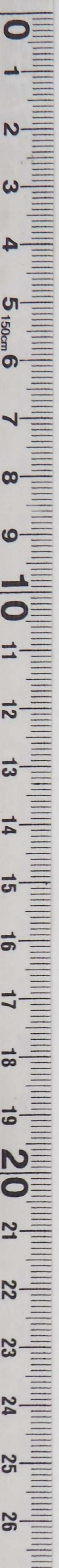
Expenses - Hongkong

Salaries	1,087.32
Miscellaneous	4.17
Per Diem	300.00
Insurance	2,288.21
Hong Kong	10,306.80
Hong Kong Insurance Recovered	(12,381.98)
Conversion	1,075.80
Forms & Printing	98.90
Office	52.75
Courier	41.90
Postage	2.04
Misc. Office	388.33
Telephone & Cable	127.91
<b>Total</b>	<b>141.16</b>



Total Operating Expenses

FD-1-B(a)  
 Feb



DECLASSIFIED

Authority NND 975029

GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule B  
Month of April 1951

\* SCHEDULE OF OTHER EXPENSES

Inventory Adjustments	\$143.52
Precious Metal Losses	.88
Manufacturing Losses	<u>59.59</u>
	<u>203.99</u>

\*Represents debit balances in Other Income Accounts.

FR-1-B(b)  
leb



GENERAL HEADQUARTERS  
FOR EAST COMMAND  
Central Processing Office  
APO 500

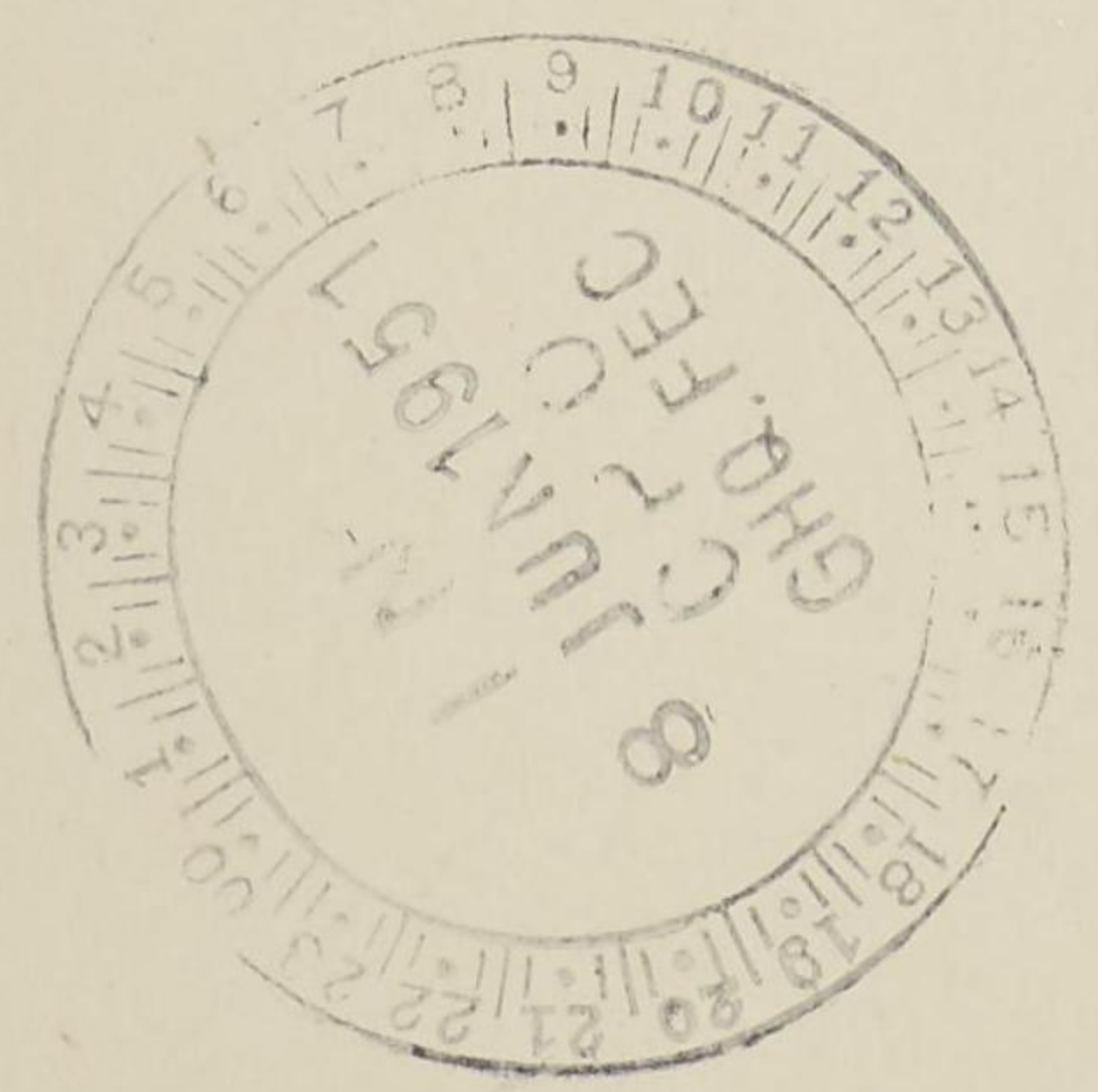
Profit and Loss Statement - Schedule B  
Month of April 1951

SCHEDULE OF OTHER EXPENSES

117.50  
28.  
20.00  
167.50

Inventory adjustments  
Precision Metal losses  
Manufacturing losses

Representative debit balances in Other Income accounts





GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Profit and Loss Statement - Schedule C  
Month of April 1951

SCHEDULE OF OTHER INCOME

Procurement Pricing Gain	\$ 8.03
Conversion Gains	.01
Miscellaneous Adjustments	<u>129.76</u>
	<u>\$137.80</u>



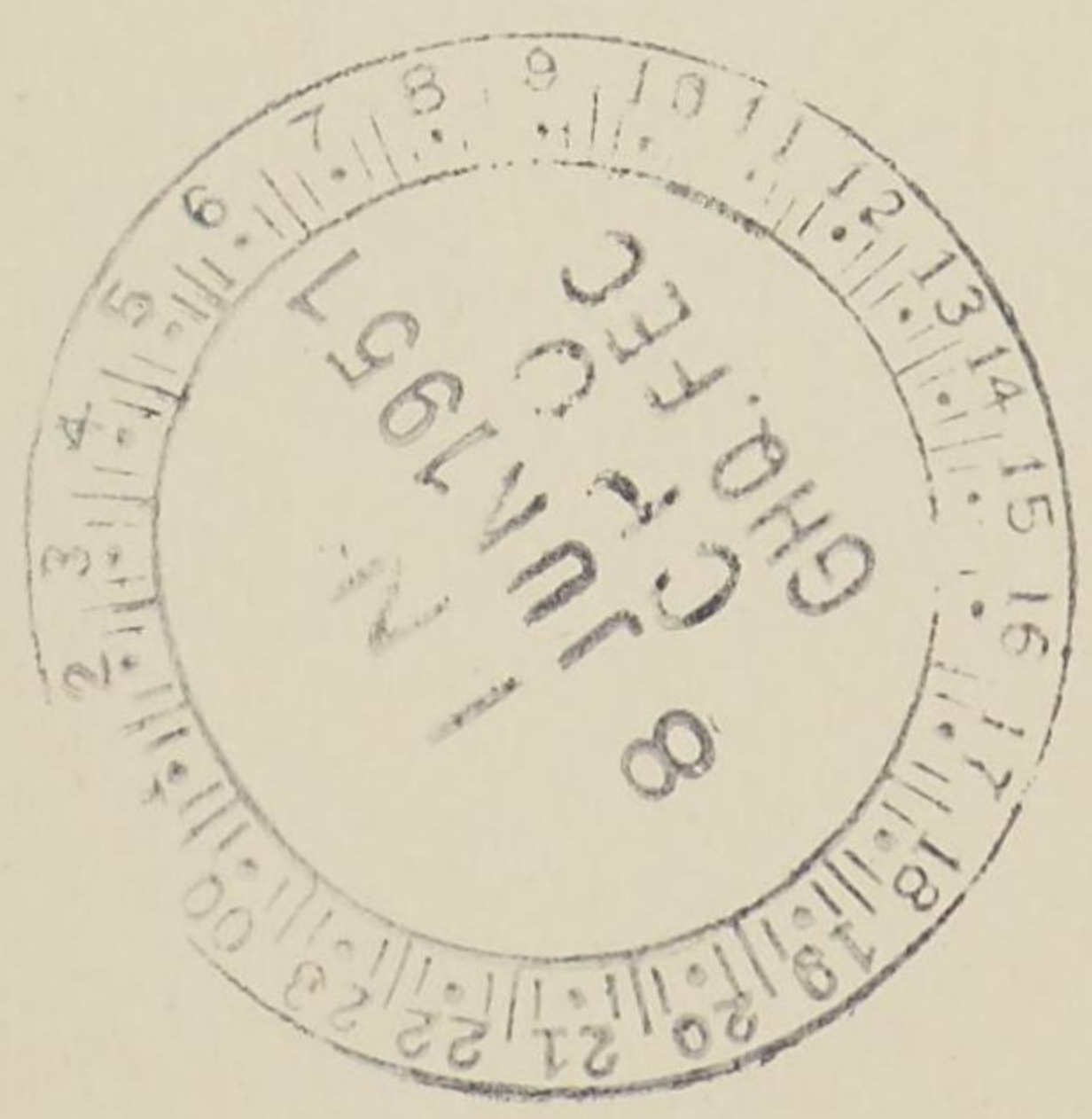
GENERAL HEADQUARTERS  
THE ARMY COMMAND  
Central Procurement Office  
APO 500

Profit and Loss Statement - Schedule C  
Month of April 1951

SCHEDULE OF OTHER INCOME

20.8  
01  
122.16  
142.96

Procurement Pricing Gain  
Conversion Gain  
Miscellaneous Adjustments



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
Central Purchasing Office  
APO 500

Analysis of Surplus  
30 April 1951

EXHIBIT III

	Balance <u>31 March 1951</u>	Adjustments <u>Current Month</u>	Balance <u>30 April 1951</u>
Operating Income	\$ 1,126,164.83	\$ 44,101.70	\$ 1,170,266.53
*Inventory Adjustments	294,200.87	(143.52)	294,057.35
Sale of Free Merchandise	382,457.33	Ø	382,457.33
Conversion Gains	333,693.56	.01	333,693.57
Precious Metals Gains	48,217.52	(.88)	48,216.64
Procurement Pricing Gains	315,916.79	8.03	315,924.82
Fiscal Pricing Gains	81,510.79	(59.59)	81,451.20
Miscellaneous	5,976.15	129.76	6,105.91
Penalties to Vendors	417.06	Ø	417.06
Gain or Loss on Dye Orders	55,901.03	Ø	55,901.03
Adjustment to Surplus on Prior Months Entries	301.71	Ø	301.71
Reserve for Precious Metal Adjustments	(29,256.37)	Ø	(29,256.37)
Reserve for Inventory Loss (Brocade & Tribute Silk)	(150,000.00)	Ø	(150,000.00)
Precious Metal Reserve, Closed to Surplus	9,104.59	Ø	9,104.59
Inventory Loss (Brocade & Tribute Silk)			
Reserve Balance Closed to Surplus	7,362.68	Ø	7,362.68
Stock Dividend Issued & Transferred to Surplus	(651,090.21)	Ø	(651,090.21)
Stock Dividend Balance Closed to Surplus	2.25	Ø	2.25
Cash Dividend Paid	(1,354,066.45)	Ø	(1,354,066.45)
**Capitalization Gains	2,875,194.31	Ø	2,875,194.31
Reserve for Liquidation	(500,000.00)	Ø	(500,000.00)
Reserve for Bad Debts	(2,827.29)	526.81	(2,300.48)
***Reserve for Inventory Losses, Bid Merchandise	(10,032.64)	10,032.64	Ø
****Inventory Losses, Bid Merchandise	(24,967.36)	(1,264.41)	(26,231.77)
Net Surplus	<u>\$2,814,181.15</u>	<u>\$53,330.55</u>	<u>\$2,867,511.70</u>

\* Pricing Gains contained in this account from 25 Oct 45 to 1 Jun 48 as segregation was established 1 Jun 48.

\*\* Developed from beginning of operations to date.

\*\*\* Sale of merchandise to Japanese merchants.

\*\*\*\* Recorded in February, March, April, 1951.

FR-1-C

leb

DECLASSIFIED  
Authority NND 975029





331.3 CPO BAL

CROSS REFERENCE OTHER THAN RADIO

FROM: COM

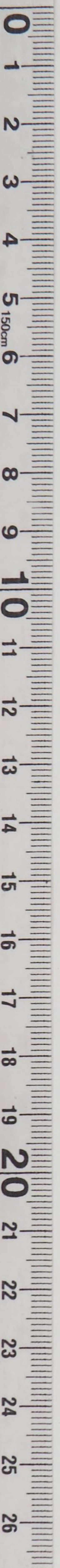
DATE: 23 Jun 51

TO: G-4

SUBJECT: (C/N 2,3 & M/R) REVIEW OF CENTRAL PURCHASING OFFICE STATEMENT FOR MAY  
1951

DOCUMENT IN: 331.3

JO. NO. 11154 DIV. SUP



ROUTING	
A C/S G-4	_____
DA C/S G-4	_____
EXECUTIVE	_____
P + O	_____
C + RE	_____
SUPPLY	_____
ADMIN	_____
COM	_____

*331.3  
Balance sheet*

Mr. Guynes 26-6786

Transmittal of CPO Balance Sheet

G-4

5 June 1951

2

1. The Comptroller submitted a Memorandum for Record under date of 31 May 1951 containing certain data and comments on the records maintained by CPO. At a recent conference concerning the points covered by this memorandum a tentative agreement was reached under which the changes recommended would be placed in operation. Staff Auditors will be available for consultation in respect to the working out of the details.

2. It is suggested that every effort be made by CPO to make the necessary changes as at 1 June in order that the accounts as at 30 June may be correctly presented. The statements issued by CPO for the months ending 31 December thru 31 May must be considered as tentative pending the activating of the changes recommended. Further information in respect to the accounts will be given in the Report of Examination for the period ending 31 December 1950 which will be issued during the month of June.

1 Incl.  
Balance Sheet with  
supporting Schedules

From: G-4

To: CPO

L. L. W.  
Lt Col Schneider 26-6432  
Date: 7 Jun 51

3

For information and return to G-4.

1 Incl  
n/c

MEMO FOR RECORD:

GD SP OBS/MSG/ADS/bc

1. CPO C/N 1 dtd 29 May 51, transmitted to G-4 thru COM, the CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus, as of 30 Apr 51, with pertinent comments.

2. COM, C/N 2, dtd 5 Jun 51, suggested that CPO make every effort to change certain records maintained by CPO in order that the accounts may be correctly presented as of 30 Jun. The changes in the CPO records referred to above were agreed upon at a recent conference.

3. Instant C/N: Self-explanatory.

4. Coordination: Unnecessary.

5. G-4 action complete on JN 10003.

OBS 26-6432 MSG 26-6045 ADS 26-6043 (Div Chief)

G-4 File

*Sum  
10003*

ROUTING
ADMIN
COM
SUPPLY
C-RE
P-O
EXECUTIVE
DA C-RE
A-C-RE

*Balance Sheet*  
*5/21/52*

Mr. Guynes 26-6786

Transmittal of CPO Balance Sheet

5 June 1951

G-4

1. The Comptroller submitted a Memorandum for Record under date of 21 May 1951 containing certain data and comments on the records maintained by CPO. At a recent conference concerning the points covered by this memorandum a tentative agreement was reached under which the changes recommended would be placed in operation. Staff Auditors will be available for consultation in respect to the working out of the details.

2. It is suggested that every effort be made by CPO to make the necessary changes as at 1 June in order that the accounts as at 30 June may be correctly presented. The statements issued by CPO for the months ending 31 December thru 31 May must be considered as tentative pending the activating of the changes recommended. Further information in respect to the accounts will be given in the Report of Examination for the period ending 31 December 1950 which will be issued during the month of June.

I Incl.  
Balance Sheet with  
Supporting Schedules

From: G-4  
CPO

For information and return to G-4.

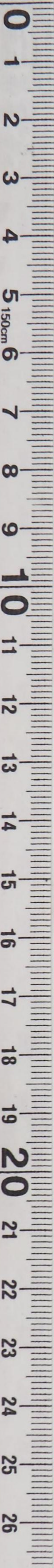
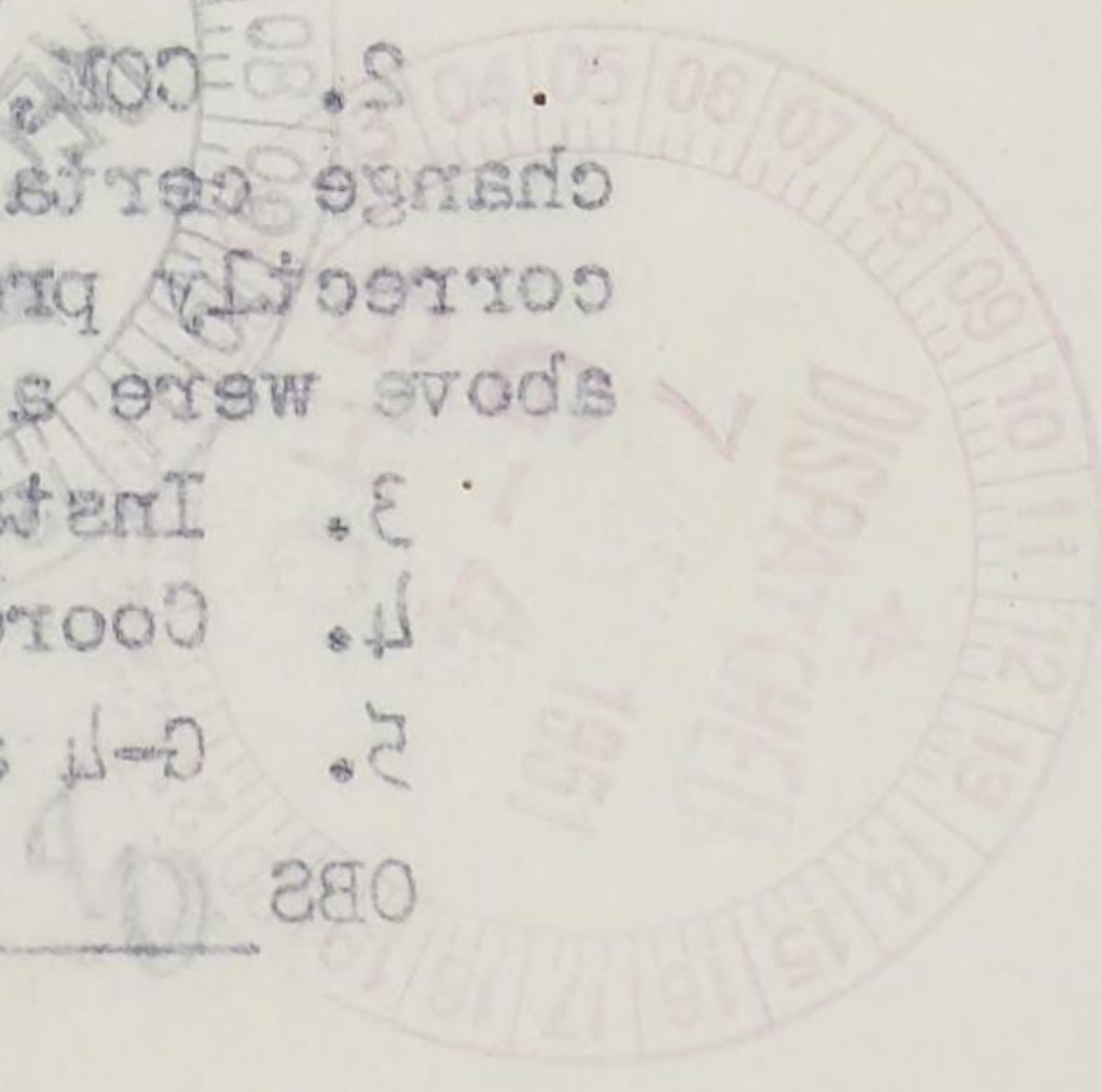
I Incl.  
n/c

MEMO FOR RECORD:

1. CPO C/N 1 dtd 29 May 51, transmitted to G-4 thru COM, the CPO Balance Sheet, Profit and Loss Statement, Schedule of Operating Expenses, Schedule of Other Expenses, Schedule of Other Income and Analysis of Surplus, as of 30 Apr 51, with pertinent comments.
2. COM C/N 2, dtd 5 Jun 51, suggested that CPO make every effort to change certain records maintained by CPO in order that the accounts may be correctly presented as of 30 Jun. The changes in the CPO records referred to above were agreed upon at a recent conference.
3. Insta nt C/N: Self-explanatory.
4. Coordination: Unnecessary.
5. G-4 action complete on 17 10003.

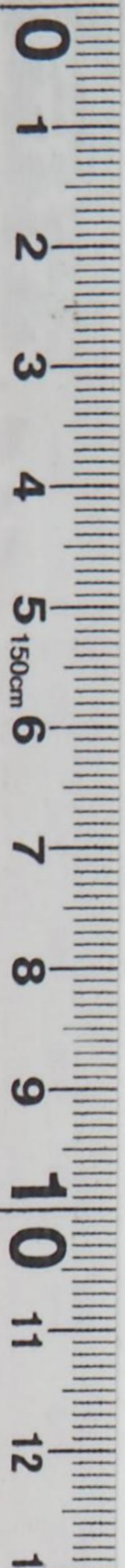
OBS 26-6132 MSG 26-6015 ADS 26-6013 (Div Chief)

G-4 File



DECLASSIFIED

Authority NND 975029



G-4 ROUTING	
ADVIS	
DATA	
EXECUTIVE	
P+C	
C+RE	
① SUPPLY	AT
PETROLEUM	
KEA	
② ADMIN	K

G-4VN # 8268

See 8056



GENERAL HEADQUARTERS  
SUPREME COMMANDER FOR THE ALLIED POWERS  
AND  
FAR EAST COMMAND

ROUTING SLIP

FROM: CPO  
TO:

DATE: 10 May 51

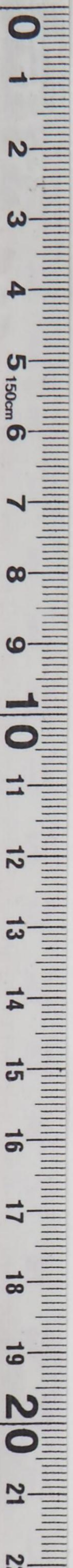
- Commander-in-Chief \_\_\_\_\_
- Aide-de-Camp \_\_\_\_\_
- Chief of Staff \_\_\_\_\_
- DCofS FEC \_\_\_\_\_
- DCofS SCAP \_\_\_\_\_
- SGS \_\_\_\_\_
- Comptroller \_\_\_\_\_
- G-1 \_\_\_\_\_
- G-2 \_\_\_\_\_
- G-3 \_\_\_\_\_
- G-4  \_\_\_\_\_
- JSPOG \_\_\_\_\_
- AG \_\_\_\_\_
- Antiaircraft \_\_\_\_\_
- Central Purchasing O \_\_\_\_\_
- Chaplain \_\_\_\_\_
- Chemical \_\_\_\_\_
- Civ Personnel \_\_\_\_\_
- Engineer \_\_\_\_\_
- Hq Comdt \_\_\_\_\_
- IG \_\_\_\_\_
- JA \_\_\_\_\_
- Medical \_\_\_\_\_

- Ordnance \_\_\_\_\_
- PM \_\_\_\_\_
- PIO \_\_\_\_\_
- Ryukyus Mil Govt \_\_\_\_\_
- QM \_\_\_\_\_
- Signal \_\_\_\_\_
- Sp Services \_\_\_\_\_
- Trans \_\_\_\_\_
- TI&E \_\_\_\_\_
- Civ Aff \_\_\_\_\_
- Civ Comm \_\_\_\_\_
- Civ Historical \_\_\_\_\_
- CI&E \_\_\_\_\_
- Civ Int \_\_\_\_\_
- Civil Property Custodian \_\_\_\_\_
- Civ Trans \_\_\_\_\_
- Diplomatic \_\_\_\_\_
- ESS \_\_\_\_\_
- Government \_\_\_\_\_
- Legal \_\_\_\_\_
- NRS \_\_\_\_\_
- PH&W \_\_\_\_\_

FOR:

- Approval \_\_\_\_\_
- Comment or
- Concurrence  \_\_\_\_\_
- Information  \_\_\_\_\_
- Initials \_\_\_\_\_
- Issuance of Orders \_\_\_\_\_
- Necessary Action \_\_\_\_\_

- Note and Return \_\_\_\_\_
- Distribution Desired \_\_\_\_\_
- Signature \_\_\_\_\_
- Dispatch \_\_\_\_\_
- Attachment of
- Reference \_\_\_\_\_
- File \_\_\_\_\_



GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Mr. Guynes 26-6786

2775  
A  
SUPP  
OB

(Do not remove from attached sheets)

File No:

Subject: Transmittal of Balance Sheet

Note No.

From: COM

To: CPO

Date: 7 May 1951

Thru: G-4

2

1. The statements attached are subject to the same comments made in respect to prior statements. Until the accounts are placed on a standard basis where charges are properly applied to specific accounting periods and the receivables and payables are properly stated, no accurate conclusions can be drawn from the statements.

2. In view of pending changes in the accounting personnel at CPO this office has deferred action on changes in accounting procedures until the new chief of the accounting division is in charge.

1 Incl  
n/c

L. L. W. *llw*

331.3  
CPO Balance  
Sheets

Col Clark 26-6045

3.

From: G-4

To: CPO

Date: 9 May 1951

1. Forwarded for notice of Comptroller's comments.

2. Request return of correspondence to G-4 for filing.

1 Incl  
n/c

*add for*

G. L. E.

8056

A. J. Millet, 26-7858

Date: 10 May 1951

4

From: CPO

To: G-4

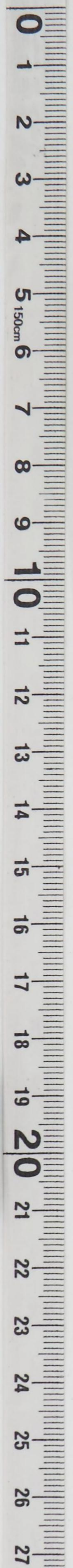
Noted.

1 Incl. n/c

*copy for*  
A. H. N.

A. H. N.

JN. 8268



GENERAL HEADQUARTERS  
FAR EAST COMMAND

CHECK SHEET

Mr. Guyton 26-6786

(Do not remove from attached sheets)

File No:

Subject: Transmittal of Balance Sheet

Date: 7 May 1951

To: CPO  
Thru: G-4

From: GCM

Note No.

1. The statements attached are subject to the same comments made in respect to prior statements. Until the accounts are placed on a standard basis where charges are properly applied to specific accounting periods and the receivables and payables are properly stated, no accurate conclusions can be drawn from the statements.

2. In view of pending changes in the accounting personnel at CPO this office has deferred action on changes in accounting procedures until the new chief of the accounting division is in charge.

1 Incl  
n/c

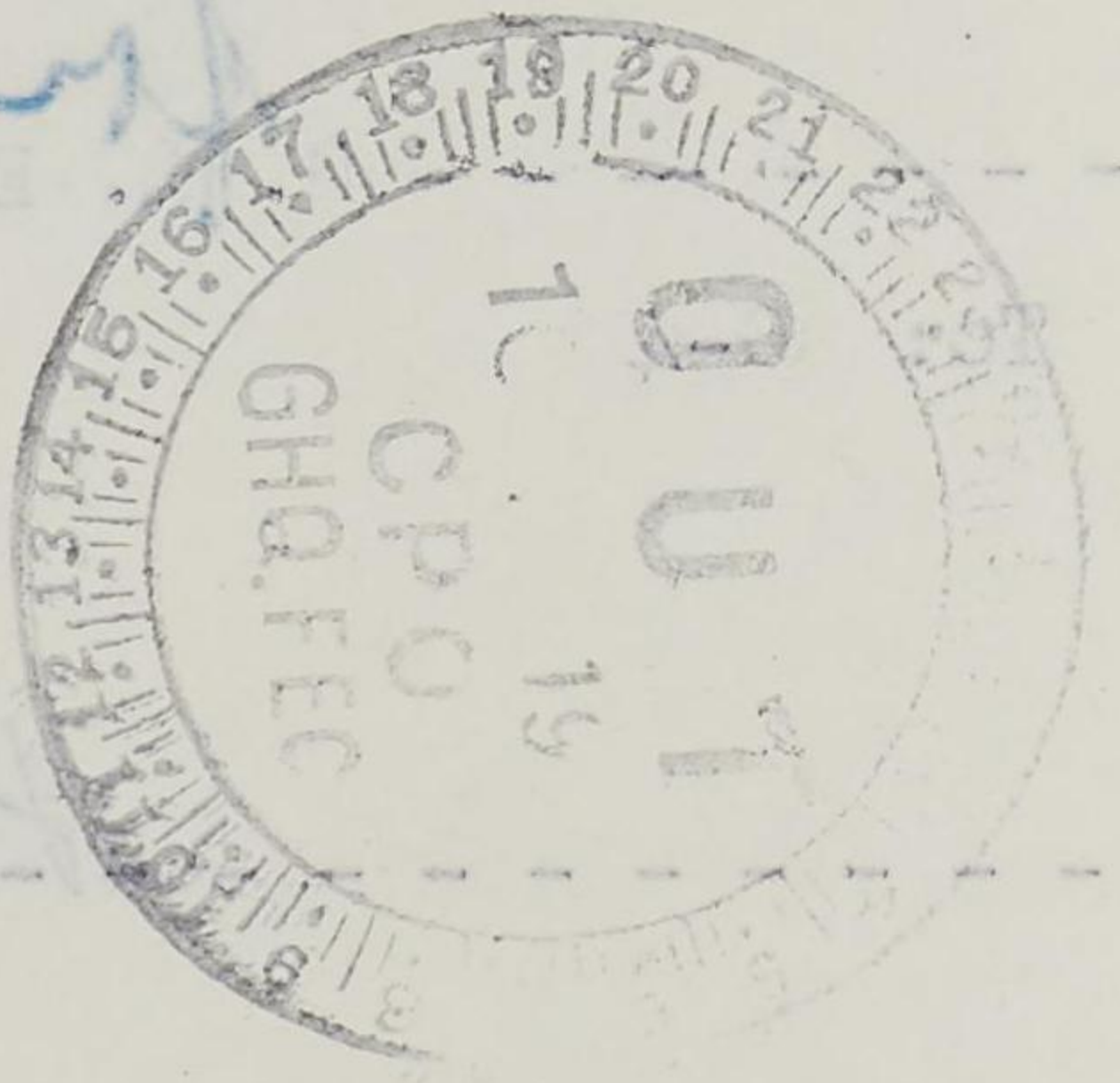
Date: 9 May 1951  
Col Clark 26-685

To: CPO

From: G-4

1. Forwarded for notice of Comptroller's comments.  
2. Request return of correspondence to G-4 for filing.

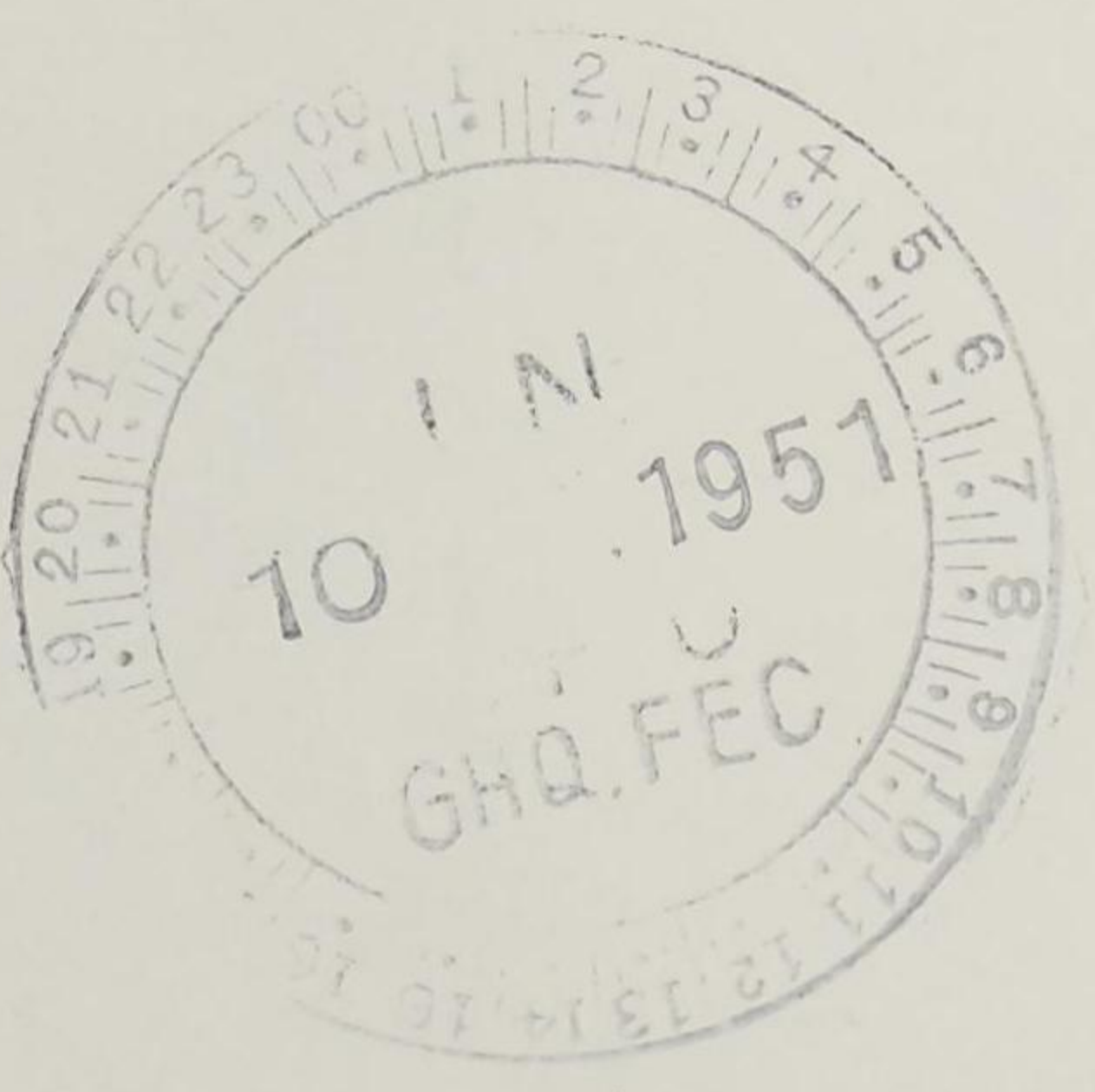
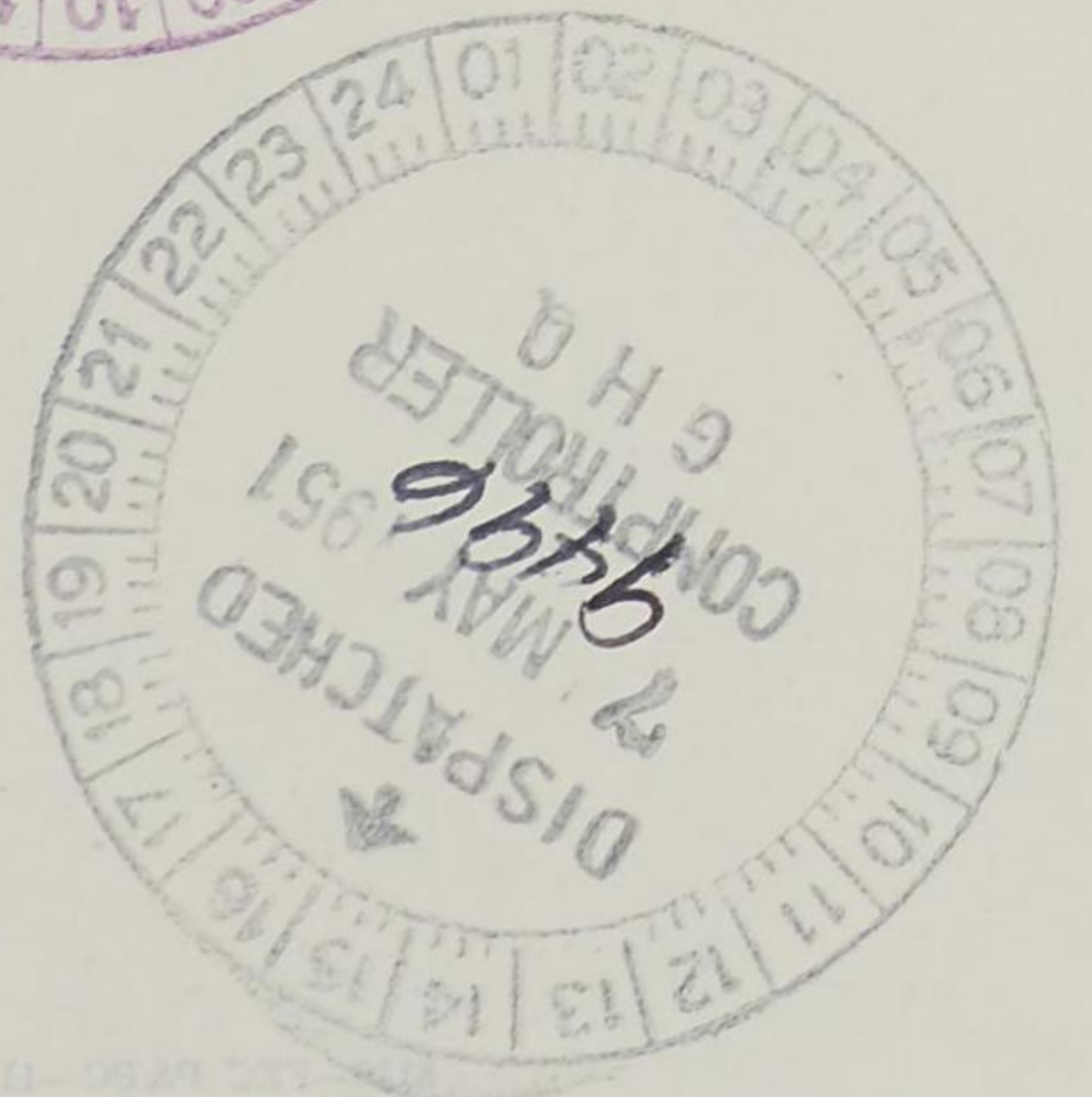
1 Incl  
n/c



From: CPO

Noted.

1 Incl. n/c



211J

**GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET**

(Do not remove from attached sheets) L. F. Murphy 26-7858

File No: Subject: Transmittal of Balance Sheet

Note No. From: CPO To: G-4 Date: 2 May 1951  
Thru: COM

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C), and Analysis of Surplus (Exhibit III), as of 31 March 1951.

2. The following comments of special interest are furnished:

- a. Sales amounted to \$1,310,000.00.
- b. Requisitions from Exchanges during March amounted to \$2,500,000.00.
- c. Net profit for period was \$7,841.00.

In considering the small net gain on total sales, the following unusual expenses were incurred:

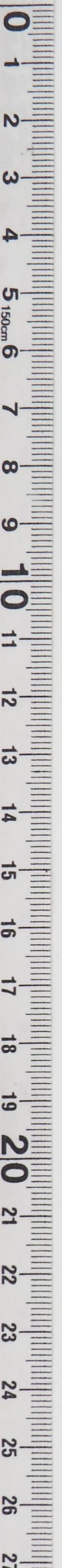
- a. Payroll expenses were approximately \$2,000 higher than usual.
- b. Printing and forms cost \$1,272.00.
- c. Depreciation on equipment was \$622.00.
- d. Travel and per diem expenses pertaining to Hongkong and Bangkok business was \$1,130.00.
- e. Personnel returning to the ZI amounted to \$900.00.

In addition to the above, approximately \$3,500.00 more was expended for insurance and freight (Hongkong) than was recovered. This accounts for \$9,424.00. Adjusting entries for the 31 December physical inventory reflected during March amounted to \$3,130.00. The above expenses totaling \$12,574.00 represent unusual expenses reflected during March 1951.

3. A total of \$186,000 is still required to increase the CPO net worth and reserves up to the \$3,500,000 authorized. It is anticipated that a continuation of the 4% mark-up for the third quarter will bring CPO net worth and reserves up to the authorized total.

1 Incl.  
Balance Sheet and  
Supporting Schedules.

-----A. H. N.-----



GENERAL HEADQUARTERS  
FAR EAST COMMAND  
CHECK SHEET

(Do not remove from attached sheets) L. F. Murphy 26-7858

Subject: Transmittal of Balance Sheet

File No:

Date: 2 May 1951

To: G-4  
Thru: GEM

From: GPO

Note No.

1. Transmitted herewith is the Central Purchasing Office Balance Sheet (Exhibit I), Profit and Loss Statement (Exhibit II), Schedule of Operating Expenses (Schedule A), Schedule of Other Expenses (Schedule B), Schedule of Other Income (Schedule C), and Analysis of Surplus (Exhibit III), as of 31 March 1951.

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- c. Net profit for period was \$7,841.00.

In considering the small net gain on total sales, the following unusual expenses were incurred:

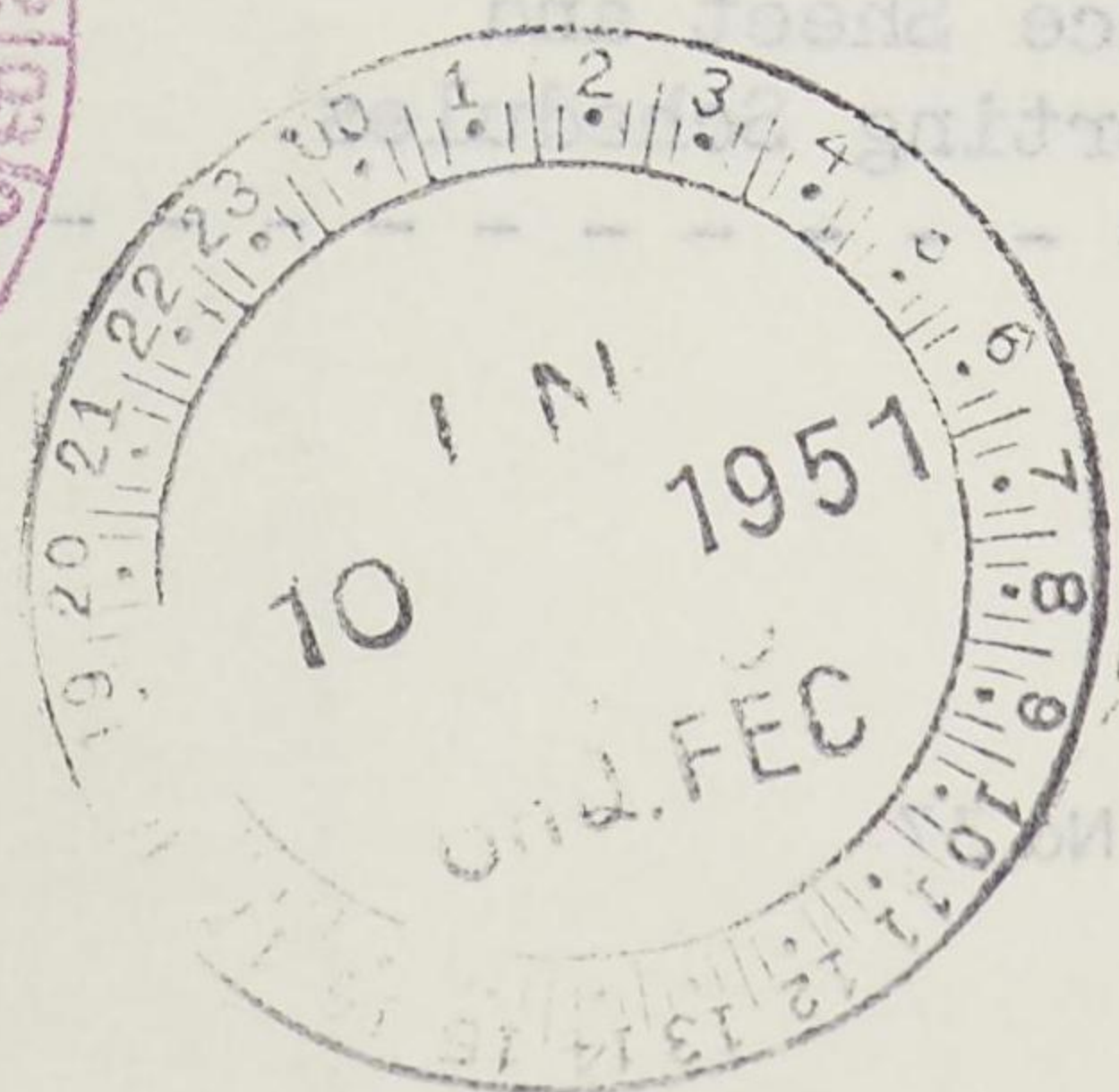
- a. Payroll expenses were approximately 10% higher than usual.
- b. Printing and forms cost \$1,000.00.
- c. Depreciation on equipment \$1,000.00.
- d. Travel and per diem expenses \$1,000.00.
- e. Personnel returning to the United States \$1,000.00.

In addition to the above, approximately \$1,000.00 was expended for insurance and freight (Hongkong) then was recovered. It is anticipated that a continuation of the entries for the 31 December physical inventory reflected during March amounted to \$1,130.00. The above expenses totaling \$12,574.00 represent unusual expenses reflected during March 1951.

3. A total of \$186,000 is still required to increase the GPO net worth and reserves up to the \$2,500,000 authorized. It is anticipated that a continuation of the AS mark-up for the year will bring GPO net worth and reserves up to the authorized total.

I Incl.

Balance Sheet and Supporting



2775

GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Balance Sheet  
 31 March 1951

EXHIBIT I

Current Assets

Cash in Banks

Chase Nat'l Bank, Tokyo Dollar A/C	\$ 705,514.91	
Chase Nat'l Bank, Tokyo Yen A/C	20,674.49	
Chase Nat'l Bank, Tokyo Dollar Sales Deposit A/C	247.91	
Chase Nat'l Bank, Tokyo Dollar A. F. Uniform A/C	4,061.65	
Chase Nat'l Bank, Tokyo Dollar Deposit Order A/C	8,951.61	
Chase Nat'l Bank, Allied Nat'l Bond A/C	500.00	
Chase Nat'l Bank, Payroll A/C	30,822.46	
Nat'l City Bank, N.Y. Dollar A/C for Hongkong	229,954.03	
Nat'l City Bank, N.Y. Dollar A/C	50,211.17	
Hongkong and Shanghai Bank, Tokyo £ A/C	<u>50,639.40</u>	\$1,101,577.63

Change Fund

480.00

Petty Cash Fund

200.00

Funds w/Agents, Hongkong

Cash in Bank	9,691.96	
Cash in Transit	47,413.61	
Merchandise in Transit	<u>321,045.58</u>	378,151.15

Letter of Credit, Ditisheim and Cie, Switzerland

10,880.75

Accounts Receivable, Dollars

1,805,334.46

Less: Reserve for Bad Debts

2,827.29

1,802,507.17

#Accounts Receivable Dollars

13,995.87

#Accounts Receivable - China

202.97

Accounts Receivable, Dollars, Other

1,332.53

Accounts Receivable, Dollars, Miscellaneous

Philcom Freight and Insurance A/C	16,318.35	
Marbo Freight and Insurance A/C	720.12	
Navy Insurance A/C	545.47	
Navy Insurance A/C	640.34	
Navy Insurance A/C, Truk, APO 3410	1.51	
Navy Insurance A/C, Guam, APO 926	<u>285.60</u>	18,511.39

Inventories

Merchandise, Regular	\$305,056.96	
Manufacturing Stock	<u>33,436.52</u>	338,493.48
Less: Reserve for Inventory Losses	35,000.00	
: Charged Off in Feb & Mar 1951	<u>24,967.36</u>	
: Net Reserve as of 31 Mar 1951		<u>10,032.64</u>
		328,460.84

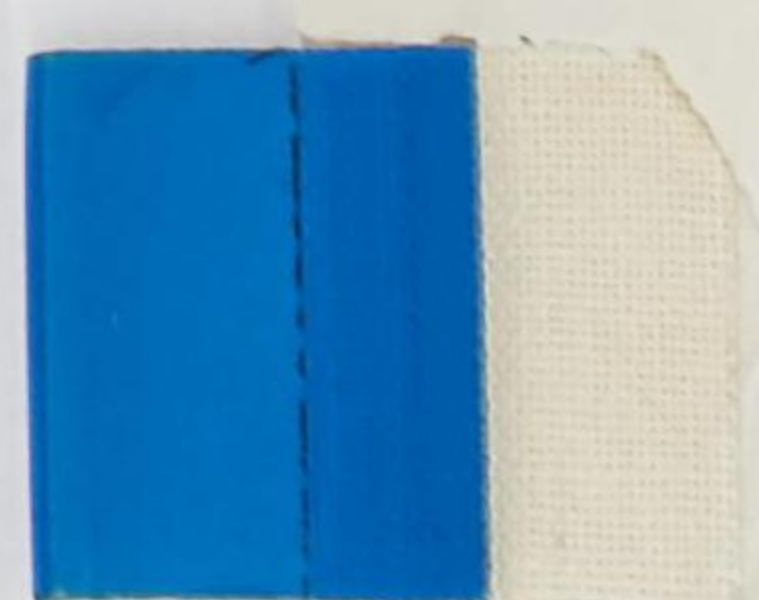
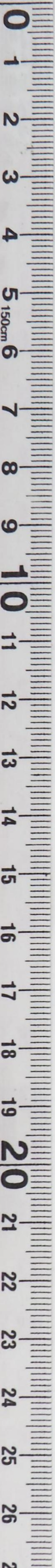
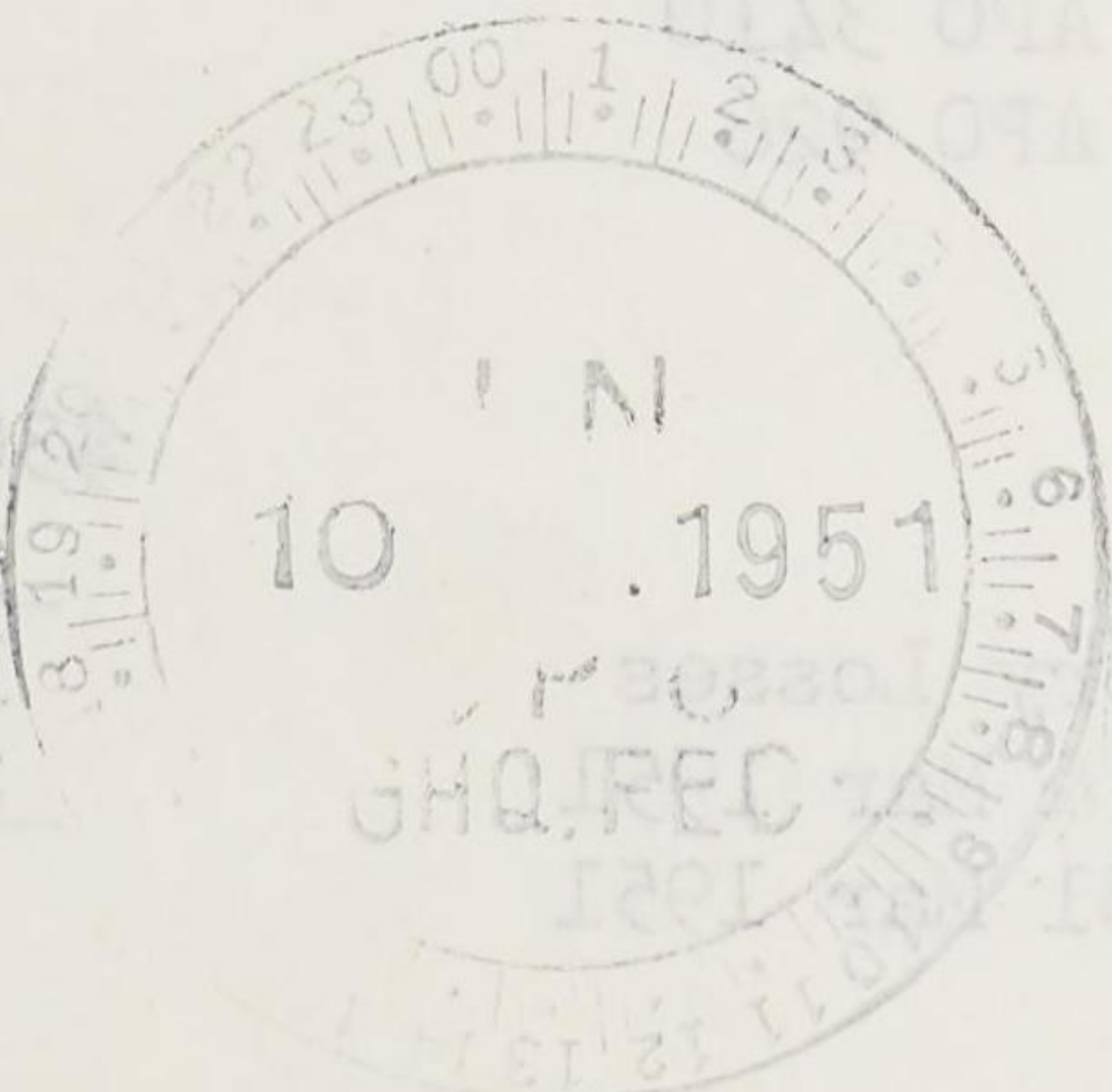
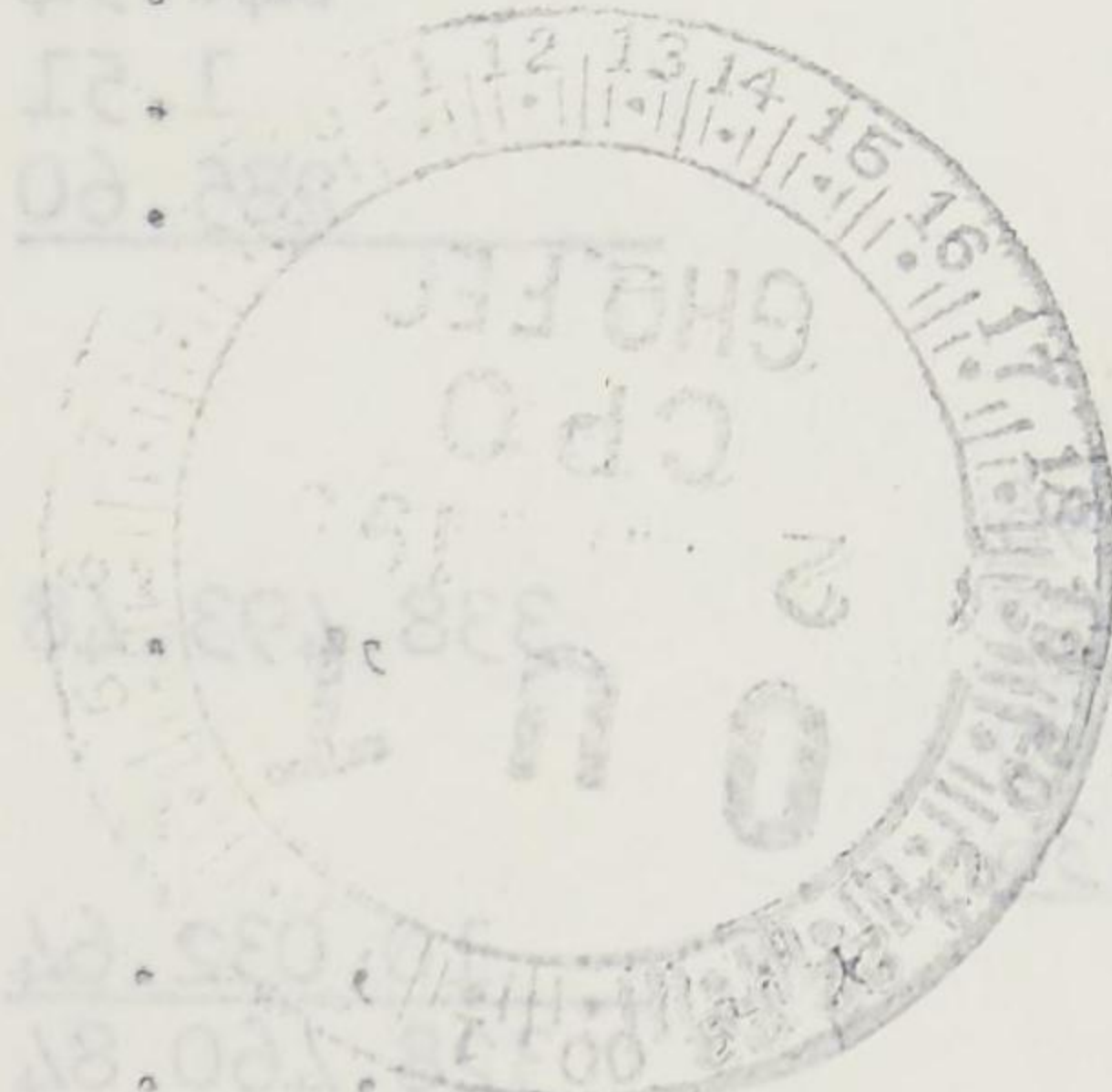
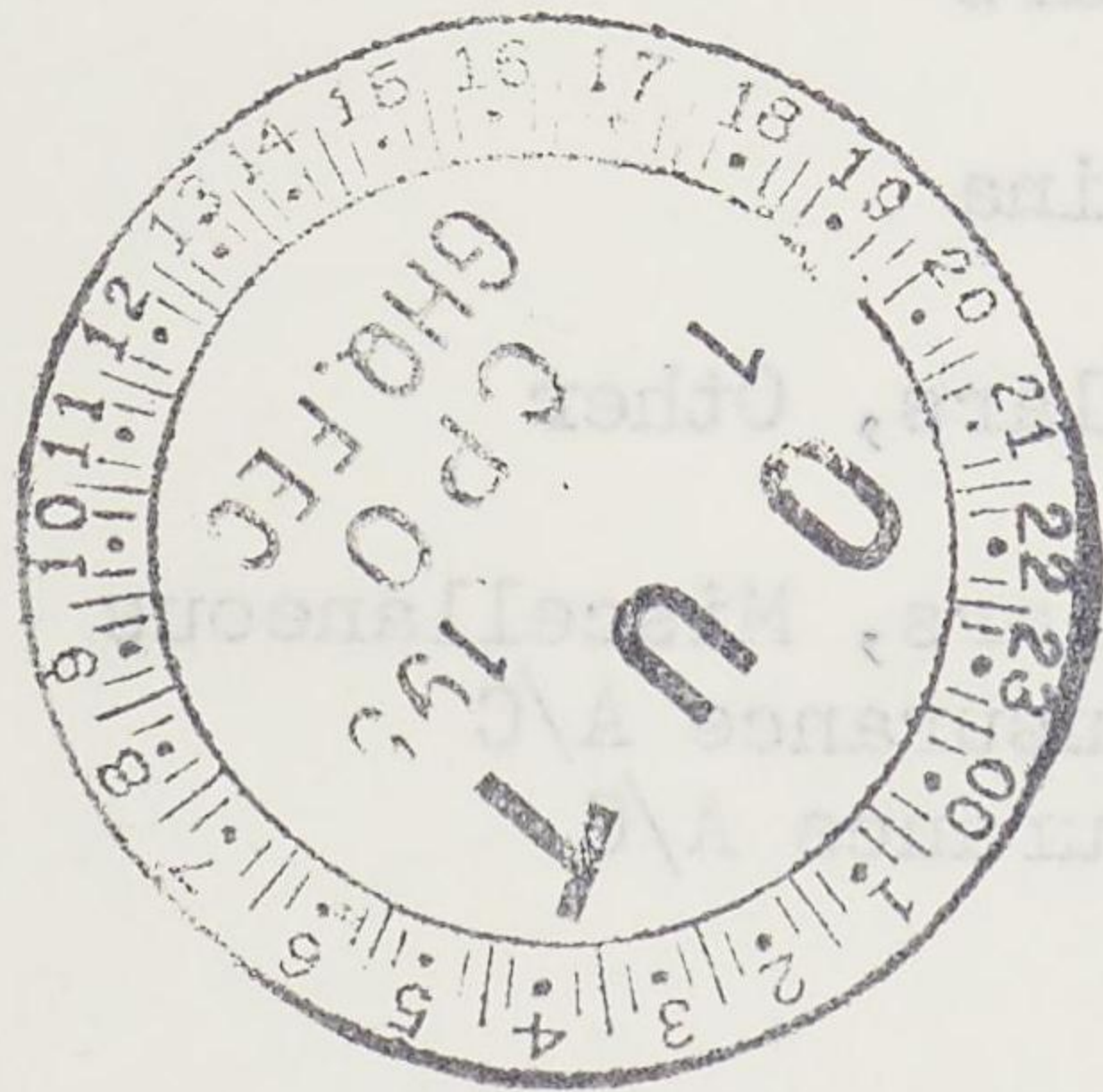
G-4

GENERAL HEADQUARTERS  
FOR EAST COMMAND  
Central Purchasing Office  
APO 500

Balance Sheet  
31 March 1951

EXHIBIT I

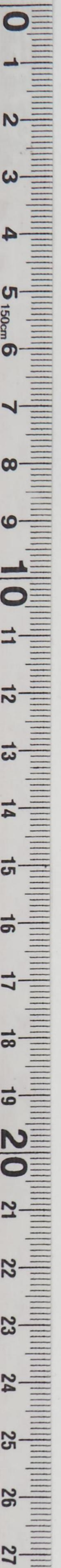
Assets	
Current Assets	
Cash in Banks	
Chase Nat'l Bank, Tokyo Dollar A/C	705,524.91
Chase Nat'l Bank, Tokyo Yen A/C	20,674.49
Chase Nat'l Bank, Tokyo Dollar Sales Deposit A/C	247.91
Chase Nat'l Bank, Tokyo Dollar A. F. Uniform A/C	4,661.65
Chase Nat'l Bank, Tokyo Dollar Deposit Order A/C	8,951.61
Chase Nat'l Bank, Allied Nat'l Bank A/C	500.00
Chase Nat'l Bank, Kyoto A/C	30,822.46
Nat'l City Bank, N.Y. Dollar A/C for Hongkong	229,954.03
Nat'l City Bank, N.Y. Dollar A/C	50,211.17
Hongkong and Shanghai Bank, Tokyo \$ A/C	50,632.40
	<u>\$1,101,577.63</u>
Change Fund	480.00
Petty Cash Fund	200.00
Funds w/ Agents, Hongkong	9,691.96
Cash in Bank	47,413.61
Cash in Transit	321,025.28
Merchandise in Transit	378,151.15
Letter of Credit, Mischel and Cie, Switzerland	10,880.75
Accounts Receivable, Dollars	1,805,334.46
Less: Reserve for Bad Debts	<u>2,827.29</u>
Accounts Receivable Dollars	1,802,507.17
Accounts Receivable - China	13,995.87
Accounts Receivable, Dollars	202.97
Accounts Receivable, Dollars	1,332.23
Philcom Freight and Insurance	16,318.35
Karbo Freight and Insurance	720.12
Navv Insurance A/C	245.47
Navv Insurance A/C	640.34
Navv Insurance A/C, Trip, APO Mail	1.51
Navv Insurance A/C, Guam, APO Mail	<u>18,513.39</u>
Inventories	
Merchandise, regular	
Manufacturing Stock	
Less: Reserve for Inventory	
Charged Off in Feb 1951	
Net Reserve as of 31 March 1951	



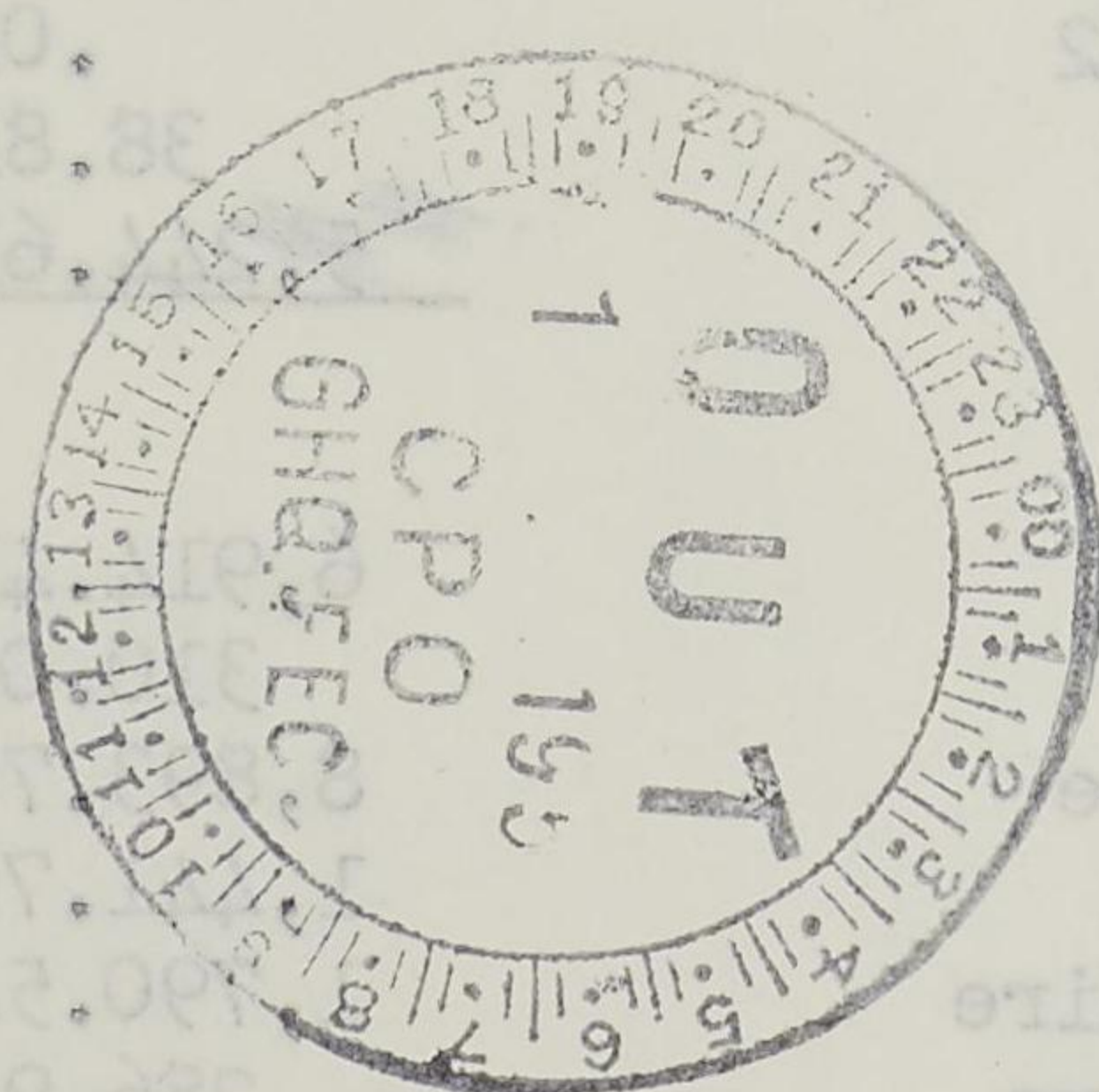
2775

Show Room Inventory	\$	3,691.29	
Sales Room Inventory		<u>38,027.14</u>	\$ 370,179.27
Accounts Receivable, Dollars, Merchandise Out For Repair			29,728.40
Other Inventories			
Precious Metals on Hand		1,090.95	
Production Sample Material		3,824.85	
Textile Samples		663.93	
Goods in Process, Silk & Precious Metals		<u>61,612.50</u>	67,192.23
Other Assets			
Office Equipment, Tokyo		20,384.58	
Less Reserve for Depreciation		<u>20,384.58</u>	∅
Office Equipment, Hongkong		1,156.52	
Less Reserve for Depreciation		<u>1,156.52</u>	∅
Automotive Equipment		600.00	
Less Reserve for Depreciation		<u>600.00</u>	∅
Total Assets			<u>\$3,794,939.36</u>
Current Liabilities			
Accounts Payable			
Vendors, Yen	\$	56,152.54	
Vendors, Dollars Payable in Yen		373,610.29	
Vendors, Dollars, Bangkok		4,719.47	
Deposits on Air Force Uniforms		4,061.65	
Deposit Orders Placed		247.91	
Deposit Orders		<u>8,951.61</u>	447,743.47
Accounts Payable, Dollars, Miscellaneous			
Rycom Freight and Insurance		7,084.28	
Eniwetok Insurance		28.24	
U.S. Marine Corps. Insurance		4.86	
U.S. Navy Insurance, APO 943		121.92	
U.S. Navy Insurance, APO 3912		854.69	
U.S. Navy Insurance, APO 2002		.02	
U.S. Navy Insurance, APO 824		38.81	
Other		<u>5,244.63</u>	13,377.45
Accrued Liabilities			
Salaries		6,914.41	
Per Diem		310.00	
Income Tax Payable, Regular Hire		8,893.70	
Income Tax Payable, Direct Hire		1,441.70	
F.I.C.A. Tax Payable, Regular Hire		1,790.54	
F.I.C.A. Tax Payable, Direct Hire		<u>286.94</u>	19,637.29
			480,758.21
Net Worth			
Surplus 28 February 1951		2,806,175.75	
Add: Recovery on Bad Debts Charge Off		164.19	
: Gain for March 1951 Period		<u>7,841.21</u>	2,814,181.15
Reserve for Liquidation			<u>500,000.00</u>
Total Liabilities and Net Worth			<u>\$3,794,939.36</u>





370,179.27	3,691.29	Sales from Inventory
29,728.40	38,027.71	Accounts Receivable, Dollars, Merchandise Out For Repair
67,192.23	1,090.92	Other Inventories
	3,824.85	Precious Metals on Hand
	663.93	Production Sample Material
	67,612.50	Textile Samples
	20,384.58	Goods in Process, Silk & Precious Metals
	20,384.58	Other Assets
	1,156.52	Office Equipment, Tokyo
	1,156.52	Less Reserve for Depreciation
	600.00	Office Equipment, Hongkong
	600.00	Less Reserve for Depreciation
63,794,232.36	600.00	Automotive Equipment
	600.00	Less Reserve for Depreciation
		Total Assets
		Current Liabilities
		Accounts Payable
	26,152.54	Vendors, Yen
	373,610.29	Vendors, Dollars Payable in Yen
	4,719.47	Vendors, Dollars, Bangkok
	4,061.62	Deposits on Air Force Uniforms
	217.91	Deposit Orders Placed
147,713.47	8,921.61	Deposit Orders
		Accounts Payable, Dollars, Miscellaneous
	7,084.28	Airport Freight and Insurance
	28.24	Printer's Insurance
	4.86	U.S. Marine Corps, Insurance
	121.92	U.S. Navy Insurance, APO 943
	824.99	U.S. Navy Insurance, APO 3912
	02	U.S. Navy Insurance, APO 2002
	38.81	U.S. Navy Insurance, APO 824
13,377.45	62	Other
		Accrued Liabilities
		Salaries
		Per Diem
		Income Tax Payable, Regular Hire
		Income Tax Payable, Direct Hire
		F.I.C.A. Tax Payable, Regular Hire
		F.I.C.A. Tax Payable, Direct Hire
480,758.21	286.94	Net Worth
	2,306,175.71	Surplus 28 February 1951
	104.	Add: Recovery on Bad Debts Charge Off
2,814,181.15	7,821.	Less: Gain for March 1951 Period
		Reserve for Liquidation
500,000.00		Total Liabilities and Net Worth
63,794,232.36		



2775

#Debit balances in Accounts Payable Accounts.

I certify that this is a true statement to the best of my knowledge and belief of Central Purchasing Office Fiscal Accounts as of 31 March 1951.

REVIEWED BY:

*A. J. Millet*  
A. J. MILLET  
Deputy Chief  
Fiscal Division

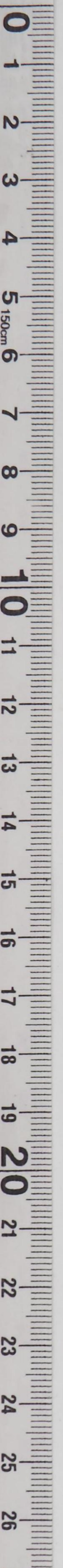
*Edwin M. Mendenhall*  
EDWIN M. MENDENHALL  
Chief, Accts. and  
Statistics Br, Fiscal Div.

*L. F. Murphy*  
L. F. MURPHY  
Chief, Fiscal Div.

APPROVED BY:

*A. H. Nordstrom*  
A. H. NORDSTROM  
Colonel, Ord.  
Chief, CPO





Debit balances in Accounts Payable Accounts.

I certify that this is a true statement to the best of my knowledge and belief of Central Purchasing Office Fiscal Accounts as of 31 March 1951.

REVIEWED BY:

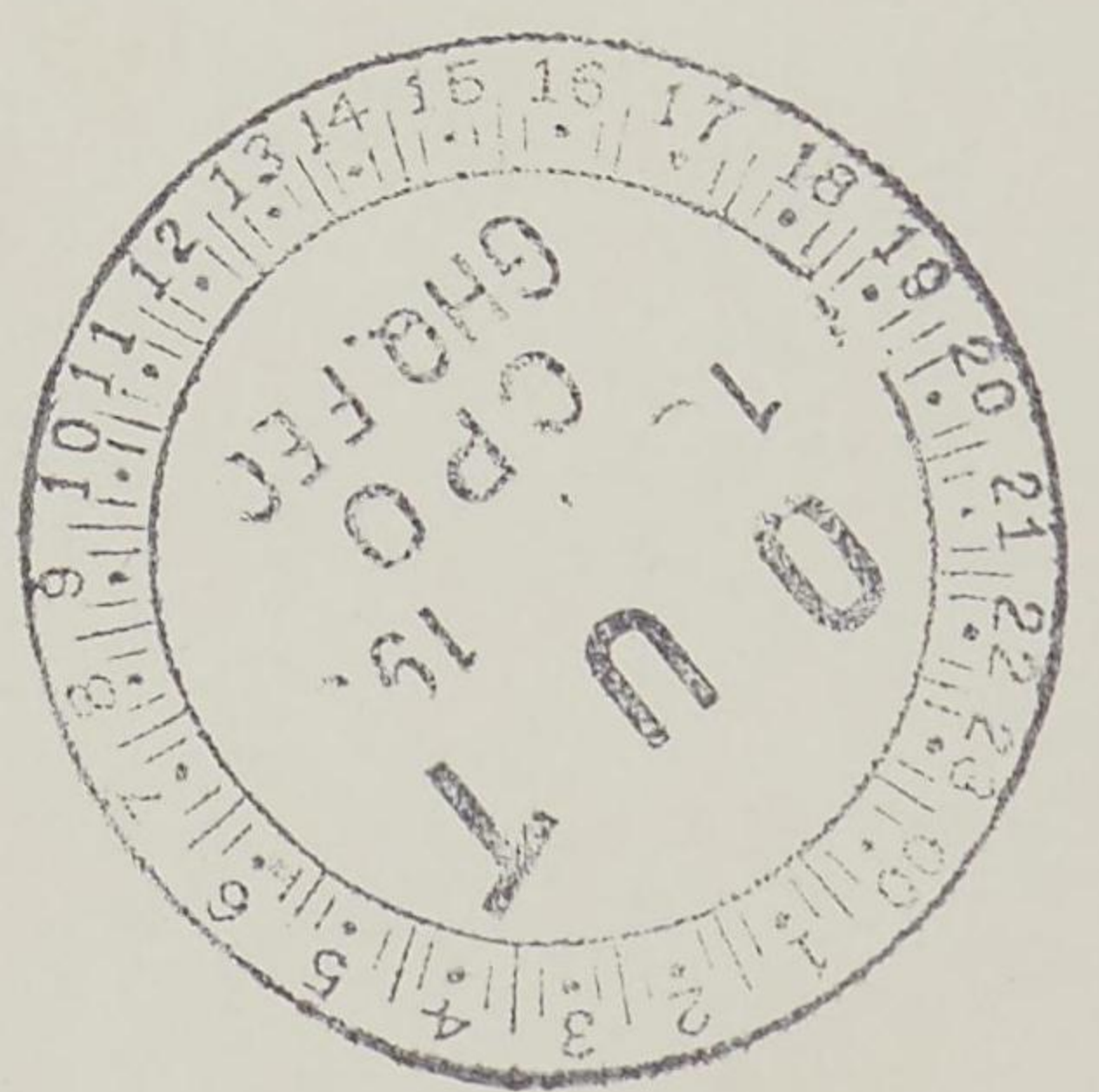
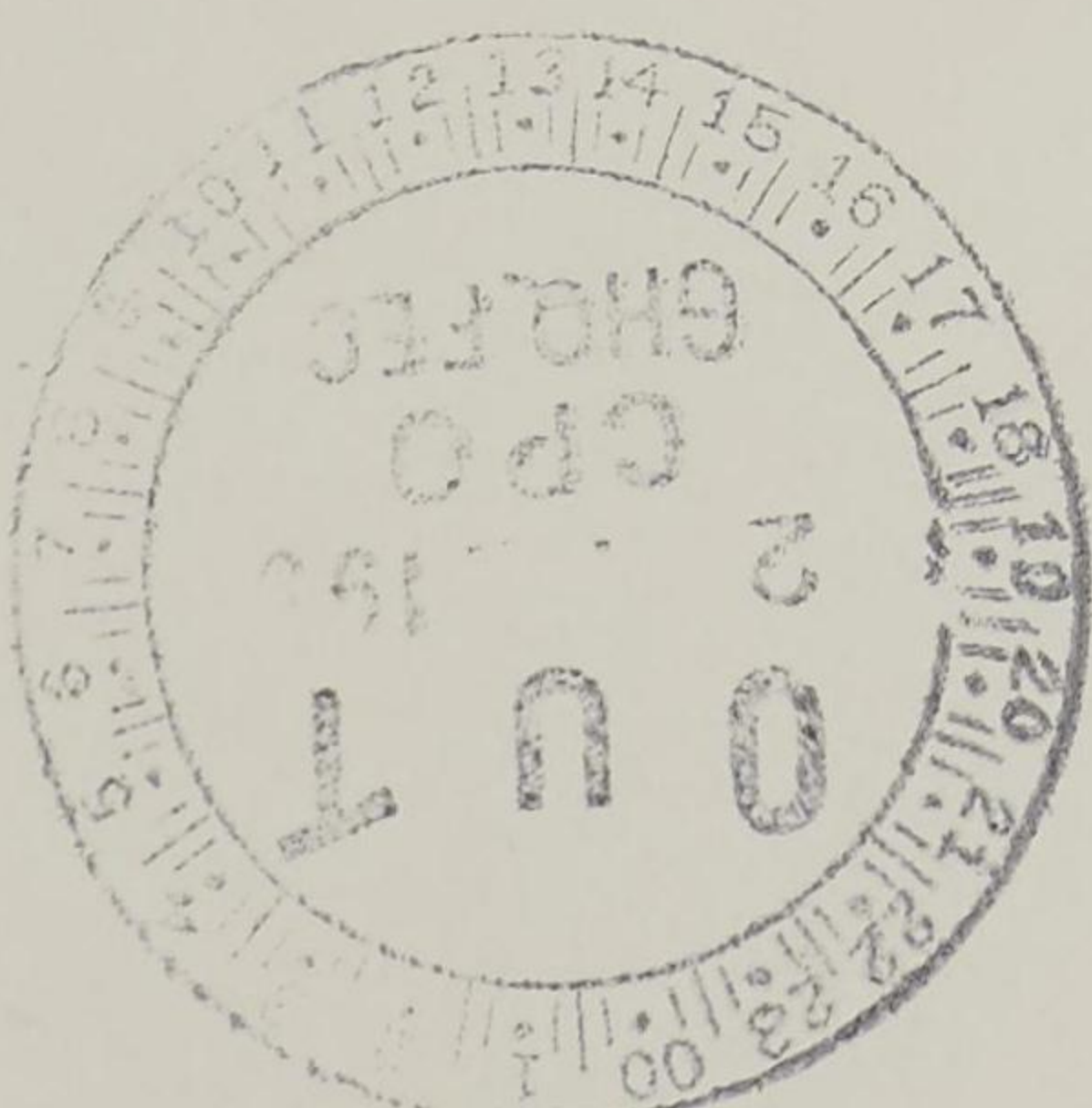
*[Signature]*  
EDWIN M. MENDENHALL  
Chief, Accts. and  
Statistics Br., Fiscal Div.

*[Signature]*  
A. J. MILLET  
Deputy Chief  
Fiscal Division

APPROVED BY:

*[Signature]*  
J. T. MURPHY  
Chief, Fiscal Div.

*[Signature]*  
A. H. NORDSTROM  
Colonel, Grd.  
Chief, CPO



GENERAL HEADQUARTERS  
 FAR EAST COMMAND  
 Central Purchasing Office  
 APO 500

Profit and Loss Statement  
 Month of March 1951

EXHIBIT II

SALES

Exchange Systems		\$1,131,161.16	
Individuals and Clubs		43,576.03	
#Japanese Vendors		8,652.72	
Air Force Uniforms		117,856.75	
##Special Service Units		8,746.00	
Less: Insurance Recovery		(11.35)	\$1,309,981.31

COST OF SALES

Inventory 28 February 1951	\$ 439,280.78		
Add : Inventory Transfer (Goods in Process)	17,611.09		
Inventory Adjustments	1,364.92		
Purchases March 1951	1,188,204.68	1,646,461.47	
Less: Inventory Transfer (General)	8,464.25		
Inventory 31 March 1951	380,211.91	388,676.16	1,257,785.31

Gross Income from Sales 52,196.00

OPERATING EXPENSE (Schedule A) 40,868.46

OTHER EXPENSE (Schedule B) 4,214.43

Total Expense 45,082.89

OTHER INCOME (Schedule C) 728.10 44,354.79

Gain for Period 7,841.21

#Sales to Japanese Vendors	\$ 8,652.72
Cost of Goods Sold to Vendors	<u>17,578.23</u>
Net Loss on Goods Sold to Japanese Vendors	<u>8,925.51</u>
#Losses Charged to Reserve for Inventory Losses	\$ 8,945.23
Gains to Other Income	<u>19.72</u>
	<u>8,925.51</u>

##Special Service Units gross sales made up of sales at B.E. price plus CPO mark-up, which is basis for gross sales figure, however, SSU gross sales figure includes insurance charge which is a recovery item included in Schedule A figures.