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Suggested accounting system for wheat flour millers

United States. Food Administration. Milling Division. Auditing Department

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Suggested Accounting System For Wheat Flour Millers



Forwarded by
✓ United States Food Administration
Milling Division

AUDITING DEPARTMENT
74 BROADWAY
NEW YORK



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NOTE

This booklet was in the hands of the printers and partially completed at the time of the issuing of the new Rules and Regulations regarding the allowable amount of wheat to be ground in securing one barrel of flour and the fixing of the maximum prices on mill feed on a percentage basis in direct relation with the price paid by the miller for wheat. (See Circular No. 6, Form M. D. 1199.)

It will be noted the transactions explained and illustrated herein apply in accordance with former prevailing prices on mill feed and on unstabilized percentages of extraction.

There have been so many requests for the immediate forwarding of this "Suggested Accounting System," that it has been thought advisable to forward it at once, without waiting to change the figures to conform to the new basis, as the methods used will be the same, and, perhaps, examples shown by former practises will be more readily understood.

UNITED STATES FOOD ADMINISTRATION
MILLING DIVISION

AUDITING DEPARTMENT

UNITED STATES FOOD ADMINISTRATION MILLING DIVISION

AUDITING DEPARTMENT
74 BROADWAY, NEW YORK

ACCOUNTING SYSTEM FOR MILLERS

GENERAL COMMENTS

Following the demand of the United States Food Administration—Milling Division, that all mills operating under the Rules and Regulations, and in Agreement with the United States Food Administration—Milling Division, render to the Statistical Division, Washington, D. C., a Monthly Cost Report, Form, M. D. 1030 C, numerous inquiries have been received from millers regarding the compilation of the Report, and requests for a general accounting system which would enable them to complete the Cost Report in a satisfactory manner.

Many millers have conducted their business without any kind of an accounting system—others have used single entry books—neither of these methods being entirely satisfactory. In these times, it is essential that the miller be in a position to know daily and monthly the volume of his output or production, the value of his Assets, and the amount of his Liabilities.

It is the desire and intention of the United States Food Administration—Milling Division, to aid and assist the Milling Industry in every possible manner, and in compliance with the requests received, we are outlining the following simple Accounting System, which may be amplified and elaborated to meet the requirements of the larger mills.

ASSETS, LIABILITIES, EARNINGS, EXPENSES

Any properly conducted lawful business, operating for profit, has four important divisions: these are:

Assets
Liabilities and Capital
Earnings
Expenses

Taking them in order they may be defined as follows:

ASSETS (CURRENT, FIXED, DEFERRED)

CURRENT ASSETS

Comprise the monetary value of Assets quickly convertible into cash, such as Bank Deposits, Notes Receivable, Accounts Receivable, Inventories of Stock, Securities.

FIXED ASSETS

Comprise the monetary value of Buildings, Real Estate, Machinery, Equipment, Wagons, Automobiles, Trucks, etc.

DEFERRED ASSETS

Comprise the monetary value of Insurance Premiums paid in advance and not expired, Taxes paid in advance, and any other items which have been charged to the business as an expense but which are distributable to subsequent month's operations.

LIABILITIES AND CAPITAL

LIABILITIES

Comprise all debts of the business such as,

- Accounts Payable
- Bills or Notes Payable
- Mortgages Payable

RESERVES FOR TAXES, DEPRECIATION, INSURANCE

Comprise credit items set up to meet current and future expenses, or contingent expenses (such as depreciation on buildings, equipment, provision for bad debts, taxes, insurance, etc.) which will require cash expenditures at some future date.

CAPITAL AND SURPLUS

Comprise the excess of Assets over Liabilities, what the business owns or is worth.

EARNINGS

Comprise all revenues from the operation of a business, such as sales, cash discounts taken, etc. The excess of Earnings over Expenses constitutes Profit.

EXPENSES

Comprise all expenses of conducting a business. In manufacturing concerns, the expenses are subdivided between Manufacturing Expenses and Administration and Selling Expenses.

The suggested Chart of Accounts as an aid to the conduct of a milling business submitted here, is prepared in accordance with the before mentioned subdivisions.

SUGGESTED CHART OF ACCOUNTS FOR SMALL MILLERS

ASSETS

CURRENT

- Bank Accounts
- Cash on Hand
- Accounts Receivable
- Notes Receivable
- Inventory of Flour
- Inventory of Feed
- Inventory of Other Commodities
- Inventory of Milling Supplies
- Inventory of Wheat
- Inventory of Flour Packages, etc. (empty)
- Inventory of Feed Packages, etc. (empty)

FIXED

- Real Estate
- Mill Buildings
- Mill Machinery and Equipment
- Office Equipment
- Office Furniture and Fixtures
- Autos, Trucks and Wagons
- Miscellaneous

LIABILITIES

Accounts Payable
Bills or Notes Payable
Mortgages Payable
Accrued Liabilities

RESERVES

Reserves for Taxes
Reserves for Depreciation
Reserves for Insurance
Reserves for Bad Debts
Other Reserves

UNFILLED CONTRACTS SUSPENSE ACCOUNT

CAPITAL STOCK (of a Corporation)

Common Stock
Preferred Stock

NET WORTH OR SURPLUS

MANUFACTURING EXPENSES

Wheat Used
Flour Packages Used
Feed Packages Used
Heat, Light, Power
Labor Charges
Rent
General Mill Supplies
Depreciation Charges
Taxes
Insurance
1% Administration Fee to Food Administration Grain Corporation

MANUFACTURING COST OF FLOUR AND FEED

Manufacturing Cost of Flour
Manufacturing Cost of Offal

SALES

Sales of Flour (monies represented by sales of flour)
Sales of Offal (monies represented by sales of offal)
Other Sales (monies represented by other sales)

COST OF PRODUCTS SOLD

Cost of Flour Sold
Cost of Feed Sold
Cost of Other Sales

ADMINISTRATION EXPENSES

Office Salaries
Office Supplies
General Office Expenses
Other Expenses

SELLING EXPENSES

Freight
Salesmen's Salaries
Salesmen's Expenses
Advertising
Commissions and Other Expenses

DISCOUNT, INTEREST AND EXCHANGE

BOOKS, RECORDS AND FORMS USED

1. PURCHASE RECORD—Page 13

To record the quantities and amounts of all goods purchased. This book should be subdivided by columns to enter the quantities and amounts of different commodities bought.

2. CASH RECEIVED BOOK AND CHECK REGISTER—Pages 14 and 15

To record cash receipts and disbursements, whether disbursed by check or actual cash.

3. SALES RECORD—Page 19

To record all sales made both as to quantities and amounts; subdivided by columns to enter different commodities sold.

4. JOURNAL—Page 21

To make entries to close books at month end or year end, or to pass adjusting or correcting entries to the accounts in the General Ledger.

5. INVENTORY OR STOCK RECORD

To record stock on hand at all times of all kinds; inventories of wheat, sacks, flour, feed, and mill supplies should be maintained very carefully. As the stocks are used they should be charged out as expense at actual cost value.

6. ORDER BOOK

To record all contracts made showing quantities, money value. As contracts are completed, the items should be marked off.

7. GENERAL LEDGER

To record the monthly activities of the business which are posted from the Cash Book, Sales Book, Purchase Book or Journal.

8. ACCOUNTS RECEIVABLE OR CUSTOMERS' LEDGER

To record against debtors the date, amount of sales made and the date and amount of cash received.

9. ACCOUNTS PAYABLE OR PURCHASE LEDGER

To record names of creditors, the date and amounts of goods purchased by the business and the date and amounts of payments made to creditors in settlement of these accounts.

10. MINUTE BOOK (If a Corporation)

To record the by-laws, meetings and transactions of the officers at these meetings.

MONTHLY CLOSING OF RECORDS

It will be found at the end of the month that the DEBIT columns in any of the records will equal CREDIT columns. If not, an error or omission has been made and should be immediately located before the items are posted to the Controlling Accounts.

ACCOUNTS RECEIVABLE LEDGER

Where sales are made on a credit basis, that is sold on time, and not paid for in cash, an account should be opened under the name of the debtor and all sales made to that debtor should be charged to his account showing the date and the amount of each invoice. These debits will, in most cases, come from the Sales Record. The credits to these accounts will nearly always be obtained from the Cash Receipts Record. The total balances of the accounts shown in the Accounts Receivable Ledger, that is, the total amount owing to the business by the numerous debtors, will equal the Controlling Account, Accounts Receivable, and if not an error or omission has been made and it should be located.

ACCOUNTS PAYABLE LEDGER

It is good business practice to carry accounts with all creditors. A separate account should be opened with each creditor and his account should be credited with the full amount of the goods purchased from him which will be taken from the Purchase Record. These accounts will be charged with all moneys paid to the creditors in settlement of their bills together with any INTEREST, DISCOUNT or EXCHANGE which has been deducted by the business when paying bills. These debits are entered from the CASH DISBURSEMENTS or CHECK REGISTER RECORDS. The balances of all these accounts in the Accounts Payable Ledger added together will equal the Controlling Account, ACCOUNTS PAYABLE, and if not, an error or omission has been made and should be immediately located.

INVENTORY RECORDS

An Inventory Book or Inventory Card Filing System should always be maintained. This should show the inventory of the different commodities and mill supplies on hand at the beginning of the month, subdivided so that the quantity and unit

cost price is shown on one side and all additions made to the commodity, entered thereon regularly. As commodities, or materials or supplies are used the account should be credited accordingly. This is known as a Perpetual Inventory. Where this system of record entails too much work, as it might do in some cases, this work can be eliminated by taking inventories at the end of each month only and showing the commodities on hand and the average market price against each one.

ORDER BOOK

This should show the date the order was received, the name and address of the customer ordering, the quantity and kind of goods ordered, and the value of the order. Sufficient room should be left at the side of the order so that the date may be entered on which the order was filled. It may happen at the end of the month that some shipments have not been completed and therefore not invoiced. If there is a profit on these orders unfilled it should be carried in the Trading Statement in order to represent the actual condition of the business. Profit is excess of sales over actual selling cost of Sales.

MONTHLY OPERATIONS OF A SMALL MILL

In order to show the practical adaptation of the suggested Accounting System for Millers set forth in the preceding pages, the following Exhibits and Schedules have been prepared showing, in complete form, the operations of a small mill of a daily capacity of 75 barrels.

EXHIBITS

- EXHIBIT (A)—Balance Sheet
- EXHIBIT (B)—Statement of Profit and Loss
- EXHIBIT (C)—Manufacturing Cost of Sales
- EXHIBIT (D)—Statement Showing Opening Trial Balance, July 31, Complete Month's Operations for August, and the Closing Trial Balance, August 31.

SCHEDULES

- Schedules showing Journal entries necessary to close the books for the month. Pages 10 and 11.
- PURCHASE RECORD—Complete Entries for one Month. Page 13.
- CASH RECEIPTS—Complete Entries for one Month. Page 15.
- CASH DISBURSEMENTS—Complete Entries for one Month. Page 17.
- SALES RECORD—Complete Entries for one Month. Page 19.
- JOURNAL—Complete Entries for one Month. Page 21.

By referring to Exhibit D (Trial Balance), page 9, it will be noticed that all the accounts shown thereon are set forth in accordance with the Chart of Accounts. Each class of accounts is grouped separately so that on looking at the final Trial Balance, August 31st, the financial condition of the business can readily be grasped, and the result of the manufacturing and trading operations for the month, as shown by the groups

“SALES AND COST OF SALES,” and “ADMINISTRATION AND SELLING EXPENSE,” can be quickly observed.

The whole of the transactions during the month of August, which are included in the two center columns, can be traced back to the specimen sheets by following the guide in the Entry Column. The opening entries shown in the balance of July 31st, plus or minus debit and credit items during the month of August, give the final figures shown in the balance, August 31st.

EXHIBIT (C)—Manufacturing Cost of Sales. Page 8.

This is a very important statement, as from the correct preparation thereof must be obtained the manufacturing cost per barrel of flour. By adding the inventories at the beginning of the month and deducting the inventories at the end of the month from the total manufacturing cost, the total cost of sales during the month is obtained and carried forward to the Statement of Profit and Loss (Exhibit B).

EXHIBIT (B)—Statement of Profit and Loss. Page 8.

This Statement shows the total sales by commodities for the month, less the cost of sales transferred from Exhibit C, which shows the gross profit on sales. From this is deducted the Administration and Selling expenses, the result being the net profit from trading for the month. The net profit is carried to the balance sheet, Exhibit A. Page 7.

EXHIBIT (A)—Balance Sheet. Page 7.

The Balance Sheet is a very important and useful statement. It should be prepared so as to show on the one side, the Assets, or what the business owns; on the other side, the Liabilities or what is owing by the business. The difference between the Assets and Liabilities will represent the Capital and Surplus or Net Worth. A well prepared Balance Sheet will often be found of great advantage when loans are needed from banks or bankers. The business man who is in a position to submit a faithful Balance Sheet to his banker is likely to get better terms when obtaining loans, than one who does not.

UNITY MILLS

BALANCE SHEET

AUGUST 31, 1917

ASSETS				LIABILITIES			
CURRENT				CURRENT			
Cash in Bank		\$4,665.10		Accounts Payable	\$13,574.70		
Accounts Receivable	\$7,980.59			Accrued Pay Roll	10.42		
Less Reserve for Bad Debts	12.50	7,968.09		Bills Payable	3,925.00	\$17,510.12	
Bills Receivable		750.00	\$13,383.19	Reserve for Insurance and Taxes			653.30
INVENTORIES				<i>Capital and Surplus</i>			
Completed Product (Flour and Offal)	\$987.44			Common Stock	\$25,000.00		
Wheat	6,660.00			Surplus Aug. 1, 1917	900.00		
Flour Sacks	2,890.25			Add Profit for August	228.20	26,128.20	
Feed Sacks	450.95	\$10,988.64	\$10,988.64	(See Exhibit B)			
FIXED							
Real Estate and Mill Building		\$5,000.00					
Machinery and Equipment		12,535.00					
Office Furniture and Fixtures		2,515.00					
		\$20,050.00					
Less Reserve for Depreciation		130.21	\$19,919.79				
			<u>\$44,291.62</u>	<u>\$44,291.62</u>			

EXHIBIT B

EXHIBIT C

UNITY MILLS
STATEMENT OF PROFIT AND LOSS
MONTH OF AUGUST, 1917

SALES		
Flour, 1,576 barrels @ \$10.515.....		\$16,572.24
Offal.....	\$2,427.00	
Screenings.....	36.70	2,463.70
TOTAL SALES.....		\$19,035.94
DEDUCT COST OF SALES (Exhibit C).....		18,429.41
GROSS PROFIT ON SALES.....		\$606.53
DEDUCT ADMINISTRATION & SELLING EXPENSE		
Office Pay Roll.....		\$200.00
Office Supplies.....		10.00
Depreciation on Office Furniture and Fixtures.....		20.83
Bad and Doubtful Accounts.....		12.50
Salesmen's Salaries.....		90.00
Salesmen's Expenses.....		10.00
Interest, Discount and Exchange.....		35.00
		\$378.33
NET PROFIT for the Month Carried to Balance Sheet		\$228.20

UNITY MILLS
MANUFACTURING COST OF SALES
MONTH OF AUGUST, 1917

Wheat Used.....	\$15,920.00
Flour Sacks Used.....	707.20
Feed Sacks Used.....	229.95
Mill Pay Roll.....	135.42
Mill Supplies and Expense.....	844.20
Taxes (Local).....	53.30
Depreciation Building.....	5.21
Depreciation Machines.....	104.17
1% Administration Fee.....	159.20
TOTAL MANUFACTURING COSTS.....	\$18,158.65
ADD Inventory Beginning of Month.....	1,258.20
	\$19,416.85
DEDUCT Inventory End of Month.....	987.44
TOTAL COST OF SALES DURING THE MONTH (To Exhibit B)	\$18,429.41

UNITY MILLING COMPANY
MONTHLY CLOSING JOURNAL ENTRIES

EXHIBIT D

ACCOUNT	BALANCE JULY 31, 1917		AUGUST ENTRIES				BALANCE AUG. 31, 1917	
	Debits	Credits	Entries From	Debits	Credits	Entries From	Debits	Credits
ASSETS								
Cash.....	\$2,000.00		Cash Received Col. 7	\$16,085.10	\$13,420.00	Cash Dist. Col. 1	\$4,665.10	
Accounts Receivable.....	2,500.00		Sales Rec. Col. 2	19,138.99	13,658.40	Cash Receipts Col. 2	7,980.59	
Bills Receivable.....	750.00						750.00	
Completed Product.....	1,258.20		Journal Col. 5	18,158.65	18,429.41	Journal Col. 11	987.44	
Wheat Inventories.....	7,580.00		Purch. Rec. Col. 2	15,139.75	15,920.00	Journal Col. 11	6,660.00	
					139.75	Sales Rec. Col. 6		
Sacks (Flour).....	3,267.85		Purch. Rec. Col. 3	329.60	707.20	Journal Col. 11	2,890.25	
Sacks (Feed).....	679.70		Purch. Rec. Col. 4	1.20	229.95	Journal Col. 11	450.95	
Cash Sales.....			Sales Rec. Col. 1	36.70	36.70	Cash Receipts Col. 1		
Mill Property.....	5,000.00						5,000.00	
Machinery.....	12,500.00		Purch. Rec. Col. 8	35.00			12,535.00	
Furniture and Fixtures.....	2,500.00		Purch. Rec. Col. 8	15.00			2,515.00	
LIABILITIES AND CAPITAL								
Accounts Payable.....		\$10,035.75	Cash Disb. Col. 3	12,995.00	16,374.75	Purch. Rec. 1 Col. 1		\$13,574.70
					159.20	Journal Col. 8		
Bills Payable.....		1,500.00			2,425.00	Cash Receipts Col. 4		3,925.00
Accrued Pay Roll.....					10.42	Journal Col. 11		10.42
Reserve Insurance and Taxes.....		600.00			53.30	Journal Col. 11		653.30
Reserve Dep. Buildings.....					5.21	Journal Col. 11		5.21
Reserve Dep. Mach. and Equip.....					104.17	Journal Col. 11		104.17
Reserve Dep. Furn. & Fixt.....					20.83	Journal Col. 11		20.83
Reserve Bad Debts.....					12.50	Journal Col. 11		12.50
Capital Stock.....		25,000.00						25,000.00
Surplus.....		900.00						900.00
MANUFACTURING COST								
Wheat Used.....			Journal Col. 3	15,920.00	15,920.00	Journal Col. 9		
Sacks Used (Flour).....			Journal Col. 3	707.20	707.20	Journal Col. 9		
Sacks Used (Feed).....			Journal Col. 3	229.95	229.95	Journal Col. 9		
Mill Pay Roll.....			Journal Col. 3	10.42				
Mill Supplies and Expenses.....			Cash Disb. Col. 4	125.00	135.42	Journal Col. 9		
Insurance and Taxes.....			Purch. Rec. Col. 5	844.20	844.20	Journal Col. 9		
Depreciation Mill Property.....			Journal Col. 3	53.30	53.30	Journal Col. 9		
Depreciation Machinery.....			Journal Col. 3	5.21	5.21	Journal Col. 9		
1% Administration Fee.....			Journal Col. 3	104.17	104.17	Journal Col. 9		
Manufacturing Cost.....			Journal Col. 3	159.20	159.20	Journal Col. 9		
			Journal Col. 3	18,158.65	18,158.65	Journal Col. 9		
SALES AND COST OF SALES								
Sales (Flour).....					16,572.24	Sales Rec. Col. 3		16,572.24
Sales (Offal).....					2,427.00	Sales Rec. Col. 4		2,427.00
Sales (Screenings).....					36.70	Sales Rec. Col. 5		36.70
Cost (Flour).....			Journal Col. 5	15,997.90			15,997.90	
Cost (Offal).....			Journal Col. 5	2,395.53			2,395.53	
Cost (Screenings).....			Journal Col. 5	35.98			35.98	
ADMINISTRATION AND SELLING EXPENSE								
Office Pay Roll.....			Cash Disb. Col. 5	200.00			200.00	
Office Supplies.....			Purch. Rec. Col. 6	10.00			10.00	
Salesmen's Salaries.....			Cash Disb. Col. 5	90.00			90.00	
Salesmen's Expenses.....			Cash Disb. Col. 5	10.00			10.00	
Depreciation Furn. and Fixt.....			Journal Col. 4	20.83			20.83	
Interest, Discount, Exchange.....			Cash Rec. Col. 3	35.00			35.00	
Bad Debts.....			Journal Col. 4	12.50			12.50	
	\$38,035.75	\$38,035.75		\$137,060.03	\$137,060.03		\$63,242.07	\$63,242.07

JOURNAL ENTRIES 1 TO 4

1. MANUFACTURING ACCOUNT	
Wheat Used.....	\$15,920.00
Flour Sacks Used.....	707.20
Feed Sacks Used.....	229.95
To	
Wheat Inventory.....	\$15,920.00
Flour Sacks Inventory.....	707.20
Feed Sacks Inventory.....	229.95
To charge Manufacturing Account with cost value of commodities used during the month.	
2. MANUFACTURING ACCOUNT	
Insurance and Taxes.....	53.30
To	
Reserve Insurance and Taxes.....	53.30
To charge Manufacturing Account with one-twelfth of estimated cost of annual Insurance and Taxes.	

3. MANUFACTURING ACCOUNT				
Depreciation of Mill Property.....			\$ 5.21	
Depreciation of Machinery and Equipment.....			104.17	
ADMINISTRATION AND SELLING				
Depreciation on Furniture and Fixtures.....			20.83	
To				
Reserve for Depreciation of:				\$ 5.21
Real Estate (Buildings only).....				104.17
Machinery and Equipment.....				20.83
Furniture and Fixtures.....				
Depreciation for one month on Fixed Assets as follows:				
	AMOUNT	ESTIMATED DEPRECIATION		
ASSET	Ledger Balance	Annual Rate	Annual Amount	Monthly Amount
Real Estate.....	\$2,500.00			
(Buildings only) ..	2,500.00	2½%	\$ 62.50	\$ 5.21
Machinery and Equipment.....	12,500.00	10 %	1,250.00	104.17
Furniture and Fixtures.....	2,500.00	10 %	250.00	20.83
TOTAL.....	\$20,000.00		\$1,562.50	\$130.21
4. ADMINISTRATION AND SELLING				
Bad Debts.....			12.50	
To				
Reserve for Bad Debts.....				12.50
Estimated month's loss in uncollectible Accounts Receivable, based upon the Ledger Balance at August 1, namely \$2,500.00 at 6% per annum. $\$2,500.00 \times 6\% \div 12 = \12.50 .				

JOURNAL ENTRIES 5 TO 9

<p>5. MANUFACTURING ACCOUNT Mill Pay Roll..... \$10.42 To Accrued Pay Roll..... \$10.42 Wages earned but unpaid for August 30th and 31st. \$31.25 x 2/6 \$10.42 To be reversed September 1.</p> <hr/> <p>6. MANUFACTURING ACCOUNT 1% Fee..... 159.20 To Accounts Payable (Grain Corporation).... 159.20 To charge Manufacturing Cost with 1% of wheat ground during the month.</p> <hr/> <p>7. MANUFACTURING COST..... \$18,158.65 To Wheat Used..... 15,920.00 Flour Sacks Used..... 707.20 Feed Sacks Used..... 229.95 Mill Pay Roll..... 135.42 Mill Supplies and Expense..... 844.20 Insurance and Taxes..... 53.30 Depreciation Buildings..... 5.21 Depreciation Machinery..... 104.17 1% Administration Fee..... 159.20 To close all operating expenses for the month into total Manufacturing Cost Account.</p>	<p>\$10.42</p> <p>\$10.42</p> <p>159.20</p> <p>159.20</p> <p>\$18,158.65</p> <p>15,920.00</p> <p>707.20</p> <p>229.95</p> <p>135.42</p> <p>844.20</p> <p>53.30</p> <p>5.21</p> <p>104.17</p> <p>159.20</p>
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<p>8. COMPLETED PRODUCT..... \$18,158.65 To Manufacturing Cost..... \$18,158.65 To charge completed manufactured product (flour and offal) with actual cost of manufacture for the month.</p> <hr/> <p>9. COST OF SALES Flour..... 15,997.90 Offal..... 2,395.53 Screenings..... 35.98 To Completed Product..... 18,429.41</p> <p style="text-align: center;">Proof of Cost of Goods Sold</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 10%;">TOTAL</th> <th style="width: 10%;">FEED</th> <th style="width: 10%;">FLOUR</th> <th style="width: 10%;">UNIT</th> </tr> </thead> <tbody> <tr> <td>Manufacturing Cost of Goods Sold.....</td> <td>\$18,429.41</td> <td>\$2,431.51</td> <td>\$15,997.90</td> <td>\$10.15</td> </tr> <tr> <td>Selling and Administration....</td> <td>378.33</td> <td></td> <td>378.33</td> <td>.24</td> </tr> <tr> <td>Total Cost..</td> <td>\$18,807.74</td> <td>\$2,431.51</td> <td>\$16,376.23</td> <td>\$10.39</td> </tr> <tr> <td>Profit.....</td> <td>228.20</td> <td>32.19</td> <td>196.01</td> <td>.13</td> </tr> <tr> <td>Total Sales..</td> <td>\$19,035.94</td> <td>\$2,463.70</td> <td>\$16,572.24</td> <td>\$10.52</td> </tr> </tbody> </table> <p style="margin-top: 10px;">Barrels Sold, 1576.</p>		TOTAL	FEED	FLOUR	UNIT	Manufacturing Cost of Goods Sold.....	\$18,429.41	\$2,431.51	\$15,997.90	\$10.15	Selling and Administration....	378.33		378.33	.24	Total Cost..	\$18,807.74	\$2,431.51	\$16,376.23	\$10.39	Profit.....	228.20	32.19	196.01	.13	Total Sales..	\$19,035.94	\$2,463.70	\$16,572.24	\$10.52	<p>\$18,158.65</p> <p>\$18,158.65</p> <p>15,997.90</p> <p>2,395.53</p> <p>35.98</p> <p>18,429.41</p>
	TOTAL	FEED	FLOUR	UNIT																											
Manufacturing Cost of Goods Sold.....	\$18,429.41	\$2,431.51	\$15,997.90	\$10.15																											
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Profit.....	228.20	32.19	196.01	.13																											
Total Sales..	\$19,035.94	\$2,463.70	\$16,572.24	\$10.52																											

PURCHASE RECORD

This records all PURCHASES made by the business. The total amount of the INVOICES is "CREDITED" to the seller in Column 1 and the GOODS PURCHASED "DEBITED" to the account to which they belong.

At the month end, the TOTAL of the PURCHASES shown in Column 1 is "CREDITED" to ACCOUNTS PAYABLE (Controlling Account) in the General Ledger.

The total amount shown in Column 2 is charged to WHEAT ACCOUNT, the amount shown in Column 3 is charged to FLOUR SACKS ACCOUNT and the amount shown in Column 4 to FEED SACKS ACCOUNT. The items under the MANUFACTURING EXPENSES, Column 5, must be charged in detail to their respective accounts. The items under ADMINISTRATION AND SELLING EX-

PENSE, in Column 6, must be charged in detail to their respective accounts.

OTHER COMMODITIES, Column 7, should be utilized to show purchases of commodities other than Wheat, such as Rye, Corn, Barley, Oats and any other commodities which may be dealt in by the business.

Under GENERAL LEDGER, Column 8, all purchases of a FIXED ASSET character such as Machinery, Equipment, Automobiles, Wagons, Trucks, etc., should be entered and posted through this account to the respective Asset Account in the General Ledger. The TOTAL ENTRIES in the Purchase Record must always equal the TOTAL CREDIT ENTRIES.

CASH RECEIPTS

This records all cash received by the business. Money received for CASH SALES is to entered in Column 1. Where the CASH SALES are very numerous during the day, it is not necessary to write in every item; the TOTAL of the CASH SALES for the day (which can be easily kept separately in a small book), should be credited to CASH SALES ACCOUNT in Column 1 and charged to NET CASH RECEIVED in Column 7. Cash received from customers, ACCOUNTS RECEIVABLE, in payment of their accounts should be credited to them in Column 2. Should they take DISCOUNT from their bills, this DISCOUNT should be debited in Column 3, Interest, Discount & Exchange. The customers, however, should be credited with the full amount of the bill. The total credit shown in Column 1, CASH SALES, Column 2, ACCOUNTS RECEIVABLE, Column 4, GENERAL LEDGER, must equal Column 3, Interest, Discount and Exchange, and Column 7, NET CASH RECEIVED. All debits must have equivalent credits. The whole of the cash received should be deposited in the bank. These DEPOSITS should be entered in Column 8. The CHECKS ISSUED shown in Column 9 is a MEMO account taken from Column 2, Cash Disbursements. The DIFFERENCE between

Columns 8, BANK DEPOSIT, and 9, CHECKS ISSUED should be entered in Column 10. This represents the Bank Balance.

Particular stress has been laid on the point of having all cash deposited in the bank as received. Where cash is needed to meet the petty expenditures of the business, it should be paid out of the PETTY CASH FUND which should be handled by some member of the staff. This PETTY CASH FUND can be \$25.00, \$50.00 or \$100.00, according to the needs of the business. The manner of handling this account is first through the issue of a check of say \$50.00, made payable to PETTY CASH. This check is cashed by the bank for bills and small change. All small cash expenditures of the business are paid out of this Fund, the Cashier taking a receipt for all moneys disbursed by him out of the Fund and the receipt should stipulate the accounts incurring the expense. When the Fund is low enough to require replenishment, these receipts should be attached together with a summary invoice, and a check drawn for the amount of the summary, the entry being; check issued CREDIT to the DEBIT of the ACCOUNTS shown on the summary invoice.

CASH RECEIPTS

Month of August 1917

Date	RECEIVED FROM	CASH SALES		ACCOUNTS RECEIVABLE	INT. DISC. & EXCHANGE	GENERAL LEDGER		NET CASH RECEIVED	MEMORANDUM			
		Credits	Credits	Credits	Debits	Account	Amount		Date	Bank Deposits	Total Checks Drawn	Bank Balances
		1	2	3	4	5	6			7	8	9
1	Balance											
5	Cash Sales	3670						3670	1	2000.00		2000.00
6	Smith Jones Co.		2605.00		7.52			2617.52	5	3670	15.00	2222.70
9			1131.00		2.52			2617.52	6	2617.52		4639.22
14	Lynch J. Co.		5720.15		1.50			5889.15	7		41.25	4597.95
16	Quast H. Co.		1397.5					1397.5	9	1285.00		5720.15
18	Meyer H. & Co.		2564.50		7.52			2555.00	10		10.00	5710.15
20	Smith Jones Co.		1290.00		2.52			1293.50	11	5889.15		11605.60
31	Blank Bank					Bill Payable	2425.00	2425.00	14		66.15	11539.25
									16	1397.5		12935.00
									18	2555.00	5300.00	7894.10
									20	2152.40		6633.70
									21		31.25	6602.45
									28	1293.50		7897.95
									31	2425.00	5622.60	4665.10
		3670	13651.65		35.00		2425.00	16085.10		18085.10	13420.00	

CASH DISBURSEMENTS

This records all payments made by the business. Where a bank account is carried, the check number and the amount of the check should be shown in Column 1. INTEREST, DISCOUNT and EXCHANGE EARNED or TAKEN is credited in Column 2. The amounts shown in Column 1, Amount of Check, and Column

3, Interest, Discount and Exchange, must always equal the amounts shown in Column 3 (ACCOUNTS PAYABLE). Column 4, Manufacturing Expenses, Column 5, General and Selling Expenses, Column 6, General Ledger. The TOTAL DEBIT entries must equal the TOTAL CREDIT ENTRIES.

CASH DISBURSEMENTS

Month of August 1917

Date	PAID TO	CHECKS ISSUED		INT., DISC. AND EXCHANGE	ACCOUNTS PAYABLE	MANUFACTURING EXPENSE		GENERAL EXPENSE		GENERAL LEDGER						
		Number	Amount			Debits	Amount	Debits	Account	Amount	Account			Debits	Account	Amount
1	2	3	4	5	6	7	8									
5	Heliance Turniture Co.	1001	155.00		155.00											
7	Matthews Co.	1002	1.00		10.00											
	Cash - Payroll	1003	312.25			Payroll-Mfg.	312.25									
10	Cott. (Chgo)	1004	10.00					Exp.	10.00							
14	Cash - Payroll	1005	312.25			Payroll-Mfg.	312.25									
	Echo Co.	1006	35.00		35.00											
16	Cash - Payroll	1007	45.00					Payroll-Selling	45.00							
	Cash - Payroll	1008	100.00					Payroll-office	100.00							
18	Latus & B. & Co.	1009	5300.00		5300.00											
20	Latus & B. & Co.	1010	2120.00		2120.00											
	Manak & G.	1011	142.00		142.00											
	Bob. John.	1012	200.00		200.00											
	Latus & B. & Co.	1013	12.00		12.00											
21	Cash - Payroll	1014	312.25			Payroll-Mfg.	312.25									
28	Cash - Payroll	1015	312.25			" " "	312.25									
31	Cash - Payroll	1016	100.00					Payroll-office	100.00							
	Cash - Payroll	1017	45.00					" " Selling	45.00							
	Latus & B. & Co.	1018	1515.00		1515.00											
	Mack Supply Co.	1019	150.00		150.00											
	Latus & B. & Co.	1020	179.60		179.60											
			13420.00		12995.00		125.00		300.00							

SALES RECORD

Every sale should be covered by an invoice. There should be no exception to this rule. Sales made on credit should be debited to the customers in Column 2. ACCOUNTS RECEIVABLE, and the commodities sold, CREDITED, if FLOUR in Column 3. OFFAL in Column 4, SCREENINGS in Column 5, CORN OR SPECIAL COMMODITIES in Column 6. If one invoice covers the sales of numerous commodities EACH commodity account sold should be CREDITED with its actual money value and the customer charged in Column 2, ACCOUNTS RECEIVABLE. CASH SALES

should be debited to Column 1 and CREDITED according to the nature of the sales to their respective account. If the cash sales are numerous and varied they may be taken care of in a separate record which should be footed at the end of the day and the whole of the cash sales charged into Column 1 in one amount and the numerous commodities which have been sold should be credited to their respective accounts in Columns 3, 4, 5, and 6. All debits must show equivalent credits.

SALES RECORD

Month of August 1917

Date	SOLD TO	In- voice Num- ber	CHARGES		FLOUR SALES				OFFAL SALES			SCREENINGS SALES		OTHER SALES		
			Cash Sales	Accounts Receivable	Kind	Barrels	Price	Amount	Kind	Quantity	Amount	Quantity	Amount	Kind	Quantity	Amount
			Debits 1	Debits 2												
	✓ Smith Jones Co.	1001		✓ 625.00	Patents 12 1/2	11.00	1325.00									
	✓ Pratt H. B. & Co.	1002	3670		Straight 12 1/2	10.00	1250.00					32 1/2	3670			
	✓ Smith Jones Co.	1003		1121.00						Bran 16	540.00					
										Shorts 14	587.00					
	✓ Lynch, J.	1004		5904.15	Patents 560	10.54	5904.15									
	✓ Smith Jones Co.	1005		2425.00	Patents 250	10.50	2625.00									
	✓ Quinlan Co.	1006		139.75												
	✓ Smith Jones Co.	1007		1296.00						Bran 16	530.00					
										Shorts 14	580.00					
										Mid 4 3/8	179.00					
	✓ Meyer, H. & Co.	1008		✓ 665.50	Straight 12 1/2	10.50	1312.50									
					Clears 12 1/2	10.00	1250.00									
	✓ Ocker, H. & Co.	1009		✓ 687.50	Patents 250	10.75	2687.50									
	✓ Gardner, Co.	1010		✓ 689	Clears 16	10.50	1680									
			3670	1913899	1576		16572.44			64 3/8	2427.00	32 1/2	3670	65	1397.5	

JOURNAL

There are always monthly entries to be made to close out the Manufacturing and Selling Operations and to record adjustments of bookkeeping and accounting errors and to set up ACCRUED EXPENSES on the one hand to the credit of Reserve Account on the other hand. For example. A business which

pays State, County and other taxes of say \$1,000.00 a year should charge monthly through the medium of the Journal about \$84.00 to Column 3, Manufacturing Account and credit it to Column 11, Reserve for Taxes, etc., Account.

JOURNAL

Month of August 1917

DEBITS						DETAILS	CREDITS					
Accounts Receivable	Accounts Payable	Mfg. Exp.	Adm. and Sell.	General Ledger			Accounts Receivable	Accounts Payable	Mfg. Exp.	Adm. and Sell.	General Ledger	
				Account	Amount						Account	Amount
1	2	3	4		5	6	7	8	9	10	11	
		15,922.00				Wheat Used	Wheat Inventory				15,922.00	
		707.70				Flour Sacks	Flour Sacks				707.70	
		22,995				Feed	Feed				22,995	
						Insurance & Taxes	Reserve for Insurance & Taxes				5,336	
		521				Depreciation	Reserve for Depreciation				521	
		1,817				Mill Property	Mill Property				1,817	
					2,083	Mach. & Equip.	Mach. & Equip.				2,083	
						Buildg. & Fixt.	Buildg. & Fixt.					
					12.50	Bad debts	Reserve for Bad debts				12.50	
		1,042				Mill payroll	Accrued Payroll				1,042	
		159.20				1% Adm. Rec.	1% Adm. Rec. Grain Corp.	159.20				
		1,815.865				Mfg. Cost	Wheat Used		15,922.00			
							Flour Sacks		707.70			
							Feed		22,995			
							Mill Payroll		1,042			
							Mill Supplies & Expense		8,662			
							Insurance & Taxes		5,336			
							Depreciation Buildings		521			
							" Machinery		1,817			
							1% Adm. Rec.		159.20			
					1,815.865	Completed Product	Mfg. Cost			1,815.865		
						Cost of Sales	Completed Product				1,815.865	
					15,997.90	Flour						
					25,935.53	Meal						
					3,598	screenings						
		35,348.10	3,333		36,581.06			159.20	36,317.30		35,492.99	

SPECIMEN SHOWING ENTRIES TO GENERAL LEDGER ACCOUNTS.

Bank Account

Aug 1	Balance	2,000.00	Aug 31	Disbursements	13,412.00
31	Receipts	16,055.10	31	Balance	4,665.10
Sep 1	Balance	18,055.10			18,055.10
		4,665.10			

Accounts Receivable (Controlling)

Aug 1	Balance	2,500.00	Aug 31	Cash Receipts	13,658.40
31	Sales	19,138.99	31	Balance	7,982.59
Sep 1	Balance	21,638.99			21,638.99
		7,982.59			

Bills Receivable

Aug 1	Balance	750.00			

Completed Product

Aug 1	Balance	1,205.20	Aug 31	By Cont. of Sales	18,419.41
31	To Mfg. Cont.	16,151.29	31	Balance	987.44
Sep 1	Balance	19,416.89			19,416.89
		987.44			

Wheat Inventories

Aug 1	Balance	7,580.00	Aug 31	By Wheat Prod. of Sales	15,920.00
31	Purchases	16,139.75	31	" " Sold	1,597.5
Sep 1	Balance	23,719.75	31	Balance	6,660.00
		6,660.00			22,719.75

Sacks - Flour - Inventory

Aug 1	Balance	3,267.85	Aug 31	By Sacks Prod. of Sales	707.20
31	Purchases	32,960	31	Balance	2,890.25
Sep 1	Balance	35,974.5			3,597.45
		2,890.25			

Sacks - Feed - Inventory

Aug 1	Balance	6,797.0	Aug 31	By Sacks Prod. of Sales	229.95
31	Purchases	120	31	Balance	4,509.5
		6,809.0			6,809.0

Form No. M D 1030 C Capacity (24 hr. Basis) 75 bbls.
 Average Daily Output for month (24 hr. Basis) 64 "

License No.
M-6666

UNITED STATES FOOD ADMINISTRATION—STATISTICAL DIVISION
 WHEAT FLOUR MILLING MONTHLY COST REPORT

Name of Mill Unity Mills Mill No. 4/999
 Address Chicago, Ill.
 The following is a correct statement of ^(month) Wheat Flour Milling Operations for the
 month ending August 31, 1917.

IMPORTANT—To be filled out and mailed to Statistical Division, Washington, D. C., not later than the 18th of the month following the month's operations shown in this report.

MANUFACTURING STATEMENT

STATEMENT OF PROFIT AND LOSS

LINE No.	COM-MODITY	ITEMS	QUANTITY Column 1	PER UNIT Column 2	DEBITS Column 3	NET TOTALS Column 4	PER CENT. of Total Cost
1	Wheat.	Inventory at Beginning of the Month Enter Cols. 1, 2, 3	3385	223	758000		
2	"	Purchased During the Month Enter Cols. 1, 2, 3	6818	220	150000		
3	"	Total Add Lines 1, 2	10203	221	2258000		
4	"	Less Inventory at End of the Month Enter Cols. 1, 2, 3	3027	220	666000		
5	"	Net Used for Month Enter in Cols. 1, 2, 3, 4	7176	222	1592000	1592000	87.67
6	Empty Flour Packages	Inventory at Beginning of the Month Enter Cols. 2, 3		48	326785		
7	"	Purchased During the Month Enter Cols. 2, 3		47	32960		
8	"	Total Add Lines 6, 7		46	359745		
9	"	Less Inventory at End of Month Enter Cols. 2, 3		44	289025		
10	"	Net Used for Month Enter in Col. 4		45	70720	70720	3.89
11	Empty Feed Packages	Inventory at Beginning of the Month Enter Cols. 2, 3		39	67970		
12	"	Purchased During the Month Enter Cols. 2, 3		38	120		
13	"	Total Add Lines 11, 12		37	68090		
14	"	Less Inventory at End of the Month Enter Cols. 2, 3		35	45095		
15	"	Net Used for Month Enter in Col. 4		36	22995	22995	1.27
16	Manufacturing Charges	Milling Expense Enter in Col. 4			114230	114230	6.29
17	"	1% Administration Fee on Wheat Ground Enter in Col. 4			15920	15920	.88
18	"	Other Charges (Itemize) Enter in Col. 4					
19							
20							
21							
22							
23							
24		Total Manufacturing Cost Enter Col. 4 Carry Total to Line 37.			1815865	1815865	100
25	Product Value of Offal Mfd.	Tons of Offal (All Grades) Produced Enter Cols. 1, 2 and 4	58	3827	Less 50¢ per ton	219066	
26	Net Flour Cost	No. of Barrels (All Flour) Produced Enter Cols. 1, 2 and 4	1573	1015		1596799	
27		Average Lbs. Wheat Used to Produce Bbl. of Flour <u>274</u>					
28		Average Pounds of Offal (All Grades) Secured from Each Barrel of Flour Produced <u>74</u> lbs.					

If no amounts are to be inserted, write "None" against the item
 See Other Side

LINE No.	COM-MODITY	ITEMS	QUANTITY Column 5	PER UNIT Column 6	AMOUNT Column 7	NET TOTALS Column 8	
CREDITS							
29	Flour	Sales of Flour (Less Freight) Enter Cols. 5, 6, 7	1576	1052	1657224		
30	Offal	Sales of Offal (Less Freight) Enter Cols. 5, 6, 7	64	3827	246370		
31		Total Sales for Month Enter Col. 8			1903594	1903594	
32	Closing Inventories	Value Flour on hand End of Month Enter Cols. 5, 6, 7	89	1015	90595		
33	"	Value Offal on hand at End of Month Enter Cols. 5, 6, 7	218	3827	8149		
34	"	Value Total Inventories Enter Col. 8			98744	98744	
35	Other Credits	Itemize Enter Col. 8					
36		Total Credits for Month Add Lines 31, 34, 35 Enter Col. 8				2002338	

LINE No.	COM-MODITY	ITEMS	QUANTITY Column 5	PER UNIT Column 6	AMOUNT Column 7	NET TOTALS Column 8	
DEBITS							
37	Debits	Manufacturing Cost Enter Col. 8 (From Line 24)				1815865	
38	Opening Inventories	Value Flour on hand Beginning of Month Enter Cols. 5, 6, 7	92	1190	1095136		
39	"	Value Offal on hand Beginning of Month Enter Cols. 5, 6, 7	818	2004	16284		
40		Total Inventories Enter Col. 8			125820	125820	
41	Expense	Selling Expense Enter Col. 8				10000	
42	"	General Expense Enter Col. 8				24333	
43	"	Other Debits Interest Discount Enter Col. 8				3500	
44		Total Debits for Month Add Lines 37, 40, 41, 42, 43 Enter Col. 8				1979518	
45	*	Net Profit for Month Enter Col. 8				22820	
46	*	Deduct Profit of \$ 50¢ per ton on 64 Tons Total (All Grades) Offal Sold				3219	
47		Net Profit for Month, which is \$.12 2/3¢ per Barrel on 1576 Barrels (All Flour) Sold				19601	
48	Unfilled Contracts	Profit in Unfilled Flour, Offal and Wheat Contracts				NONE	
49	"	Loss in Unfilled Flour, Offal and Wheat Contracts				NONE	

NOTE:
 (1) If the above Classification of Accounts is not in exact accordance with your methods of accounting, accompany this report with an explanatory letter, but this report form MUST be filled out as completely as possible.
 (2) Under Column Nos. 1 and 5 use number of "Bushels" for Wheat; "Barrels" for Flour and Flour Packages; "Tons" for Offal and Offal Packages.
 (3) Under Column Nos. 2 and 6 use "Per Bushel" for Wheat; "Per Barrel" for Flour and Flour Packages, and "Per Ton" for Offal and Offal Packages.
 (4) Enter Totals of Sales on Reverse Side of this Sheet.

Date September 14th, 1917. Signature: Name of Firm Unity Mills Title of Signer Richard Roe Treasurer
 STATE OF Illinois COUNTY OF Cook ss: Notary Public
 I, John Doe a Justice of the Peace in and for said county, in the state aforesaid, do hereby certify that the above named Richard Roe to me personally known to be the same person who executed the foregoing instrument and whose name is subscribed thereto, came and appeared before me this day in person and acknowledged the same instrument to the best of his knowledge and belief to be a correct statement, as shown by the records of the mill, and his execution thereof for and on behalf of Unity Mills doing business as Millers and that he signed, sealed and delivered the said instrument and executed the same as his free and voluntary act, for the uses and purposes therein set forth.
 (SEAL) Given under my hand and official seal this 14th day of September A.D. 1917. Notary Public or Justice of the Peace John Doe
 *To be Supported by "Cut-Off" Cost Cards. (See Form No. M D 1136 B for Instructions.)

SUMMARY OF WHEAT FLOUR AND FEED FOR THE MONTH

SHOW MONTHLY TOTALS

WHEAT FLOUR												FEED AND BY-PRODUCTS FROM WHEAT												SCREENINGS AND UNMILLABLE WHEAT AND BY-PRODUCTS SOLD											
Column 1		Column 2			Column 3			Column 4			Column 5			Column 6		Column 7			Column 8			Column 9			Column 10		Column 11			Column 12					
LINE NO.	KIND SPECIFY BY PATENTS—STRAIGHTS—CLEARS, ETC.	WHEAT FLOUR RECEIVED DURING THE MONTH (Patents or Otherwise App'd)			AMOUNT (IN DOLLARS AND CENTS) PAID FOR FLOUR RECEIVED AS SHOWN IN COLUMN 2			AMOUNT OF WHEAT FLOUR MANUFACTURED DURING THE MONTH			TOTAL SALES OF WHEAT FLOUR DURING THE MONTH			KIND	AMOUNT OF FEED AND BY-PRODUCTS MANUFACTURED DURING THE MONTH			AMOUNT SOLD DURING MONTH			AMOUNT IN DOLLARS AND CENTS RECEIVED FOR SALES DURING MONTH			KIND	AMOUNT SOLD DURING MONTH			AMOUNT IN DOLLARS AND CENTS RECEIVED FOR SALES DURING MONTH							
		Bbls.					Bbls.			Bbls.					Tons		Tons							Bbls.											
1	Patents	NONE			NONE			1 1 8 0		1 1 8 5			Bran		3 2		3 2			1 0 8 0 0 0				Screenings		3 2			3 6 7 0						
2	Straights	NONE			NONE			2 3 6		2 5 0			Shorts		2 5		2 8			1 1 6 8 0 0															
3	Clear	NONE			NONE			1 5 7		1 4 1			Middlings		1		4			1 7 9 0 0															
4													Red Dog		NONE		NONE			NONE															
5													Mixed Feed		NONE		NONE			NONE															
6													Other By-Products		NONE		NONE			NONE															
7													(Itemize)																						
8																																			
9																																			
10																																			
11	TOTALS							1 5 7 3		1 5 7 6					5 8		6 4	*		2 4 2 7 0 0						3 2	*	3 6 7 0							

*Columns 9 and 12 must equal total shown on other side Line 30, Column 7.

REMARKS

U. S. FOOD ADMINISTRATION MILLING DIVISION

MONTHLY CUT-OFF COST CARD

Mill Name: Unity Mills

Town: Chicago

State: Illinois

Date: 8/31/17

Mill No.: 4/999

Line									
1	Total Flour Produced, 1,573 Bbls.				Percentage of Extraction, 71.61%				
2	Total Wheat Used, 7,176 Bu.				Cost of a barrel of 1st Grade=\$9.97				
3	Total Wheat Cost, \$15,920.00				(w) (x) (y)				
4	Total Milling and Selling Expense, \$1,520.63.				4.56 Bu. @ \$2.218 + 1% + .966 cents = (z) \$11.19				
	PRODUCT	CUT-OFF LBS.	PARTS PER 1000	PERCENT OF FLOUR	WEIGHT OF YIELD IN LBS.	BULK UNIT COST	COST PER LB.	YIELD COST	
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I
6	Patent (1st Grade).....	231,231	537	75%	147				
7	Clear.....	46,246	107	15%	29	9.30	.0474	1.3950	
8	Straights.....	30,831	72	10%	20	9.00	.0459	.9000	
9									
10			716	100.00%	196.00				
11	Bran.....	63,517	147		40	38.14	.0191	.7700	
12	Shorts.....	51,252	119		33	38.72	.0194	.6308	
13	Middlings.....	1,231	3		1	26.60	.0133	.0104	
14	Shortage.....	6,252	15						
15									
16	Grand Total.....	430,560	1,000		270			3.7063	3.71
									7.48
									2.49
									9.97

CUT-OFF COST CARD
SPECIMEN WITH COMPLETE INSTRUCTIONS

U. S. FOOD ADMINISTRATION MILLING DIVISION

MONTHLY CUT-OFF COST CARD

Mill Name: Unity Mills.

Town: Chicago. State: Illinois.

DATE: 10/20/17

Mill No.: 4/999

Line									
1	Total Flour Produced, 500 Bbls.					Percentage of Extraction, 74%			
2	Total Wheat Used, 2208.33 Bu.					Cost of a barrel of 1st Grade = \$9.89			
3	Total Wheat Cost, \$4,858.70.					(w) (x) (y) (z)			
4	Total Milling and Selling Expense, \$375.00.					4.417 Bu. @ \$2.20 + 1% + .75 = \$10.56			
5	PRODUCT Col. A	CUT-OFF LBS. Col. B	PARTS PER 1000 Col. C	PERCENT OF FLOUR Col. D	WEIGHT OF YIELD IN LBS. Col. E	BULK UNIT COST Col. F	COST PER LB. Col. G	YIELD COST Col. H	Col. I
6	Fancy Pat. (1st Grade).....	73,500	555	75.00%	147.00				
7	1st Clear.....	14,700	111	15.00%	29.40	\$ 9.15	\$.0466	\$ 1.371	
8	2nd Clear.....	9,800	74.	10.00%	19.60	6.65	.0339	.667	
9									
10			740	100.00%	196.00				
11	Red Dog.....	1,435	11		2.87	53.50	.02675	.077	
12	Bran.....	16,400	124		32.80	28.00	.01400	.449	
13	Shorts.....	14,510	109		29.02	34.50	.01725	.503	
14	Middlings.....	2,155	16		4.31	34.50	.01725	.074	
15	Average or Shortage	0,000	0		.00				
16		132,500	1,000		265.00			3.141	3.14
									7.42
									2.47
									9.89

CUT-OFF COST CARD

The function of the Cut-Off Cost Card is to enable the miller to ascertain accurately and comprehensively from his actual milling records the cost per barrel of the different grades of Patent flour which he has produced.

In order that this may be intelligently accomplished, it is essential that the following figures and amounts be definitely known, from records kept by the mill:

1. Actual amount and cost at the mill of wheat ground during the period.
2. Total barrels all grades of flour produced from wheat ground.
3. Total barrels each grade of flour produced from wheat ground.
4. Total amounts of different grades of feed produced from wheat ground.
5. Receipts per ton of feeds produced from wheat ground.
6. Receipts per barrel of all grades of flour produced from wheat ground.
7. Manufacturing expense incurred during period in which wheat was ground.
8. Selling expense incurred during period in which wheat was ground.

Having assembled the figures covered by the eight different items, as indicated above, procedure is as follows:

1. The cost of the wheat used divided by the number of bushels of wheat used equals the cost per bushel; to this must

be added one (1%) per cent. (Grain Corporation Administration fee)—result is the cost per bushel of wheat upon which the price of flour is to be figured.

2. The total number of barrels of all grades of flour produced, divided into the number of bushels used, equals the number of bushels to produce 196 pounds, or one barrel, of 100 per cent. flour.

3. The number of bushels used to make one barrel of flour, times the cost per bushel as indicated in (1), equals the cost of the wheat used in making one barrel of flour. To this should be added the manufacturing and selling expenses per barrel.

4. The difference between the number of bushels of wheat used, expressed in pounds, and 196 pounds, or one barrel of flour, equals the amount of mill feeds which should be secured in the grinding. The total amount of feeds produced divided by the number of barrels of flour produced equals the actual pounds of feed secured in the grinding of one barrel of flour.

5. Where there is a difference between the actual pounds of feeds produced and the amount which should be produced, as ascertained by deducting 196 pounds from the number of pounds of wheat used in making one barrel of flour, this constitutes an average or shortage and must be given proper recognition in estimating the cost card.

6. Determine the number of pounds of each different kind of feed produced in grinding one barrel of flour, by dividing the number of pounds of that kind of feed produced by the number of barrels of all flour produced.

7. Determine the amount received from the number of pounds secured in producing one barrel of flour of each of the

different feed products according to the price of same, after deducting 50c. per ton maximum allowable profit. The sum of the returns received from feed deducted from the cost of the wheat used in making one barrel of flour (as in No. 3), gives the equivalent in wheat cost for the flour so produced.

8. Two divisions of the wheat have been made; one flour and the other feed. To determine the prices for the different percentages of patent, deduct the returns received from what-

ever percentages are removed from the cost of the 100 per cent. flour and divide this result by the percentage of patent, for which the price is to be indicated. The result will be the cost per barrel of 196 pounds for such grade.

A full consideration of the above and a careful analysis of the sample Cut-Off Cost Card, following the operations, figure by figure, will, we believe, make clear the method recommended for the figuring of the cost of flour.

EXPLANATION OF SPECIMEN CUT-OFF COST CARD

It is assumed in the example cut-off cost card which is shown herewith that the yields of flour and offals in net amounts are known. These amounts are shown entered in column B. It is also assumed that the number of bushels of wheat used in obtaining these amounts has been definitely ascertained.

For example, it will be noted on line 1 that there were produced 500 barrels of all grades of flour from 2208.33 bushels of cleaned wheat as shown on line 2. Also, that there were produced (column B) 73500 pounds of 75% patent, 14700 pounds first clear, 16400 pounds bran, etc.

In order to produce and sell the 500 barrels of all grades of flour, it has been assumed that the milling and selling expense over the period for which the cut-off card is taken was \$375, or 75c. per barrel, which amount is shown on line 4 under Y. On line 3 is noted total cost at the mill of the wheat used, namely, \$4858.70 for 2208.33 bushels. By taking the total number of barrels of flour produced and dividing it into the total number of bushels of wheat used, there was obtained the number of bushels of wheat used to produce 196 pounds or one barrel of all grades of flour. This amount of wheat is shown to be 4.417 bushels and is entered on line 4 under W. This figure should be multiplied by the price paid per bushel at the mills (X) and to it added one per cent. of the resulting figure, which is the fee paid to the Food Administration, and also add the milling, general and selling expense per barrel (Y) and the result entered on line 4 under Z. (In the example card \$10.56.)

The figures shown on line 4 W (4.417) was the amount of wheat used in manufacturing one barrel (196 pounds) of all grades of flour, which is equivalent to 265 pounds of wheat (shown on line 16, column E). Out of this 265 pounds there has been secured 196 pounds of flour of all grades. For the example card it has been assumed that the flour produced represents 75% patent, 15% first clear and 10% second clear, making 100% of all grades of flour. This percentage would of course vary with the grade of patent flour produced; for instance, this 100% might consist of 90% patent and 10% Clear.

If the percentage of extraction is desired, the amount in pounds of wheat used to produce one barrel of 196 pounds of 100% flour, should be divided into 196 pounds and this result multiplied by 100. In the case of the example card, the result of this calculation is shown as 74%. The difference between the 196 pounds of flour and total number of pounds of wheat used in producing a barrel, shows the amount or yield of feed-stuffs obtained, such as low grade, bran, shorts, middlings, red dog, etc. For the example cut-off cost card it has been assumed that there were manufactured from the wheat used the total amounts of these products as shown in column B and that the equivalent amounts produced from 265 pounds of wheat are obtained by dividing the number of pounds shown in column B by the number of barrels of all flour produced, shown in line 1. These equivalent amounts are shown in column E; for example, 1435 pounds of red dog (line 11, column B) were produced, which amount divided by 500, line 1, gives 2.87 pounds which is amount of red dog produced from 265 pounds of wheat.

Let it be noted that the cut-off results as actually shown may not represent the exact equivalent in pounds of the product received; that is, the exact equivalent in pounds of the total wheat used. If such is the case, there will be a slight overage or shortage, depending upon milling conditions and this figure should be considered in figuring the total so that they will balance. On the example cost card it is assumed that there was no shortage or overage.

In order to ascertain the yield cost as shown in column G, it has been assumed that the miller has estimated his market as follows:

First clear	\$9.15 per bbl.
Second "	6.65 " "
Red Dog	53.50 per ton
Bran	28.00 " "
Shorts	34.50 " "
Middlings	34.50 " "

These are prices received bulk at the mill, not taking into consideration the allowable maximum profit on flour or feed, and should be entered in column F.

To obtain the yield cost (column H) the number of pounds of the yield (column E) should be multiplied by the bulk cost per pound (column G) and the result entered in column H. For example, 29.4 pounds of first clear (line 7, column E), at price of \$9.15. (column F) for 196 pounds, cost \$1.371 as shown on line 7, column H. Also 32.8 pounds of bran were produced and, at the price of \$28. for 2000 pounds, would cost \$0.449 (line 12, column H).

The total of column H gives the net total proceeds obtainable from the 265 pounds of wheat used with the exception of

the 147 pounds of first grade (in example "Fancy" patent) produced, which is equivalent to 75% of the total amount of all flour produced. This \$3.14 is again entered on line 16, column I and is subtracted from the \$10.56 line 4-Z, giving a result of \$7.42 shown on line 17, column I. Inasmuch as \$7.42 represents the cost of only 147 pounds of first grade flour, or 75% of 196 pounds this figure must be divided by 75 and multiplied by 100 in order to obtain cost of 196 pounds or one barrel of first grade or fancy patent flour. In the example, this result is \$9.89 and is entered on line 2, representing bulk cost at the mill. To obtain selling price there should be added to this cost the cost per barrel for packages, etc., and the profit.

The example cost card has been figured on the assumption that the total production during the period shown was 500 barrels. It is advisable to reduce no matter what amount of flour is produced to parts per thousand of wheat used. This reduction is shown in column C. It is very essential if millers are not already doing so, for them to figure specifically and closely the yields of lower grades of flour and offal so these products of the wheat may bear their proper burden of the cost. A little study of the example cost card will make it easy for any miller to figure accurately his costs per barrel for different per cent. flours. In this connection it must be borne in mind that for each grade of patent flour obtained where a different combination of percentages of 100% flour is used, a separate cut-off card must be figured.

There are many small mills whose facilities do not permit the weighing of the exact amount of wheat used and the offal produced, lacking automatic scales, etc. Where this is the case, it is suggested that the bins holding these products be measured and the cubical contents in these bins be ascertained and multiplied by the weight per cubic foot of the product which they

hold. In order to obtain the weight per cubic foot of these products, so that the contents of the bins may be figured, it is suggested that a small wooden box be made, the inside of which measured 12 inches high, 12 inches wide and 12 inches deep and that this box be weighed full of the products of which the weight per cubic foot is desired, and then the box weighed empty, the difference of course being the weight of the product.

The above example cost card has been made out as a suggestion, with the desire to bring to the attention of the small

mills, especially those that have never actually figured their costs, a uniform method by which they may know their exact costs and more definitely ascertain the results of their operations.

It is our desire that this standard method of figuring the cost of flour be adopted by all mills, thereby standardizing the cost basis throughout the country. Standardization is *absolutely essential* and if the above method is not entirely clear, please advise us at once.

U. S. FOOD ADMINISTRATION, MILLING DIVISION,

GENERAL OFFICE

74 BROADWAY, N. Y.

AUDITING DEPARTMENT