

6-1942

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### Recommended Citation

Skog, Hazel Johnson (1942) "Milling-in-Transit," *Woman C.P.A.*: Vol. 5 : Iss. 5 , Article 7.

Available at: <https://egrove.olemiss.edu/wcpa/vol5/iss5/7>

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### Milling-in-Transit

By HAZEL JOHNSON SKOG, C. P. A.\*

Sometimes customers receiving merchandise from the West or Middle West are perplexed when they place through routing instructions on their orders and receive the answer, "We will be glad to comply with your routing instructions if transit permits."

Milling-in-transit is the privilege accorded operators whose plants are located at some point which is away from the source of supply of the raw materials used in their product. It allows the plant to receive these raw materials, put them through their particular stage of manufacture whether it be milling, sorting or grading; and send them along to distant points with a through rate of freight that is only slightly higher than if these materials had been manufactured and shipped direct from the source of supply.

When the freight is paid on the inbound shipments, one copy of the freight bill is recorded with the Trans-Continental Freight Bureau and a number is placed on this copy of the freight bill. The operator then must keep an accurate record of the bill with this Bureau number, freight bill date and number, car number, waybill date and number, rate, weight and freight paid. This must all be available for future reference and audit. The bill is then filed until ready to be used on an outbound car.

Let us consider a lumber remanufacturing concern for a definite example: The big problem in the handling of transit is shrinkage. Most industries have established an average percentage of waste that is used on transit throughout the year. This waste comes through the cutting up of the lumber, eliminating undesirable cuts and pieces too short for the product. Saw kerf also accounts for considerable waste in weight. We will say the industry illustrated

has established a 25% average waste.

This plant now has a car of its finished product ready to be shipped to the far East. The car will weigh about 60,000 pounds. The traffic manager will attach to the bill of lading sufficient number of inbound freight bills which, after deducting 25% shrinkage, total a margin safely over the estimated weight of the car. He will also attach the Trans-Continental Freight Bureau form showing the information on the transit applied to this car. Then, if there is any tonnage left over after the car has been weighed, the railroad will return a credit which may be used on some future car.

The eastbound car then moves on a rate from the point of origin of the lumber used in manufacturing the product, not the manufacturing point, with a small penalty known as transit penalty. A car moving from a Spokane factory may move on the Great Northern Railroad, for instance, on two different rates since part of the weight may be made up from lumber received from a point where an arbitrary rate penalty is attached and part of the weight from a straight transit point.

The railroad returns to the manufacturer the amount of freight paid as represented by the actual weight used on the outbound car, less the transit penalty. The 25% taken as shrinkage is loss to the manufacturer and he must stand that part of the freight. In applying this transit it is evident that the car must move eastbound on the same railroad on which the lumber was received inbound.

A complete record must also be kept of the outbound car: number of car, shipping date, destination, contents, inbound tonnage applied against the car, weight used, credits returned, penalty paid, transit refund received, etc. This is all subject to periodic audits by the Trans-Continental Freight Bureau, together with the invoices on shipments and purchases. This audit is necessary so that, for instance, an operator will not apply tonnage from a car of fir lumber against a car of products manufactured from pine lumber.

There are several problems peculiar to a transit operator. It is evident that in pur-

\*Living in the Inland Empire of the Northwest with her father associated with one of its outstanding industries, Lumber, it is not surprising to find Mrs. Skog working for the Keystone Frame and Manufacturing Company. She is a national director of the A. W. S. C. P. A., treasurer of the Soroptimist Club of Spokane and a director of the Spokane Chapter of the A. S. W. A. She delights her friends with her Swedish cooking, shares two of her hobbies, photography and reading, with her husband and describes herself as "one of those people the funny papers label "stamp collectors."

chasing lumber on a 36c inbound rate an operator has to be more careful to get stock that will cut out with less waste than in purchasing on a 14c rate. Then, too, at the end of the year comes the day of reckoning. The operator must declare his actual inventory of transit stock on hand and the transit tonnage on hand. If the waste has been more than 25% during the year he must cancel enough to balance. This is known as the "transit cut-off" and is made proportionately on the roads on which transit is held. Naturally the operator does not want to be caught holding high inbound rate transit to be cancelled and find he has used and received refunds on the low rates.

Since transit penalties and arbitrary rates are different into different zones of shipment and from different points of origin of the transit, the traffic manager can save his company a great deal of money in the period of a year by knowing the peculiarities of the transit with which he is dealing, first in the application, and second in the audit of the freight bills.

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### Women in Accounting

*Reprint of an editorial from*

*The Journal of Accountancy, April 1942*

The engagement of qualified women to replace staff men called into military or civilian war pursuits is being seriously considered by many accounting firms. As the war continues, the problem of depleted male staffs will be aggravated. Will the employment of women solve it?

The extent to which women have been employed by accountants in England is indicated in a recent report of a conference between a committee of accountants and the Ministry of Labour and National Service, at which the committee expressed concern lest the government conscript for war work women who had been engaged by accounting firms to replace men called to the colors. In its comment THE ACCOUNTANTS (London) says that "a large number of women have been taken on as replacements in accountants' offices".

In 1923 THE JOURNAL had strong editorial misgivings about women in accountancy; they were based chiefly on two objections. First, it was believed that "a staff member may be required to go from

one end of the country to another, in company with groups of staff members, working at high pressure and under living conditions not suitable for what might be termed postgraduate coeducation". Second, THE JOURNAL went on to say, there is the utterly unwarranted objection, raised by some clients, when a woman appears as the representative of the accountant."

Recent writings by prominent women accountants on these points have given these prejudices a slightly "Life with Father" tinge. The rigors of nursing, of factory work, and of other occupations, these writers maintain, prove the fitness of women for the more strenuous areas of the accounting field.

Some clients, it is true, may object to women auditors, but it is logical to believe that some types of enterprises might actually prefer them.

Neither of these questions bears, however, on the advisability of engaging women for staff work in the accountant's office. To relieve men for audit work, women accountants might well do such tasks as report reviewing, statistical analysis, and office management. The feminine virtues of patience, perseverance, attention to detail, and accuracy, on top of sound training in accounting, would fit them admirably for such careers.

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### The Mailbag

"... was very much interested in Mrs. Crary's article on "Why a General Sales Tax?"—perhaps because I agree with her. . . . Now that we are allied with the Chinese in a struggle to eliminate the Warrior Nations, we might do well to consider some of the more ingenious methods of taxation in force in certain of the Chinese Provinces. Lin Yu Tang's "My Country, and My People" says they have:

The House-Number Tax

The Pig-Borning Tax

The Pig-to-the-Butcher Tax

The Pig-to-the-Table Tax

The Pig-to-the-Restaurant Tax

and last but not least, one which should appeal to those ever-hungry and ever-present political tax gatherers.

The Pig-to-the-Trough Tax