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Accounting system for rice mills

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ACCOUNTING SYSTEM

FOR

RICE MILLS

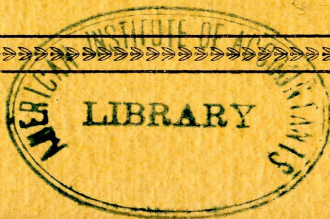


PUBLISHED BY

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ACCOUNTING SYSTEM

FOR

RICE MILLS

BY

CHAS. E. WERMUTH, C. P. A.

NEW ORLEANS, LA.

1910

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PREFACE.

The relative efficiency and economy of the management of an industry can be measured only by comparison of one plant or period with another, and for that purpose an intelligent and uniform classification of the expenses is essential.

The primary object of this pamphlet is to secure uniformity of practice among plants operated under the same ownership, in view of the development of the rice industry, however, the information may be of interest to students and of assistance to those engaged in this particular business.

The classification of accounts, and the forms presented in the following pages, have been adopted with a view of requiring the minimum clerical labor, and making possible a correct and comprehensive exhibit of the operations at the close of each month, or as often as may be desired. A general knowledge of bookkeeping on the part of the reader is assumed, and only such explanation of the forms presented is given as is necessary to explain their use.

CHAS. E. WERMUTH, C. P. A.

New Orleans, La., December 1, 1910.

CLASSIFICATION OF ACCOUNTS.

I. GENERAL LEDGER ACCOUNTS.

ACCOUNTS PAYABLE AND PAYROLLS:

To this account is credited the total amount of vouchers and payrolls approved for payment during the month, and charged the payment of the same.

ADDITIONS AND IMPROVEMENTS:

To this account are charged all expenditures for the construction of new buildings, or the extension of existing buildings, additional machinery, and other expenditures by which the value of the property has been appreciated, or the capacity of the plant increased. Machinery, equipment and tools purchased to replace machinery, equipment and tools condemned, broken or lost, must be charged to "Operating Expenses."

BILLS PAYABLE:

To this account is credited the amount of notes and bills discounted and charged the payment of the same.

BILLS RECEIVABLE:

To this account is charged the amount of notes and bills receivable and credited the collection of the same.

BRAN SALES:

To this account are credited the proceeds from the sale of Bran.

CAPITAL STOCK:

To this account is credited the par value of all shares issued.

CASH:

To this account is charged the total cash receipts for the month and credited the total disbursements.

COST OF PLANT:

To this amount is charged the cost to the present owners of the plant, machinery, equipment, etc., a separate account being kept of the cost of

- a. Real Estate;
- b. Buildings;
- c. Machinery, Equipment and Tools.
- d. Live and Rolling Stock.

DIVIDENDS:

To this account is credited the total amount of each dividend declared by the Board of Directors, and charged the payment of the same. A separate account should be kept of each dividend.

EXCHANGE:

To this account is charged exchange, interest and other charges paid for the collection of drafts.

INTEREST AND DISCOUNT:

To this account is charged all interest and discounts paid on borrowed money and credited interest collected on bills receivable or open accounts.

OPERATING EXPENSES:

To this account are charged all expenditures for repairs and renewals required to maintain the buildings, machinery, equipment and tools in thorough repair and perfect working order, all expenditures in connection with the operation of the mill, the sale of the product and the general administration of the company's affairs.

(See classification of Operating Expenses.)

POLISH SALES:

To this account are credited the proceeds from the sales of polish.

PROFIT AND LOSS:

To this account is credited or charged the surplus or deficit from the operations of the current season, also profits or losses from transactions which occurred in previous seasons.

RICE SALES:

To this account are credited the proceeds from the sale of clean rice, including brewers' rice.

ROUGH RICE PURCHASES:

To this account is charged the cost of rough rice purchased, also commission, freight and drayage paid on same.

ROUGH RICE SACKS:

To this account are credited the proceeds from the sale of rough rice sacks.

STORAGE:

To this account are credited the charges collected on rice stored for account of the owner.

TAXES:

Corporation, County and State Taxes paid, also Internal Revenue taxes.

TOLL CHARGES:

To this account are credited the charges collected on rices milled for account of the owner.

In addition to the above accounts, separate accounts are kept with sundry debtors or creditors, which for convenience sake may be carried in an auxiliary ledger.

II. CLASSIFICATION OF OPERATING EXPENSES.

(a). REPAIRS.

1. REPAIRS OF BUILDINGS:

All labor and material used for repairs and maintenance of mill buildings, warehouses, platforms, etc., including the cost of painting and whitewashing.

2. REPAIRS OF MACHINERY:

All labor and material used for repairs and renewals of engines and boilers, smokestacks, mill machinery, electric light plant, sprinklers, also replacements of equipment and tools used in engine room and mill.

(b). WAREHOUSE LABOR.

3. WAREHOUSE LABOR, ROUGH RICE:

Wages of laborers handling rough rice, also salary of warehouseman or grader employed at the warehouse.

4. WAREHOUSE LABOR, CLEAN RICE:

Wages of laborers handling clean rice and by-products, also salary of shipping clerk.

Note: Where the warehouseman also acts as shipping clerk, his salary should be charged 50 per cent to account 3, and 50 per cent to account 4.

(c). MILL EXPENSE.

5. LABOR:

Wages of engineer, fireman and helpers; wages of miller and mill hands.

6. FUEL:

Cost (including freight) of fuel oil, coal or wood used for fuel.

7. OIL, PACKING, WASTE, ETC.:

Cost (including freight) of lubricating oil, grease, packing, waste, emery cloth, polish, lye, soap, mops and other supplies used in boiler or engine room.

8. WOOL AND PAD SKINS:

Cost (including freight) of wool and pad skins used on brushes.

9. POCKETS, SACKS AND TWINE:

Cost (including freight) of clean rice pockets, slip pockets, brewers' bags, sacks used for by-products, lining paper, sewing twine and needles, etc.

10. OTHER SUPPLIES:

Cost (including freight) of brush wire, leather, tacks, rice oil, glucose, parafine, blueing, chalk, lamp black, tags, stencils, stamps and stamp pads, brooms, and other supplies, except as enumerated under accounts 7, 8 and 9.

(d). SALES EXPENSES.

11. SALARIES:

Salary of Sales Manager.

Note: Where the manager of the mill also acts as sales manager, his salary should be charged 50 per cent to account 11, and 50 per cent to account 14.

12. BROKERAGE:

Brokerage and commission on sales paid to brokers and others.

13. OTHER EXPENSES:

Telegrams, postage used by Sales Department, express charges on samples, etc.

(e). GENERAL EXPENSES.

14. SALARIES:

Salaries of president, vice president, secretary and treasurer, manager (except manager of sales department), bookkeeper and cashier and clerks, porter and watchman.

15. OFFICE EXPENSES:

Cost of stationery and printing, office supplies, ice, subscription to newspapers, postage and telegrams, telephone service, etc.

16. INCIDENTALS:

Traveling and incidental expenses of officers and employes, and all incidental expenses not especially provided for under any of the 18 headings.

17. INSURANCE ON PLANT:

Premiums on policies covering buildings, machinery and equipment.

18. INSURANCE ON STOCK:

Premiums on policies covering stock on hand.

III. DEPRECIATION.

In addition to the expenditures for ordinary repairs and renewals, a reasonable charge should be made against each year's profits to cover depreciation of the plant. The amount to be charged, and the method to be adopted, should be fixed by the Board of Directors.

FORM "A."

VOUCHER RECORD, JOURNAL AND CLASSIFICATION
OF OPERATING EXPENSES.

The usual objection to the adoption of a detailed classification of expenses, is the clerical labor and expense incident

thereto. Form "A" combines in one record all charges to operating expenses, and permits a minute classification of the same with only one ledger account. Simultaneously with the entry in this record, the classification of charges to operating expenses is made by entry of the amount in the respective column. To the totals of the various expense accounts for each month are added the totals for the preceding period, so that the grand total represents the ledger balance to operating expenses. All material and supplies are charged to the various expense accounts when received; the inventory of material and supplies on hand at the close of the period is deducted from these accounts, leaving the cost of the material and supplies consumed during the period.

FORM "B."

CASH-BOOK.

The cash book explains itself. All receipts are deposited in bank each day and no payments are made except by check.

FORM "C."

SALES-BOOK.

Explains itself.

FORM "D."

ROUGH RICE STOCK-BOOK.

All purchases are entered on the debit side of this record, giving reference to the voucher No., etc.; all deliveries and all lots turned over to the mill are entered on the credit side, giving reference to the invoice or mill mark. The difference between the debit side and credit side represents the stock of rough rice on hand.

FORM "E."

MILLING RECORD.

The milling record, which is written up from the miller's daily reports and from the sales reports, contains a complete record of each lot, from the time it is delivered to the mill until sold.

FORM "F."

CLEAN RICE STOCK-BOOK.

On the debit side of this record are entered the clean rice and by-products turned out each day, as reported by the miller's daily report; all deliveries are entered on the credit side, giving reference to the date and number of the invoice. The difference between the debit side and credit side represents the stock of clean rice and by-products on hand.

FORM "G."

EXHIBIT OF OPERATIONS.

Form "G" is compiled from the ledger, the classification of expenses and the stock books; it contains a complete exhibit of the operations, showing the cost per unit of work done in each department, as well as the efficiency of the mill.

FORM "A"

**VOUCHER RECORD, JOURNAL AND
CLASSIFICATION OF OPERATING
EXPENSES**

FORM "B"
CASH BOOK

FORM "C"
SALES BOOK

FORM "D"
ROUGH RICE STOCK BOOK

FORM "E" MILLING RECORD

Lot No. _____

Date _____

Number of Sacks _____

Mark _____

Kind of Rice _____

Net Weight _____

Lbs. _____

Bbls. _____

Turn Out: _____

Fancy Head _____

Pockets _____

Lbs. per Bbl. _____

Head _____

“ _____

“ _____

“ _____

Screenings _____

“ _____

“ _____

“ _____

Brewers _____

Bags _____

“ _____

“ _____

TOTAL

SALES REPORT NO.	DATE	SOLD TO					
			Pkts. Fancy @				
			Pkts. Head @				
			Pkts. Screenings @				
			Bags, Brewers				

FORM "F"
CLEAN RICE STOCK BOOK

Sales:	Rough Rice	\$	
	Clean Rice		
	By Products		\$
Inventory:	Rough Rice		
	Clean Rice		
	By Products		
	Total		
Rough Rice Purchases		\$	
Less Rough Rice Sales			
Previous Inventory			
Total			
Toll Charges			
Storage			
Total			

OPERATING EXPENSES:**A. MAINTENANCE AND REPAIRS:**

Repairs of Buildings
Repairs of Machinery, Equipment, Etc.

B. WAREHOUSE LABOR:

Rough Rice
Clean Rice

C. MILL EXPENSES:

Labor
Fuel
Oil, Packing and Waste
Wool and Pad Skins
Pockets, Bags and Twine
Other Supplies

D. SALES EXPENSES:

Salaries
Brokerage
Other Expenses

E. GENERAL EXPENSES:

Salaries
Office Expenses
Incidental Expenses
Insurance on Plant
Insurance on Stock

Total Operating Expenses

Total Expenses

Surplus

Rough Rice Received, Sacks

Average Cost of Warehouse Labor, per Sack, Cents

Milled Bbls.

Average Cost of Milling per Bbl.

Labor	Cents
-------	-------

Fuel and Supplies	"
-------------------	---

Pockets, Bags and Twine	"
-------------------------	---

Total

Clean Rice Shipped, Pockets

By Products Delivered, Bags

Total

Average Cost of Warehouse Labor per Bag, Cents

Average Sales Expenses per Pocket, Cents

Number of Days Run (12 hours)

Average Number of Bbls. Milled per Day

EXHIBIT OF OPERATIONS—Continued.

MILLING AND PRODUCT		JAPAN RICE		HONDURAS RICE	
Milled	Bbls.				
Product: Head Rice	Pockets				
Screenings	"				
Brewers	"				
Total					
AVERAGE PER BBL.		LBS.	%	LBS.	%
Head Rice					
Screenings					
Brewers					
Total					
BY PRODUCTS		BRAN		POLISH	
Made	Bags				
Average per Bbl.					

STOCK REPORT

ROUGH RICE:— Balance from last report			
Received since			
Total			
Delivered			
Milled			
On hand as per stock book			
CLEAN RICE:— Balance from last report			
Turned out since			
Total			
Delivered			
On hand as per stock book			
By PRODUCTS:—		BRAN	POLISH
Balance from last report		Bags	Bags
Turned out since			
Total			
Delivered			
Balance on hand as per stock book			