

Serial Number 1939/38.



THE DAIRY INDUSTRY ACCOUNTS REGULATIONS 1939.

GALWAY, Governor-General.

ORDER IN COUNCIL.

At the Government House at Wellington, this 5th day of April, 1939.

Present :

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL.

PURSUANT to the Agriculture (Emergency Powers) Act, 1934, and for the purpose of securing the effective conduct of the dairy industry, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, doth hereby make the following regulations.

REGULATIONS.

1. (1) These regulations may be cited as the Dairy Industry Accounts Regulations 1939.

(2) These regulations shall come into force on the day following notification in the *Gazette* of the making thereof.*

(3) In these regulations, unless inconsistent with the context,—

“Co-operative dairy company” means any dairy company which is registered or which is entitled to be registered as a co-operative dairy company under Part III of the Dairy Industry Act, 1908 :

“Dairy company” means any company incorporated or deemed to be incorporated under the Companies Act, 1933, which carries on the business of a dairy factory and uses in the business dairy-produce not wholly produced on land occupied by the company :

“Dairy factory” means a cheese-factory, butter-factory, or other factory at which whole milk or cream (including whey cream) is received and there manufactured into dairy-produce :

“Dairy-produce” means cheese, creamery butter, whey butter, or casein :

“Supplier” means any person engaged in the business of supplying whole milk or cream (including whey cream) to the owner or occupier of any dairy factory at any time during any period prescribed by these regulations.

(4) The Dairy Industry Accounts Regulations 1936† are revoked.

* See end note.

† *Gazette*, 30th July, 1936, Vol. II, page 1485.

2. (1) The directors of every co-operative dairy company shall prepare, or cause to be prepared, for laying before the annual general meeting of the company—

- (a) Their report with respect to the state of the affairs of the company in the form numbered 1 in the Schedule hereto :
- (b) The balance-sheet, manufacturing and marketing account, appropriation account, and statement of statistics of the company in the forms numbered respectively 2, 3, 4, and 5 in the Schedule hereto.

(2) Such report, balance-sheet, manufacturing and marketing account, appropriation account, and statement of statistics of the company shall respectively contain the information and particulars set out and indicated in the said forms numbered 1 to 5 in the said Schedule, and shall be prepared and compiled in accordance with the directions and instructions contained respectively in the said forms, but such directions and instructions shall not be deemed to be parts of the said forms.

3. The auditor of every co-operative dairy company shall, in furnishing his report to the company, forward a certificate signed by him and certifying—

- (a) That the information and particulars contained in the directors' report relating to the pay-out to suppliers of the company and the valuation of unsold dairy-produce has been prepared and compiled in accordance with the directions set out in the form numbered 1 in the Schedule to these regulations :
- (b) That the itemized costs per pound of butterfat and the total costs to f.o.b. per pound of butterfat as shown in the manufacturing and marketing account are correctly stated ; and
- (c) That the directors' report, balance-sheet, manufacturing and marketing account, appropriation account, and statement of statistics have been prepared and compiled in accordance with these regulations.

4. The directors of every co-operative dairy company shall attach, or cause to be attached, to every copy of their report prepared and compiled in accordance with these regulations—

- (a) A copy of the balance-sheet, manufacturing and marketing account, appropriation account, and statement of statistics duly prepared and compiled as aforesaid ; and
- (b) A copy of the certificate furnished by the auditor of the company pursuant to the last preceding clause hereof.

5. The directors of every co-operative dairy company shall, not later than seven days before the date of the annual general meeting of the company, send or cause to be sent to every person, being a supplier of the company at any time during the year to which the directors' report relates, a copy of such report, together with a copy of every document which by these regulations is required to be attached thereto.

6. The directors of any dairy company, not being a co-operative dairy company within the meaning of these regulations, shall not send to any supplier of the company, other than a supplier who is a shareholder of the company, any document purporting to be or to have the effect of any of the following documents, namely :—

- (i) A directors' report to be laid before the company in general meeting :
- (ii) A balance-sheet :
- (iii) A profit and loss account :
- (iv) A manufacturing and/or marketing account :
- (v) An appropriation account :
- (vi) A statistical statement of the working of the company ; unless such document—

(a) Has been prepared and compiled in conformity with such one of the forms set out in the Schedule hereto as is appropriate to such document and in accordance with the directions and instructions contained in such form ; and

(b) Is accompanied by documents having the effect of each of the other documents enumerated in this clause all duly prepared and compiled in conformity with the relative form in the said Schedule and in accordance with the directions and instructions contained therein and comprising the auditor's certificate hereinbefore prescribed.

7. (1) The owner or occupier of every dairy factory, not being a co-operative dairy company within the meaning of these regulations, and not being a dairy company that sends to its suppliers documents which comply with the requirements of clause 6 hereof, shall, not later than the 31st day of August in each year, forward to every person, being a supplier of such owner or occupier at any time during the period to which the statement hereinafter referred to relates, a statement which shall contain the same information and particulars relating to the pay-out to suppliers of such owner or occupier, and the valuation of all unsold dairy-produce held by such owner or occupier as is required by clause 2 hereof to be furnished by the directors of every co-operative dairy company in their report for laying before the annual general meeting of the company.

(2) Every such statement shall be accompanied by a copy of a certificate certifying that the information and particulars contained in such statement have been prepared and compiled in accordance with such of the directions set out in the form numbered 1 in the Schedule hereto as are applicable to such statement.

(3) If the owner or occupier of the dairy factory is a dairy company, such certificate shall be signed by the auditors of the dairy company, and in any other case by a public accountant.

8. The directors of every dairy company and the owner or occupier (not being a dairy company) of every dairy factory, when sending or causing to be sent to any person, being a supplier of the company or such owner or occupier, any document which by these regulations is required to be sent to any such person, shall at the same time send or cause to be sent copies of that document to the Director of the Dairy Produce Export Division of the Primary Products Marketing Department and to the Director of the Dairy Division of the Department of Agriculture respectively.

9. The requirements of these regulations shall, in so far as they are not requirements of the Companies Act, 1933, or of any other Act or of any regulations made thereunder, be deemed to be in addition to and not in substitution for such requirements.

SCHEDULE.

[Form No. 1.

The Dairy Industry Accounts Regulations 1939.

(Form of Directors' Report to be attached to Balance-sheet, Manufacturing and Marketing Account, Appropriation Account, and Statement of Statistics.)

THE CO-OPERATIVE DAIRY CO., LTD.

Registered office :

Nominal capital : £....., in shares of £..... each.

Names of all directors at date of issue of report :

Names of officers at date of issue of report :

Manager :

Secretary :

THE ANNUAL REPORT ACCOMPANYING ACCOUNTS FOR YEAR ENDED, 19..

[Notice of annual general meeting may here be inserted.]

DIRECTORS' REPORT.

(1) Insert the information required by the Companies Act, 1933, to be laid annually before the company in general meeting so far as it is not required to be inserted as paragraph (3) of this form, or as forms No. 2 and No. 4 to be attached to this form, or otherwise comprised in this form or documents to be attached thereto.

(2) Insert the following information relating to the payment to suppliers and the valuation of unsold dairy-produce :—

(i) *In Respect of the Previous Year.*—The estimated season-average pay-out per pound for butterfat (all grades) which was quoted in the report (if any) for that year, and the actual season-average pay-out which was finally made (a).

(ii) *In Respect of the Current Year.*—The valuation basis adopted for dairy-produce unsold at balance date, and the estimated season-average pay-out per pound for butterfat (all grades) which should result from the disposal of unsold dairy-produce at the values adopted (a), (b).

(iii) *In Respect of the Current Year.*—In any case in which the suppliers of cream or any of them (as individuals) bear or pay the whole or part of the cream cartage costs, a statement in the following form must be included :—

“The total (or estimated total) amount of the cream cartage costs incurred by suppliers individually is £....., which representsd. per pound on the total number of the pounds of butterfat received by the company in cream from all sources.” (c.)

(iv) *In Respect of both the Previous and the Current Year.*—Where payment for whole milk supplied for cheesemaking is made on any basis other than that of the amount of the butterfat contained therein, the report shall, in addition to the season-average pay-out as calculated in accordance with such basis, state the equivalent season-average pay-out per pound for butterfat of all grades that would have resulted if payment had been made on the basis of the amount of butterfat contained therein (a).

(3) Insert a statement of the rate per cent. of interest or dividend recommended to be paid on share capital, the total amount of such interest or dividend payment, and the amount proposed to be carried to any reserve fund, general reserve, or reserve account.

Directions for Compilation of Directors' Report.

(a) For the purposes of subparagraphs (i), (ii), and (iv) of paragraph (2) above the season-average pay-out (estimated or actual) shall be ascertained as follows :—

From the total gross sum credited and to be credited to suppliers for butterfat of all grades received, which sum shall not include or have added to it any part of the costs and charges for the transport and collection of cream or any allowance or payment made directly or indirectly to suppliers in respect thereof or any payment to suppliers in respect of interest or dividend on share capital, there shall be deducted the total amount of penalties in respect of cream received below 35-per-cent. test.

The total net sum thus obtained should then be divided by the total number of the pounds of butterfat of all grades received during the season.

(b) Where butter or cheese stocks for local sales are taken on charge at a valuation different from that at which export stocks of the same kind of produce are taken on charge both valuation-bases should be stated.

(c) The purpose of the requirement set out in subparagraph (iii) of paragraph (2) above is to ensure that a fair comparison of pay-out and costs can be made as between companies that bear the whole of the cream-cartage costs and companies that in any way require suppliers as individuals to bear the whole or part of those costs. In some cases the company pays the cartage costs up to a specified maximum and charges the balance against individual suppliers. In other cases the company subsidizes individual suppliers or cartage contractors for conveying cream either to the factory or to the company's collection route, leaving the individual suppliers to pay the balance of the costs. Again, in some cases, the company does not provide or subsidize any cream-cartage service, but requires the suppliers, as individuals or as groups, to make their own arrangements for cartage. The part of the cartage costs incurred by individual suppliers is in some cases paid by those suppliers directly, and in other cases is paid in the first instance by the company and the amount deducted from the proceeds of the suppliers' cream.

The intention is that the amount shown in the Manufacturing and Marketing Account under " Cream-collection " shall be the net amount paid by the company for cream-collection, after crediting all recoveries from suppliers in respect of this item ; and that the statement referred to in paragraph (2) (iii) above shall disclose the total amount paid or borne by suppliers individually, either directly or as recoveries through the company, in respect of cream cartage. The cartage costs so incurred by individual suppliers or (where the company cannot conveniently ascertain the actual amount) a reasonably estimated amount thereof must be shown in the statement as a total figure, and at a rate per pound on the total number of the pounds of butterfat received by the company in cream from all sources. The cartage-costs incurred by individual suppliers, concerning which information is required, are not to include the cost of cartage to the farm gate or to a collection point within half a mile therefrom.

The amount per pound of butterfat shown in paragraph (2) (iii) of the Directors' Report (Form No. 1) as representing the cream-cartage costs incurred by suppliers individually is to be added to the costs to f.o.b. per pound of butterfat shown in the Manufacturing and Marketing Account (Form No. 3).

[Form No. 2.

(Form of Balance-sheet to be attached to Directors' Report, Manufacturing and Marketing Account, Appropriation Account, and Statement of Statistics.)

THE CO-OPERATIVE DAIRY Co., LTD.

Balance-sheet as at, 19..

		<i>Liabilities.</i>		
		£	s.	d.
Nominal capital:—				
..... shares of £..... each	..			
Less Unallotted	..			
Surrendered	..			
Unpaid	..			
Paid-up capital	..			
Reserves	..			
Share depreciation reserve	..			
Sundry creditors	..			
Amount due to suppliers (including amount for last month's supply)	..			
Bank	..			
Appropriation Account	..			
				£

Contingent liabilities [*State nature and amounts*].

		<i>Assets.</i>		
		£	s.	d.
Fixed assets—				
Land and buildings (giving basis of valuation)	..			
Plant (at cost, less depreciation), (section 132 (1) of the Companies Act, 1933)	..			
Shares in other companies at cost (any amount written off to be shown under liabilities as share depreciation reserve)	..			
Floating assets—				
Sundry debtors	..			
Stocks (to be detailed)—				
Butter	..			
Cheese	..			
Casein	..			
Requisites of manufacture	..			
General	..			
Bank	..			
Cash	..			
				£

....., Director.

....., Director.

(Form of Manufacturing and Marketing Account to be attached to Directors' Report, Balance-sheet, Appropriation Account, and Statement of Statistics.)

MANUFACTURING AND MARKETING ACCOUNT.

For the Period from Day of, 19.., to day of, 19..

Cost to f.o.b. per pound of butterfat—		£ s. d.			£ s. d.		
d.	d.						
		Advances to suppliers					
		(1) Cream-collection					
		(2) Manufacturing charges—					
		Wages					
		Materials					
		Fuel					
		Power					
		Sundry charges					
		(3) Depreciation					
		(4) Repairs and maintenance					
		(5) Charges, factory to f.o.b. (including					
		distribution on produce sold					
		locally)—					
		Cartage and railage					
		Freezing and storage					
		Grading					
		Dairy Board levy					
		Sundry charges					
		(6) Overhead charges—					
		Administration and office expenses					
		Fire insurance and rates					
		Insurance dairy-produce to f.o.b.					
		Audit fee					
		Interest					
		Farm dairy instruction					
		Directors' fees and expenses					
		Sundry charges					
		Loss on other activities (e.g., storekeeping, &c.)					
		Appropriation Account					
					£		
							£
		Total cost to company per					
		pound butterfat to f.o.b.					
		Add cream-cartage costs in-					
		curred by suppliers individu-					
		ally (see Form No. 1,					
		Directors' Report, paragraph					
		(2) (iii))					
		Total cost per pound butter-					
		fat from farm to f.o.b.					
		(not applicable to cheese-					
		manufacture)					

(7) Sales—		£ s. d.		£ s. d.	
	Export				
	Local				
	Rents, interest, and dividends				
	(current year)				
	Profit on other activities (e.g.,				
	storekeeping, sale of benzine				
	and manures, commissions,				
	pig-farming, &c.)				
	Other income (give details)				

Directions for Compilation of Manufacturing and Marketing Account.(1) *Cream-collection* should include—

- (a) *Railage on cream.*
 (b) *Lorry-running expenses*, including heavy traffic fees, comprehensive insurance, registration, wages, employers' liability insurance, maintenance, repairs, depreciation.
 (c) *Cartage by contract.*

Amounts recovered from suppliers should be credited to Cream-collection Account.

(2) *Wages*.—This item should cover factory wages only, including employers' liability insurance and superannuation and/or other subsidy, if any.*Materials*.—This item should include cartage and railage on materials.

Premium received by companies for colouring and waxing of cheese should be credited to Materials Account.

Premium received by companies for parchfoil should be credited to Materials Account.

Fuel and Power.—This item should include cartage and railage on fuel.(3) *Depreciation*.—This item covers buildings, plant, and equipment.(4) *Repairs and Maintenance*.—This item covers factory buildings and plant only.(5) *Charges, Factory to f.o.b.*—Cartage and railage should include these charges on produce sold locally.

Transport and handling costs on butter and cheese, paid by freezing and storage companies and charged to dairy companies, should be debited in the accounts as "Freezing and Storage."

(6) *Overhead Charges*.—The item "Office expenses" should include salaries, travelling-expenses, other than directors' and general manager's, postages, stationery, &c.(7) *Sales*.—Separate sales accounts should be kept for dairy-produce sold for export and sold locally. Butter differentials applying to local sales of both creamery and whey-butter deducted from Dairy Produce credit notes or paid in cash should be debited to the respective local sales accounts, and credited to the respective export sales accounts. At balance date stocks of dairy-produce on hand should be credited respectively to export sales account and to local sales account. After balance date a reversing entry should be passed debiting such stocks to the respective accounts. Stocks of materials and fuel should *not* be included with stocks of dairy-produce but should be credited to materials account and fuel account.

Rents, Interest, and Dividends.—The income shown under this heading should be in respect of the current year only. Other income under this heading should be shown in Appropriation Account.

General.—Separate accounts should be kept for creamery butter, cheese, and casein, except in the case of cheese-factory companies that manufacture creamery butter during periods not exceeding eight weeks each at the beginning and end of the season and during no other periods.

All accrued charges such as bank interest, grading fees, Dairy Board levy, wages, freezing and storage and other charges to f.o.b. on produce unshipped, and also charges paid in advance, such as insurance, should be estimated and brought into the respective accounts.

[Form No. 4.]

(Form of Appropriation Account to be attached to Directors' Report, Balance-sheet, Manufacturing and Marketing Account, and Statement of Statistics.)

APPROPRIATION ACCOUNT.		£	s.	d.
Final payments, 19.. season	£	s.	d.	
Reserves				
Balance carried forward ..				
	£			£
				£
	£	s.	d.	
Balance for distribution ..				
	£			£
				£

Balance, 19.. .. .	£	s.	d.	
Surplus on realization ..				
	£			£
				£
	£	s.	d.	
Balance brought forward ..				
Balance from Manufacturing and Marketing Account				
	£			£
				£

Directions for Compilation of Appropriation Account.

In the top section the appropriation account should show the balance brought forward from the previous year, the surplus or deficit on realization of the previous year's dairy-produce, the further and/or final payments to suppliers, the amount placed to reserve account or applied in any other manner, and the balance (if any) carried forward.

When income-tax is payable the amount should be debited to appropriation account (top section). This method of charging income-tax avoids the interference with the cost comparison which would occur if the item were charged to Manufacturing and Marketing Account.

In the bottom section the Appropriation Account should show any balance brought forward from the previous year, and the balance from Manufacturing and Marketing Account.

Separate appropriation accounts should be kept for creamery butter, cheese, and casein in conformity with separate manufacturing and marketing accounts.

[Form No. 5.]

(Form of Statement of Statistics to be attached to Directors' Report, Balance-sheet, Manufacturing and Marketing Account, and Appropriation Account.)

STATISTICS.

	Previous Year, 19...	Current Year, 19...
Pay-out previous year per pound butterfat (season average)—		
Butter
Cheese
Pay-out current year per pound butterfat—		
Advance—		
Butter
Cheese
Estimated surplus*—		
Butter
Cheese
* For distribution to suppliers on a butterfat basis.		
Number of suppliers
Pounds of—		
Milk received
Cream received
Pounds of butterfat from—		
Milk
Cream
Average butterfat test of—		
Milk
Cream
Total charges, including repairs and depreciation, up to f.o.b. at per pound butterfat—		
Butter
Cheese
<i>Cheese-making.</i>		
Pounds of milk
Pounds of butterfat from milk received over stage for cheese- making (no deduction for loss in whey)
Average butterfat test of milk
Pounds of cheese (factory packing weights as checked by graders)
Pounds of milk to make 1 lb. cheese
Pounds of cheese to 1 lb. butterfat
Average grade of cheese
Milk grade percentages—		
First
Second

STATISTICS—*continued.*

	Previous Year, 19...	Current Year, 19...
<i>Butter-making.</i>		
Pounds of—		
Milk
Cream
Pounds of butterfat—		
Milk
Cream
Average butterfat tests—		
Milk
Cream
Total pounds butterfat used for creamery buttermaking
Pounds creamery butter made
Overrun creamery butter made
Average grade of butter
Cream grade percentages—		
Finest
First
Second
Milk grade percentages—		
First
Second
<i>Whey Butter.</i>		
Pounds butterfat recovered from whey expressed as a percentage of total butterfat received for cheesemaking		
Pounds of butterfat in whey cream received from other dairy factories		
Total pounds of whey butter made
Overrun whey butter made
Average grade of whey butter
<i>Casein.</i>		
Pounds butterfat in milk used for casein
Estimated value of casein at per pound butterfat
<i>Sales of Whole Milk and Cream.</i>		
Pounds butterfat in whole milk sold
Pounds butterfat in cream sold

C. A. JEFFERY,
Clerk of the Executive Council.

Issued under the authority of the Regulations Act, 1936.

Date of notification in *Gazette*: 13th day of April, 1939.

These regulations are administered by the Primary Products Marketing Department.