

1957/136**THE DAIRY INDUSTRY ACCOUNTS REGULATIONS 1957**

C. W. M. NORRIE, Governor-General

ORDER IN COUNCIL

At the Government House at Wellington this 12th day of June 1957

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to the Agriculture (Emergency Powers) Act 1934, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

REGULATIONS

1. Title and commencement—(1) These regulations may be cited as the Dairy Industry Accounts Regulations 1957.

(2) These regulations shall come into force on the day after the date of their notification in the *Gazette*, and shall apply to all accounts published thereafter.

2. Interpretation—In these regulations, unless the context otherwise requires,—

“Co-operative dairy company” means a dairy company that is registered or is entitled to be registered as a co-operative dairy company under the Co-operative Dairy Companies Act 1949:

“Dairy company” means a company incorporated or deemed to be incorporated under the Companies Act 1955 that carries on the business of a dairy factory and uses in the business milk or cream 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; and, in the case of co-operative dairy companies, includes any factory solely engaged in the processing of skim milk, buttermilk, whey, or any other substance derived from milk.

“Payout” means the amount credited or to be credited to suppliers for butterfat of all grades received during the period to which the accounts relate, expressed in terms of pence per pound of that butterfat, including dividends on share capital and amounts paid to other persons or organisations on behalf of suppliers, but not including cream collection costs or any other costs chargeable to the manufacturing and marketing account in accordance with these regulations:

“Revenue account”, in relation to any company, means the manufacturing and marketing account, appropriation account, profit and loss account, or any other working or operating account laid before the company in general meeting.

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

“Surplus on buttermaking” means the amount remaining out of the proceeds of the sale of butter, including the value of unsold butter, after charging against those proceeds the costs as set out in form No. 3 (a) of the Schedule hereto applicable to the butterfat used in making that butter:

“Surplus on cheesemaking” means the amount remaining out of the proceeds of the sale of cheese, including the value of unsold cheese, and the proceeds of the sale or processing of the whey cream resulting from the production of that cheese and the proceeds, where applicable, of the sale of creamery butter made in a cheese factory in winter months, after charging against those proceeds the costs as set out in form No. 3 (b) of the Schedule hereto which are applicable to the butterfat used in making that cheese and butter.

3. Documents to be laid before annual meeting—(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 containing the information specified in the form No. 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 Nos. 2, 3 (a) or 3 (b), as the case may require, 4 (a) or 4 (b), as the case may require, and 5 in the Schedule hereto.

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

4. Auditor's report, rights of access to books and to attend and be heard at general meetings—(1) The auditor of every co-operative dairy company shall make a report to the members on the accounts examined by him, and on every balance sheet, and every revenue account laid before the company in general meeting during his tenure of office, and the report shall state—

- (a) Whether he has obtained all the information and explanations that he has required:
- (b) Whether in his opinion proper books of account have been kept by the company, so far as appears from his examination of those books:
- (c) Whether in his opinion, according to the best of his information and the explanations given to him and as shown by the books of the company,—
 - (i) The balance sheet is properly drawn up so as to give a true and fair view of the state of the company's affairs as at the end of the financial year; and
 - (ii) The revenue accounts are properly drawn up so as to give a true and fair view of the results of the business of the company for its financial year:
- (d) Whether in his opinion, according to the best of his information and the explanations given to him, the directors' report, the accounts, the balance sheet, the revenue accounts, and the statement of statistics give the information required by the Companies Act 1955 and by these regulations in the manner so required.

(2) The auditor's report shall be read before the company in general meeting, and shall be open to inspection by any member.

(3) Every auditor of a co-operative dairy company shall have a right of access at all times to the books and papers of the company, and shall be entitled to require from the officers of the company such information and explanation as he thinks necessary for the performance of his duties as auditor.

(4) The auditor of a co-operative dairy company shall be entitled to attend any general meeting of the company and to receive all notices of and other communications relating to any general meeting which any member of the company is entitled to receive and to be heard at any general meeting which he attends on any part of the business of the meeting which concerns him as auditor.

5. Documents to be attached to directors' report—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 signed on behalf of the Board by at least two directors; a copy of the manufacturing and marketing account, appropriation account, other revenue accounts (if any), 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 regulation 4 of these regulations.

6. Circulation of documents to suppliers—The directors of every co-operative dairy company shall, not less than seven clear days before the date of the annual general meeting of the company and in accordance with its articles, 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 that report, together with a copy of every document which by these regulations is required to be attached thereto.

7. Companies other than co-operative dairy companies—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:

- (a) A directors' report to be laid before the company in general meeting:
- (b) A balance sheet:
- (c) A profit and loss account:
- (d) A manufacturing account or marketing account or a manufacturing and marketing account:
- (e) An appropriation account:
- (f) A statistical statement of the working of the company:

Provided that the foregoing provisions of this regulation shall not apply if the document has been prepared and compiled in conformity with such one of the forms set out in the Schedule hereto as is appropriate to the document and in accordance with the directions and instructions contained in that form; and is accompanied by documents having the effect of each of the other documents enumerated in this regulation 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.

8. Owners of dairy factories other than co-operative dairy companies—
(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 regulation 7 hereof, shall, not later than the 31st day of August in each year, forward to every person, being a supplier of the 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 as are required by regulation 3 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 the statement have been prepared and compiled in accordance with such of the directions set out in the form No. 1 in the Schedule hereto as are applicable to the statement.

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

9. Treatment of unusual items—Where in the opinion of the Dairy Products Marketing Commission any unusual items are not adequately provided for in these regulations, the Commission may by notice in writing to the company or companies concerned specify how those items shall be stated in the directors' report, balance sheet, revenue accounts, and statement of statistics.

10. Documents to be sent to other bodies—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 of that 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 General Manager of the New Zealand Dairy Products Marketing Commission, the Secretary of the New Zealand Dairy Board, and the Director of the Dairy Division of the Department of Agriculture.

11. Requirements are additional to Companies Act and other enactments—The requirements of these regulations shall, in so far as they are not requirements of the Companies Act 1955 (as modified by the Co-operative Dairy Companies Amendment Act 1956) or of any other Act or regulations, be deemed to be in addition to and not in substitution for those requirements.

12. Publication of payout—No dairy company shall publish or cause to be published a statement purporting to set out the payout of the company which is not computed in accordance with the definition of the term "payout" in these regulations, and which does not set out the point at which payment is to be made.

13. Offences—Every person commits an offence against these regulations who acts in contravention of or fails to comply in any respect with any provision of these regulations; and the provisions of section 3 of the Agriculture (Emergency Powers) Amendment Act 1936 shall apply accordingly.

14. Revocations and savings—(1) The Dairy Industry Accounts Regulations 1950* and the Dairy Industry Accounts Regulations 1950, Amendment No. 1† are hereby revoked.

(2) Without limiting the provisions of the Acts Interpretation Act 1924, it is hereby declared that the revocation of any provision by these regulations shall not affect any document made or any thing whatsoever done under the provision so revoked or under any corresponding former provision, and every such document or thing, so far as it is subsisting or in force at the time of the revocation and could have been made or done under these regulations, shall continue and have effect as if it had been made or done under the corresponding provision of these regulations and as if that provision had been in force when the document was made or the thing was done.

*S.R. 1950/7
†S.R. 1954/73

SCHEDULE

Reg. 3 (1) (a)

Form No. 1

INFORMATION TO BE INCLUDED IN DIRECTORS' REPORT

THE following information shall be included in the directors' report:

- (1) Relating to payments to suppliers:
 - (a) *In Respect of the Previous Year*—The estimated season-average payout per pound for butterfat (all grades) which was quoted in the report (if any) for that year, and the actual season-average payout which was finally made stating the point at which payment was made, i.e., farm shed, farm gate, factory stage, or other specified point of delivery:
 - (b) *In Respect of the Current Year*—The estimated season-average payout per pound for butterfat (all grades) which should result from the disposal of unsold cheese or creamery or whey butter at the values adopted in accordance with these regulations, stating the point at which payment is to be made, i.e., farm shed, farm gate, factory stage, or other specified point of delivery:
 - (c) *In Respect of Both the Previous and the Current Years*—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 payout as calculated in accordance with that basis, state the equivalent season-average payout 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.
 - (2) A statement of the rate per cent of interest or dividend recommended to be paid on share capital, the total amount of that interest or dividend payment, and the amount proposed to be carried to or from reserves (within the meaning of these regulations).
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SCHEDULE—*continued*

DIRECTIONS FOR THE COMPILATION OF THE BALANCE SHEET

(1) Every balance sheet of a co-operative dairy company shall give a true and fair view of the state of affairs of the company as at the end of its financial year.

(2) *Form of balance sheet*—The balance sheet of every co-operative dairy company shall show the information set out in form No. 2, but the actual form of presentation may be varied as desired except that current assets are to be distinguished from fixed assets; and current liabilities are to be distinguished from other liabilities. If desired shillings and pence may be omitted from the published accounts.

(3) *Subsidiary companies*—For the purposes of these regulations a subsidiary company is one in which the dairy company is a member and controls the composition of its board of directors, or holds more than half in nominal value of its share capital.

(4) *Fixed assets*—Fixed assets are to be shown in the balance sheet at cost. The aggregate amount of depreciation provided or written off the cost of the assets must then be shown in the manner set out in form No. 2 (Form of Balance Sheet). In the case of buildings, plant, and equipment, the book value as at the end of the 1955–56 financial year may be taken to represent their cost.

(5) *Liabilities secured*—Where any liability of the company is secured otherwise than by the operation of law on any assets of the company, the fact that that liability is so secured shall be stated, but it shall not be necessary to specify the assets on which the liability is secured.

(6) *Reserves*—

- (a) The expression “capital reserve” shall not include any amount regarded as free for disposal through the manufacturing and marketing, appropriation, or other revenue accounts:
- (b) The expression “revenue reserve” shall mean any reserve other than a capital reserve or capital improvement reserve:
- (c) Capital improvement reserve shall consist of amounts received by dairy companies from the Dairy Products Marketing Commission and which the Commission has specified shall be transferred to this account.

(7) *Profits and losses of subsidiaries*—

(a) Where a co-operative dairy company holds shares, either directly or through a nominee, in a subsidiary company or in two or more subsidiary companies, there shall be annexed to the balance sheet of the dairy company a statement signed by at least two directors of the dairy company, stating how the profits or losses of the subsidiary company, or, where there are two or more subsidiary companies, the aggregate profits and losses of those companies have, so far as they concern the co-operative dairy company, been dealt with in or for the purposes of the accounts of the co-operative dairy company and, in particular, how and to what extent—

- (i) Provision has been made for the losses of a subsidiary company either in the accounts of that company or of the co-operative dairy company, or of both; and

SCHEDULE—*continued*

- (ii) Losses of a subsidiary company have been taken into account by the directors of the co-operative dairy company in arriving at the net revenue of the dairy company as disclosed in its accounts:

Provided that it shall not be necessary to specify in any such statement the actual amount of the profits or losses of any subsidiary company, or the actual amount of any part of any such profits or losses which has been dealt with in any particular manner.

(b) If in the case of a subsidiary company the auditor's report on the balance sheet of the company does not state without qualification that the auditor has obtained all the information and explanations that he required and that the balance sheet is properly drawn up so as to give a true and fair view of the state of the company's affairs according to the best of his information and the explanations given to him and as shown by the books of the company, the statement which is to be annexed as aforesaid to the balance sheet of the co-operative dairy company shall contain particulars of the manner in which the report is qualified.

(c) For the purposes of the direction, the profits or losses of a subsidiary company mean the profits or losses shown in any accounts of the subsidiary company made up to a date within the period to which the accounts of the co-operative dairy company relate, or, if there are no such accounts of the subsidiary company available at the time when the accounts of the dairy company are made up, the profits or losses shown in the last previous accounts of the subsidiary company which became available within that period.

(d) If for any reason the directors of the co-operative dairy company are unable to obtain such information as is necessary for the preparation of the statement aforesaid, the directors who sign the balance sheet shall so report in writing, and their report shall be annexed to the balance sheet instead of the statement.

SCHEDULE—*continued*

Reg. 3. (1) (b)

(Form of Creamery (or Whey) Butter Manufacturing and Marketing Account)

Form No. 3 (a)

CREAMERY (OR WHEY) BUTTER MANUFACTURING AND MARKETING ACCOUNT FOR THE YEAR ENDED, 19..

		<i>Covering production from lb. butterfat</i>			
Pence Per Pound of Butterfat		£	s.	d.	Pence Per Pound of Butterfat
	Cream collection				
	Manufacturing charges—	£	s.	d.	Sales and stocks of butter—
	Wages				Export (..... lb.)
	Materials				Local (..... lb.)
	Fuel, power, and steam				
	Sundry				
	Factory overheads—				
	Depreciation				
	Repairs, maintenance, and consumable stores				
	Rates and land tax				
	Insurance				
	Charges, factory to f.o.b. (including charges on produce sold locally)—				
	Carriage and freight				
	Freezing and storage				
	Grading				
	Insurance to f.o.b.				
	General overheads—				
	Administration and office expenses				
	Directors' fees and expenses				
	Audit fee				
	Interest				
	Farm dairy instruction				
	Dairy Board levy				
	Total costs				
	Surplus on buttermaking, transferred to Appropriation Account				
		£			£

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SCHEDULE—*continued*

DIRECTIONS FOR THE COMPILATION OF THE CREAMERY OR WHEY BUTTER MANUFACTURING AND MARKETING ACCOUNT

(a) The manufacturing and marketing account for creamery or whey butter shall be set out so as to show in terms of cash and in terms of pence per pound of the butterfat used in making that butter—i.e., butterfat on which yield or overrun is calculated—the surplus in respect of that year's manufacture as defined in regulation 2 of these regulations.

(b) Where a company makes whey butter from cream received from other companies, it shall publish a separate whey butter manufacturing and marketing account.

(c) Payments to suppliers for butterfat shall not be shown in this account, but in the appropriation account.

(d) At the head of the account shall be shown the number of pounds of butterfat to which the account relates.

(e) Each item of cost and revenue and the surplus shall be expressed in terms of cash (omitting shillings and pence from the published accounts if desired) and of pence per pound of butterfat to the third decimal place, the latter being balanced in the same manner as the cash figures.

The items of cost and revenue shall be set out under the headings and in the order set out below.

1. CREAM COLLECTION

(1) *Cream collection*, which shall be the total cost to the company of transporting the cream used in buttermaking from the farm gate to a buttermaking factory (or, in the case of whey cream, from the supplying factory or factories), after charging a reasonable proportion of the transport costs to processes or activities other than buttermaking, where applicable, and shall include—

(a) Railage on cream:

(b) Lorry running expenses, including licences, heavy traffic fees, comprehensive insurance, registration, petrol, oil, repairs, maintenance and depreciation of vehicles, drivers' wages and employers' indemnity insurance thereon:

(c) Cartage of cream by contract:

(d) Transport of cream by any other means, including launch running expenses where applicable:

(e) Premiums or other payments to suppliers for delivering cream to factory or delivery point.

(2) If any amounts are charged to suppliers for cream collection, these shall be shown as a recovery on the credit side of the appropriation account.

2. MANUFACTURING CHARGES

(1) *Wages*, which shall include all emoluments connected with the manufacture, packing, and despatching of the produce to which the account relates, other than those applicable to cream collection, repairs, or administration or to any activities other than that process or to a previous season's operations, and shall include the cost of employers' indemnity and superannuation subsidies connected with the wages

SCHEDULE—*continued*

chargeable to this account. Any apportionment of the aforementioned charges to various products or activities shall be made on the basis of the time occupied thereon.

Where fuel, milk, or other items (excluding rental value of free house for the manager) are supplied to employees free of charge, the value of these items shall be included under this heading.

This account shall not include wages incurred in the collection of buttermilk from other factories or the cost of cleaning buttermilk chutes and ancillary plant, which shall be charged against the proceeds of buttermilk.

(2) *Materials*, which shall include only those materials entering into the manufacture and packing of the produce to which the account relates, including the cost of transporting these to the factory, and shall not include materials which are applicable to repairs and maintenance of the factory buildings, plant, and equipment, or consumable stores.

Local market box differentials shall be included in this item.

There shall be credited to the materials account, discount, rebates, and other allowances in respect of those materials, those received after the closing of the accounts for that year being credited to appropriation account. Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's accounts, to avoid the payment to suppliers of amounts not actually received in cash:

(3) *Fuel, power, and steam*, which shall include only that used in processing the butterfat to which this account relates, and the cost of transporting fuel to the factory, and the cost of factory lighting.

(4) *Sundry charges*, which shall include only those items of factory expense directly applicable to the receiving and processing of the milk or cream and the packing and despatching of the produce to which this account relates.

3. FACTORY OVERHEADS

(1) *Depreciation* on the buildings, plant, and equipment used in the manufacture of the produce to which this account relates, not including the depreciation of vehicles, office buildings and equipment, let properties, or special buttermilk collection equipment.

(2) *Repairs, maintenance, and consumable stores*, which shall include—

(a) Repairs and maintenance on the buildings, plant, and equipment used in the manufacture of the produce to which this account relates, other than the repairs and maintenance of vehicles, office buildings and equipment, let properties, or special buttermilk collection equipment; and

(b) Consumable stores, being those which do not enter into the manufacture and packing of that produce.

There shall be credited to this account the discounts, rebates, or other allowances applicable to materials charged thereto.

Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's account to avoid the payment to suppliers of amounts not actually received in cash.

SCHEDULE—*continued*

(3) *Rates and land tax* on property used in the manufacture of the produce to which this account relates, other than charges on let properties or administration block.

(4) *Insurance* on assets used in the manufacture of produce to which this account relates, including fire, earthquake, explosion, burglary, and public risk insurance, but not including insurance on vehicles, employers' indemnity insurance, insurance of produce, special buttermilk equipment, let properties, or administration block.

4. CHARGES, FACTORY TO F.O.B.

(Including Charges on Produce Sold Locally)

(1) *Carriage and freight*, which shall include all costs of transporting the produce to which this account relates to the grading store (in the case of produce intended for export) or to the buyer's store or other final delivery point (in the case of produce for the local market), and cartage, railage, and coastwise shipping costs where applicable.

Where a company operates vehicles used in the carriage of the finished product from the factory it shall charge the appropriate proportion to this account.

Where transport and handling charges are paid to freezing companies in respect of the handling of produce after it has been delivered to the grading store, those charges shall be included under the heading of "Freezing and storage".

(2) *Freezing and storage*, which shall include the freezing, storage, and handling charges on the produce to which this account relates, and the costs of transporting that produce from the grading store to the ship's hold for export, less rebates received or receivable in respect of that produce.

Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's accounts, to avoid the payment to suppliers of amounts not actually received in cash.

(3) *Grading* of produce to which this account relates paid or payable to the Department of Agriculture.

(4) *Insurance* to f.o.b., which shall also include insurance on produce sold locally.

5. GENERAL OVERHEADS

(1) *Administration and office expenses*, which shall include salaries, office expenses, and depreciation and maintenance of office buildings and equipment, so far as these are applicable to the produce to which this account relates, any apportionment of these expenses to be made on the basis of the time occupied in connection with the various activities.

Commissions and other fees received by the company in connection with the collection of accounts from suppliers shall be deducted from this item.

(2) *Directors' fees and expenses*, so far as these apply to the produce to which this account relates.

SCHEDULE—*continued*

(3) *Audit fee*, so far as it applies to the produce to which this account relates.

(4) *Interest* on current account, so far as it applies to the manufacturing and marketing of the produce to which this account relates.

(5) *Farm dairy instruction*, applicable to the butterfat used in the process to which this account relates, including both the "supplier" and "butterfat" charge, any apportionment to be made on a butterfat basis.

(6) *Dairy board levy* on the produce to which the account relates.

6. SALES AND STOCKS

(1) *Sales, export*, which shall also include the weight and value of stocks held at balance date and intended for export, valued at the equivalent of the guaranteed price applicable to those stocks.

(2) *Sales, local*, which shall also include the weight and value of stocks held at balance date and intended for the local market, valued at the wholesale price applicable thereto.

Where local market differential payments are receivable by the company in respect of the above produce they shall be included in this item.

Where local market differentials are payable by the company in respect of the above produce they shall be deducted from this item.

General directions—The manufacturing and marketing account shall not include the proceeds of the disposal of the previous year's produce, the disposal of buttermilk, milk, or cream disposed of otherwise than in buttermaking, service charge or administration levy collected from suppliers, interest, dividends, net rents, trading profit, commissions, transport operation, or any other items of cost or revenue not directly applicable to the process to which the account relates.

Cream diverted from the creamery butter to the whey butter process shall be treated as cream sales and therefore not shown in the creamery butter manufacturing and marketing account, but in the appropriation account.

Amounts accrued or paid in advance shall be brought to account under the respective headings.

SCHEDULE—*continued*

DIRECTIONS FOR THE COMPILATION OF THE CHEESE MANUFACTURING AND MARKETING ACCOUNT

(a) The manufacturing and marketing account for cheese shall be set out so as to show in terms of cash and in terms of pence per pound of the butterfat used in making the produce the surplus in respect of that year's manufacture as defined in regulation 2 of these regulations.

(b) In the case of a cheese factory making whey butter from its own whey cream only in the same factory as the cheese from which that whey is recovered, the costs of producing that whey butter may be included with the cheesemaking costs, but this shall not be construed as prohibiting the publication of separate accounts for whey butter in those cases. In all other cases a separate whey butter manufacturing and marketing account shall be published in accordance with form No. 3 (a).

(c) In the case of a cheese factory making creamery butter on its own premises during periods not exceeding ten weeks during winter months from milk or cream received from its own suppliers, the costs of producing that creamery butter may be included with the cheesemaking costs, but this shall not be construed as prohibiting the publication of separate accounts for creamery butter in those cases. In all other cases where a factory makes creamery butter a separate creamery butter manufacturing and marketing account shall be published in accordance with form No. 3 (a).

Where milk or cream is sent to another factory the proceeds shall be treated as milk or cream sales and therefore not shown in the cheese manufacturing and marketing account, but in the appropriation account.

(d) Payments to suppliers for butterfat shall not be shown in this account, but in the appropriation account.

(e) At the head of the account shall be shown the number of pounds of butterfat to which the account relates, no deduction being made for loss of butterfat in whey.

(f) Each item of cost, revenue, and the surplus shall be expressed in terms of cash (omitting shillings and pence from the published accounts if desired) and of pence per pound of butterfat to the third decimal place, the latter being balanced in the same manner as the cash figures.

The items of cost and revenue shall be set out under the headings and in the order set out below.

1. MANUFACTURING CHARGES

(1) *Wages*, which shall include all emoluments connected with the manufacturing, packing, and despatching of the produce to which the account relates, other than those applicable to repairs or administration or to any activities other than that process or to a previous season's operations, and shall include the cost of employers' indemnity and superannuation subsidies connected with the wages chargeable to this account. Any apportionment of the aforementioned charges to various products or activities shall be made on the basis of the time occupied thereon.

SCHEDULE—*continued*

Where fuel, milk, or other items (excluding the rental value of the free house for the manager) are supplied to employees free of charge, the value of these items shall be included under this heading.

(2) *Materials*, which shall include only those materials entering into the manufacture and packing of the produce to which the account relates, including the cost of transporting these materials to the factory, and shall not include materials which are applicable to repairs and maintenance of the factory buildings, plant, and equipment, or consumable stores.

There shall be credited to the materials account, discount, rebates, and other allowances in respect of those materials, those received after the closing of the accounts for that year being credited to appropriation account. Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's accounts, to avoid the payment to suppliers of amounts not actually received in cash.

(3) *Fuel and power*, which shall include only that used in processing the milk to which this account relates, and shall include the cost of transporting fuel to the factory and the cost of factory lighting.

(4) *Sundry charges*, which shall include only those items of factory expense directly applicable to the receiving and processing of the milk and the packing and despatching of the produce to which this account relates, and shall include the costs, if any, of disposing of separated whey otherwise than by sale.

2. FACTORY OVERHEADS

(1) *Depreciation* on the buildings, plant, and equipment used in the manufacture of the produce to which this account relates, other than the depreciation of vehicles, office buildings and equipment, or let properties.

(2) *Repairs, maintenance, and consumable stores*, which shall include—

- (a) Repairs and maintenance on the buildings, plant, and equipment used in the manufacture of the produce to which this account relates, other than the repairs and maintenance of vehicles, office buildings and equipment, or let properties; and
- (b) Consumable stores, being those which do not enter into the manufacture and packing of that produce.

There shall be credited to this account the discounts, rebates, or other allowances applicable to materials charged thereto.

Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's accounts, to avoid the payment to suppliers of amounts not actually received in cash.

(3) *Rates and land tax* on property used in the manufacture of the produce to which this account relates, which shall not include charges on let properties or administration block.

(4) *Insurance* on assets used in the manufacture of produce to which this account relates, including fire, earthquake, explosion, burglary, and public risk insurance, but not including insurance of vehicles, employers' indemnity insurance, or insurance of produce, let properties, or administration block.

SCHEDULE—*continued*

3. CHARGES, FACTORY TO F.O.B.

(Including Charges on Produce Sold Locally)

(1) *Carriage and freight*, which shall include all costs of transporting the produce to which this account relates to the grading store (in the case of produce intended for export), or to the buyer's store or other final delivery point (in the case of produce for the local market), and cartage, railage, and coastwise shipping costs where applicable.

Where a company operates vehicles used in the carriage of the finished product from the factory it shall charge the appropriate proportion to this account.

Where transport and handling charges are paid to freezing companies in respect of the handling of produce after it has been delivered to the grading store, those charges shall be included under the heading of "Chilling and storage".

(2) *Chilling and storage*, which shall include the chilling, storage, and handling charges on the produce to which this account relates, and the costs of transporting that produce from the grading store to ship's hold for export, less rebates received or receivable in respect of that produce.

Where rebates are received wholly or partly in the form of shares, corresponding transfers out of revenue should be shown elsewhere in the company's accounts, to avoid the payment to suppliers of amounts not actually received in cash.

(3) *Grading* of produce to which this account relates paid or payable to the Department of Agriculture.

(4) *Insurance* to f.o.b., which shall also include insurance on produce sold locally.

4. GENERAL OVERHEADS

(1) *Administration and office expenses*, which shall include salaries, office expenses, and depreciation and maintenance of office buildings and equipment, so far as these are applicable to the produce to which this account relates, any apportionment of these expenses to be made on the basis of the time occupied in connection with the various activities.

Commission and other fees received by the company in connection with the collection of accounts from suppliers shall be deducted from this item.

(2) *Directors' fees and expenses*, so far as these apply to the produce to which this account relates.

(3) *Audit fee* so far as it applies to the produce to which this account relates.

(4) *Interest* on current account, so far as it applies to the manufacturing and marketing of the product to which this account relates.

(5) *Farm dairy instruction*, applicable to the butterfat used in the process to which this account relates, including both the "supplier" and the "butterfat" charge, any apportionment to be made on a butterfat basis.

(6) *Dairy board levy* on the produce to which the account relates.

SCHEDULE—*continued*

5. SALES AND STOCKS

(1) *Sales of cheese for*—

- (a) *Export*, which shall also include the weight and value of stocks held at balance date and intended for export, valued at the equivalent of the guaranteed price applicable to those stocks:
- (b) *Local*, which shall also include the weight and value of stocks held at balance date and intended for the local market, valued at the wholesale price applicable thereto.

Where local market differential payments are receivable by the company in respect of the above produce they shall be included in this item.

Where local market differentials are payable by the company in respect of the above produce they shall be deducted from this item.

(2) *Revenue* from the sale or processing of whey cream, or from off-season creamery buttermaking, under such of the following headings as may be applicable:

- (a) *Sales of whey cream*—Where all or part of the whey cream resulting from the cheesemaking process is sent to another factory.
- (b) *Surplus from whey buttermaking*—Where a separate whey butter manufacturing and marketing account is kept, there shall be shown here the surplus resulting from the manufacture of the whey cream recovered from the process to which this account relates. That part of the surplus on whey buttermaking which is applicable to cream received from other factories shall not be shown here, but in the appropriation account.
- (c) *Sales of whey butter*—Where, in accordance with paragraph (b) of these directions, the costs of producing whey butter are included with the cheesemaking costs, there shall be shown here the proceeds of the sales of that whey butter for—

(i) *Export*, which shall also include the weight and value of stocks held at balance date and intended for export, valued at the equivalent of the guaranteed price applicable to those stocks; and

(ii) *Local*, which shall also include the weight and value of stocks held at balance date and intended for the local market, valued at the wholesale price applicable thereto.

Where local market differential payments are receivable by the company in respect of the above produce they shall be included in this item.

Where local market differentials are payable by the company in respect of the above produce they shall be deducted from this item.

SCHEDULE—*continued*

(d) *Sales of creamery butter*—Where, in accordance with paragraph (c) of these directions, the costs of producing creamery butter are included with the cheesemaking costs, there shall be shown here the proceeds of the sale of that creamery butter for—

(i) *Export*, which shall also include the weight and value of stocks held at balance date and intended for export, valued at the equivalent of the guaranteed price applicable to those stocks; and

(ii) *Local*, which shall also include the weight and value of stocks held at balance date and intended for the local market, valued at the wholesale price applicable thereto.

Where local market differential payments are receivable by the company in respect of the above produce they shall be included in this item.

Where local market differentials are payable by the company in respect of the above produce they shall be deducted from this item.

General directions—The manufacturing and marketing account shall not include the proceeds of the disposal of the previous year's produce, the disposal of separated whey, milk, or cream disposed of otherwise than in cheesemaking, service charge or administration levy collected from suppliers, interest, dividends, net rents, trading profit, commissions, transport operation, the cost of milk cartage, or any other items of cost or revenue not directly applicable to the process to which the account relates.

Amounts accrued or paid in advance shall be brought to account under the appropriate headings.

SCHEDULE—*continued*

Reg. 3. (1) (b)

(Form of Creamery or Whey Butter Appropriation Account)

Form No. 4 (a)

CREAMERY OR WHEY BUTTER APPROPRIATION ACCOUNT

Previous Year, 19..|..

	£ s. d.		£ s. d.
Adjustments of appropriations provided for at last balance date (under the headings specified in respect of the current year)	Balance brought down .. .. .	.....
Deficit on final disposal or settlement of any product or activity (under the headings specified in respect of the current year)	Adjustments of appropriations provided for at last balance date (under the headings specified in respect of the current year) .. .. .	.....
Balance carried down	Surplus on final disposal or settlement of any product or activity (under the headings specified in respect of the current year) .. .. .	.....
	<u>£</u>		<u>£</u>

Current Year, 19..|..

	£ s. d.		£ s. d.
Provision for taxation	Balance brought down .. .. .	.....
Provision for proposed appropriations (other than payout)—	Surplus from manufacturing and marketing account (creamery or whey butter) .. .. .	.....
Transfer to capital reserve	Net proceeds of sale or disposal of buttermilk .. .. .	.....
Transfers to revenue reserves	Net proceeds of milk or cream sales (not condensed or dried) .. .. .	.....
Other proposed appropriations	Net proceeds of milk or cream condensed or dried (including casein) .. .. .	.....
Payout on lb. butterfat (creamery or whey)—	Cream collection charged to suppliers .. .. .	.....
Advances to suppliers	Service charge or administration levy collected from suppliers .. .. .	.....
Payments on behalf of all suppliers (block subscriptions, veterinary service, etc.)	Interest, dividends, and net rents .. .. .	.....
Provision for proposed dividend or interest on shares	Trading profit and commissions .. .. .	.....
Provision for proposed final payments to suppliers	Transport service .. .. .	.....
Balance
	<u>£</u>		<u>£</u>

SCHEDULE—*continued*

DIRECTIONS FOR THE COMPILATION OF THE CREAMERY OR WHEY BUTTER APPROPRIATION ACCOUNT

Separate appropriation accounts shall be published for creamery and whey butter respectively, and the information shall be set out under the headings specified below.

(1) PREVIOUS YEAR

The first part of the appropriation account shall relate to the year previous to the one to which the accounts relate, and shall show in respect of that year—

- (a) The amount, if any, brought forward at the date of the last balance sheet:
- (b) Adjustments, if any, resulting from the final payments and transfers made in accordance with the appropriations provided for at the last balance date and approved by shareholders at the annual general meeting, set out under the headings specified in respect of the current year:
- (c) Additional revenue or deficit, if any, resulting from the final disposal or settlement of each product and activity, set out under the headings specified in respect of the appropriation account for the current year:
- (d) The amount, if any, carried forward to the second part thereof.

(2) CURRENT YEAR

The second part of the appropriation account shall relate to the year to which the accounts relate, and shall show—

- (a) The amount, if any, brought forward from the first part thereof:
- (b) The surplus from the creamery or whey butter manufacturing and marketing account, as the case may be, arrived at in accordance with the requirements of these regulations as set out in form No. 3 (a):
- (c) The net proceeds from the sale or disposal of the buttermilk resulting from the buttermaking process to which the said account relates:
- (d) The net proceeds from the sale or disposal of liquid milk or cream (but not including milk or cream which is condensed or dried by the company) after charging against these proceeds a reasonable proportion of the cream collection, operating, and overhead expenses:
- (e) The net proceeds from the disposal of milk or cream in processes other than butter or cheesemaking (including condensed milk, dried milk, and casein), after charging against these a reasonable proportion of the cream collection, operating, and overhead expenses:
- (f) Amounts collected from suppliers for cream collection costs:
- (g) Amounts collected from suppliers as service charge or administration levy for the services of the company in relation to the butterfat supply:

SCHEDULE—*continued*

- (h) Any other income (or deficit where applicable) not connected with the processing or sale of milk or cream by the company, after charging against that income a reasonable proportion of the operating and overhead expenses, set out separately under the following headings:
- (i) Interest, dividends, and net rents:
 - (ii) Trading profit and commissions:
 - (iii) Transport service:
- (i) Provision for taxation on the company's income:
- (j) Provision for appropriations, other than payout, proposed by the directors as set out in the directors' report, shown separately under the following headings:
- (i) Transfer to capital reserve:
 - (ii) Transfers to revenue reserves:
 - (iii) Other proposed appropriations:
- (k) Payout, specifying the number of pounds of butterfat to which the payments apply, and shown separately under the following headings:
- (i) Advances to suppliers for butterfat supplied during that year:
 - (ii) Milk cartage to factory paid by the company:
 - (iii) Payments made by the company on behalf of all suppliers, which shall include block subscriptions to farmers' organisations and periodicals and the cost to the company of veterinary and other services carried on by the company for the benefit of suppliers:
 - (iv) Provision for the proposed payment, if any, of dividend or interest on shares:
 - (v) Provision for the proposed final payments to suppliers for butterfat supplied during that year:
(Where payments are to be made to separate groups of suppliers at differing rates per pound of butterfat, the provision for such payments shall be shown separately, specifying in each case the number of pounds of butterfat on which payments are to be made.)
- (l) The balance, if any, to be carried forward.
-

SCHEDULE—*continued*

Reg. 3 (1) (b)

Form 4 (b)

(Form of Cheese Appropriation Account)

CHEESE APPROPRIATION ACCOUNT

Previous Year, 19../. .

	£ s. d.		£ s. d.
Adjustments of appropriations provided for at last balance date (under the headings specified in respect of the current year)	Balance brought down .. .. .	.....
Deficit on final disposal or settlement of any product or activity (under the headings specified in respect of the current year)	Adjustments of appropriations provided for at last balance date (under the headings specified in respect of the current year) .. .. .	.....
Balance carried down	Surplus on final disposal or settlement of any product or activity (under the headings specified in respect of the current year) .. .. .	.....
	<u>£</u>		<u>£</u>

Current Year 19../. .

	£ s. d.		£ s. d.
Provision for taxation	Balance brought down .. .. .	.....
Provision for proposed appropriations (other than payout)—	Surplus from manufacturing and marketing account—	.....
Transfer to capital reserve	Cheese .. .. .	.....
Transfers to revenue reserves	Creamery butter (where applicable) .. .. .	.....
Other proposed appropriations	Net proceeds of sale of separated whey .. .. .	.....
Payout on lb. butterfat—	Net proceeds of milk or cream sales (not condensed or dried) .. .. .	.....
Advances to suppliers	Net proceeds of milk or cream condensed or dried (including casein) .. .. .	.....
Milk cartage to factory paid by the company	Service charge or administration levy collected from suppliers .. .. .	.....
Payments on behalf of all suppliers (block subscriptions, veterinary service, etc.)	Interest, dividends, and net rents .. .. .	.....
Provision for proposed dividend or interest on shares	Trading profit and commissions .. .. .	.....
Provision for proposed final payments to suppliers	Transport service .. .. .	.....
Balance
	<u>£</u>		<u>£</u>

SCHEDULE—*continued*DIRECTIONS FOR THE COMPILATION OF THE CHEESE APPROPRIATION
ACCOUNT

The information shall be set out under the headings specified below.

(1) PREVIOUS YEAR

The first part of the appropriation account shall relate to the year previous to the one to which the accounts relate, and shall show in respect of that year—

- (a) The amount, if any, brought forward at the date of the last balance sheet:
- (b) Adjustments, if any, resulting from the final payments and transfers made in accordance with the appropriations provided for at the last balance date and approved by the shareholders at the annual general meeting, set out under the headings specified in respect of the current year:
- (c) Additional revenue or deficit, if any, resulting from the final disposal or settlement of each product and activity, set out under the headings specified in respect of the appropriation account for the current year:
- (d) The amount, if any, carried forward to the second part thereof.

(2) CURRENT YEAR

The second part of the appropriation account shall relate to the year to which the accounts relate, and shall show—

- (a) The amount, if any, brought forward from the first part thereof:
- (b) The surplus from the cheese manufacturing and marketing account arrived at in accordance with the requirements of these regulations as set out in form No. 3 (b); and the surplus, where applicable, from the creamery butter manufacturing and marketing account arrived at in accordance with the requirements of these regulations as set out in form No. 3 (a):
- (c) The net proceeds from the sale of separated whey resulting from the cheesemaking process to which the said account relates:
- (d) The net proceeds from the sale or disposal of liquid milk or cream, including transfers to creamery or whey butter processes (but not including milk or cream which is condensed or dried by the company), after charging against these proceeds a reasonable proportion of the operating and overhead expenses:
- (e) The net proceeds from the disposal of milk or cream in processes other than butter or cheesemaking (including condensed milk, dried milk, and casein), after charging against these proceeds a reasonable proportion of the operating and overhead expenses:
- (f) Amounts collected from suppliers as service charge or administration levy for the services of the company in relation to the butterfat supply:

SCHEDULE—*continued*

- (g) Any other income (or deficit where applicable) not connected with the processing or sale of milk or cream by the company, after charging against that income a reasonable proportion of the operating and overhead expenses, set out separately under the following headings:
- (i) Interest, dividends, and net rents:
 - (ii) Trading profit and commissions:
 - (iii) Transport service:
- (h) Provision for taxation on the company's income:
- (i) Provision for appropriations, other than payout, proposed by the directors as set out in the directors' report, shown separately under the following headings:
- (i) Transfer to capital reserve:
 - (ii) Transfers to revenue reserves:
 - (iii) Other proposed appropriations:
- (j) Payout, specifying the number of pounds of butterfat to which the payments apply, and shown separately under the following headings:
- (i) Advances to suppliers for butterfat supplied during that year:
 - (ii) Payments made by the company for the cartage of that butterfat to the factory:
 - (iii) Payments made by the company on behalf of all suppliers, which shall include block subscriptions to farmers' organisations and periodicals and the cost to the company of veterinary and other services carried on by the company for the benefit of suppliers:
 - (iv) Provision for the proposed payment, if any, of dividend or interest on shares:
 - (v) Provision for the proposed final payments to suppliers for butterfat supplied during that year:
(Where payments are to be made to separate groups of suppliers at differing rates per pound of butterfat, the provisions for these payments shall be shown separately, specifying in each case the number of pounds of butterfat on which payments are to be made.)
- (k) The balance, if any, to be carried forward.
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SCHEDULE—continued

Reg. 3 (1) (b)

Form No. 5

STATISTICS

—	Previous Year, 19..	Current Year, 19..
1. General		
Suppliers on December 31—		
Milk
Cream
Factories (number and type)
<i>Milk received—</i>		
Pounds of milk received
Milk grading percentages—		
Finest
First
Second
Average butterfat test of milk
Pounds of butterfat credited in milk
<i>Disposal of butterfat credited in milk (in pounds)—</i>		
(1) Butterfat in milk sold
(2) Butterfat in milk used in cheesemaking (no deduction for loss in whey)
(3) Butterfat in milk used in whole milk products (other than cheese)
(4) Separation allowance of 1·5 per cent of butterfat credited in milk which is separated at the factory
(5) Butterfat in cream sold (factory separated)
(6) Butterfat in cream (factory separated) used in products other than creamery butter
(7) Butterfat in cream (factory separated) used in creamery butter- making
(8) Total butterfat credited in milk
<i>Cream received (excluding factory separated cream, as above)—</i>		
Pounds of cream received
Cream grading percentages—		
Finest
First
Second
Average butterfat test of cream
Pounds of butterfat credited in cream
<i>Disposal of butterfat credited in cream (in pounds)—</i>		
(1) Butterfat in cream sold
(2) Butterfat in cream used in products other than creamery butter
(3) Butterfat in cream used in creamery buttermaking
(4) Total butterfat credited in cream

SCHEDULE—*continued*STATISTICS—*continued*

	Previous Year, 19..	Current Year, 19..
2. Creamery Buttermaking		
Butterfat in cream used—		
(1) Factory separated (own factory)		
(2) Farm separated		
(3) Received in cream from other sources		
(4) Total		
Creamery butter made—		
(1) Pounds—		
(a) Salted		
(b) Unsalted		
(2) Tons		
Yield or overrun of creamery butter (pounds of butter per pound of butterfat)		
Average grade		
Total charges to f.o.b. as per manufacturing and marketing account Statement <i>re</i> crediting of butterfat—		
(a) Percentage of fat in butter manufactured (Dairy Division analysis)		
(b) The percentage of butterfat accounted for in relation to butterfat used in the manufacture of creamery butter (to one place of decimals), based on the analyses and calcula- tions of the Dairy Division		
(c) Adjusted yield or overrun, based on the composition of the creamery butter manufactured (Dairy Division analysis)		
(d) On the basis of the preceding items, the surplus on butter- making on the adjusted yield or overrun would be affected, plus or minus, by pence per pound butterfat ..		
(e) The following statement may be included: “The Dairy Division considers that where the percentage of fat accounted for in relation to butterfat used in the manufacture of creamery butter, shown as provided in paragraph (b) above, is within the range 98·5 to 100·5 per cent, the result shall be deemed to be normal.”		
3. Whey Buttermaking		
Butterfat in cream received (pounds)—		
(1) From own whey cream		
(2) From own creamery butter department		
(3) From other companies		
(4) Total butterfat in cream received in whey butter department		
Pounds of butterfat in whey cream sold		
Pounds of butterfat used in whey buttermaking		
Whey butter made—		
(1) Pounds		
(2) Tons		
Yield or overrun of whey butter (pounds of butter per pound of butterfat)		
Average grade		
Total charges to f.o.b. as per manufacturing and marketing account		

SCHEDULE—continued

STATISTICS—continued

	—	Previous Year, 19..	Current Year, 19..
4. Cheesemaking			
Pounds of milk used in cheesemaking		
Butterfat in milk used in cheesemaking (no deduction for loss in whey)		
Average butterfat test of milk used in cheesemaking		
Cheese made (graders' weights)—			
(1) Pounds		
(2) Tons		
Pounds of milk to make 1 lb. cheese		
Yield (pounds of cheese per pound butterfat)		
Average grade		
Total charges to f.o.b. as per manufacturing and marketing account			
Whey fat recovery expressed as—			
(1) Pounds		
(2) Percentage of fat used in cheesemaking		
Statement <i>re</i> crediting of butterfat—			
(a) Percentage of butterfat accounted for in relation to butterfat used in the manufacture of cheese (to one place of decimals), based on the analyses and calculations of the Dairy Division		
(b) Adjusted yield, based on the composition of the cheese manufactured (Dairy Division analysis)		
(c) On the basis of the preceding items, the surplus on cheesemaking on the adjusted yield would be affected, plus or minus, by pence per pound butterfat	..		
(d) The following statement may be included: "The Dairy Division considers that where the percentage of fat accounted for in relation to butterfat used in the manufacture of cheese, shown as provided in paragraph (a) above, is within the range 98·5 to 100·5 per cent, the result shall be deemed to be normal."			
5. Payout Per Pound of Butterfat			
(All Grades)			
(State separately for various groups where necessary)			
(1) <i>Milk</i> (state the point at which payment is made, i.e., farm shed, farm gate, factory stage, or other specified point of delivery)—			
Pounds of butterfat on which payment is made	..		
Advance		
Payments on behalf of suppliers		
Proposed final payment		
Total		
(2) <i>Cream</i> (state the point at which payment is made, i.e., farm shed, farm gate, factory stage, or other specified point of delivery)—			
Pounds of butterfat on which payment is made	..		
Advance		
Payments on behalf of suppliers		
Proposed final payment		
Total		

T. J. SHERRARD,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations prescribe the forms of accounts and statistics which must be prepared by companies owning dairy factories.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 13 June 1957.

These regulations are administered in the Department of Agriculture.

(Notice No. Ag. 6307)