Monsanto

FROM (NAME & LOCATION) J. T. Littich/WGK

DATE : January 11, 1972

SUBJECT : Procedure for Therminol FR Returns from Outside Warehouses and Customers

REFERENCE :

cc: R. Stovall, D. Elden, L. Russe, H. Ring, P. W. Gann-GO, B. Ratliff, A. Leisy, L. Dumstorff, R. McCutchan, J. Mabrey-GO

TO : J. R. Savage
A. J. Koenig
General Offices

The procedure for handling Therminol FR 1, 2, 3 returns for either incineration, rework, upgrading or retention in inventory for future sales without upgrading is as follows:

Gann's understanding:
RETURNS FOR CREDIT
1. Team issue pink slip.
2. COP signals whse and Bill ault.
3. Receiving report, approved for credit by Gann
4. Send "approved for credit" to ault.
5. ault fills out "customer credit form".
6. Savage approves credit against his cost.
7. Credit Form goes to Elden for payment, and accounting control.

1. Special mfg. job 756-81487 has been opened to collect all costs for the above. J. R. Savage will instruct marketing to have all correspondence and customer invoices or requests for credit, etc., directed to his attention for approval and verification before this account is charged.

Gann: Material return only
Paton: all other requests for credit.

J. R. Savage will then forward this correspondence or copies to Doug Elden at W. G. Krummrich for inventory control, payment of bills and proper costing, except for miscellaneous costs that he wishes to charge directly to Sare accounts (see part 4, item B for proper classification of miscellaneous costs to be charged to the special job).

3. W. G. Krummrich Warehouse Accounting

A. If this material is returned to be incinerated, please handle in the same manner as all previous returns for incineration. All freight-in on return of these Therminol products paid by Monsanto should be charged to 02-0003-81487-597.

B. Material returned for upgrading or retention for future sales should be brought into warehouse inventory with the appropriate product code and handled as a normal returned finished goods unless otherwise indicated by J. R. Savage (D. Elden to communicate any deviation from normal handling). Proper product codes to be used are as follows:

Therminol FR-1, 81104-245
Therminol FR-2, 81102-265
Therminol FR-3, 81103-285

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C. Therefore, when departments 246 or 259 request material from the warehouse for upgrading, the move will be handled as a normal transfer to the department with the appropriate transfer ticket.

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IN-10 REV. 11-65

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4. Manufacturing Accounting - D. Elden
D. Elden will perform the following functions:

A. Incineration - Each month for proper allocation of incineration costs, prepare the following 30-0003 entry:

Debit 02-0003-756-81487-661 @$.035/lb.
Credit 02-0003-831-91424-857 @$.035/lb.

(#0.03/lb.)?

See my memo to JRS/AJK

This entry will be made if the customer is neither charged for incineration nor receives credit for material returned. Normal conditions for this situation are return of used Therminol for incineration at no charge or return of unused Therminol in drums with broken seals for which no credit will be given.

If, for some reason, the customer is given credit for material to be incinerated, please code the payment to 02-0003-81487-661 and the above entry will also be made.

B. Rework/Upgrade

1. Production supervision has estimated that an average 5% material loss will be incurred during the reworking/upgrading process. Therefore, at month-end, D. Elden will write-off, via an allocation, 5% of all material returned to the department and actually reworked to account 756-81487 with the appropriate Therminol code. By this method both the pounds of material loss and the associated cost will be collected in one account for future reference.

2. Any additional conversion or handling charges incurred by the department because of reworking or upgrading activities will be charged by D. Elden to 02-0003-81487.

3. Any outside expenses, such as special invoices from customers for work done by his employes in changing out his Therminol system or other costs related to changing over which are received by marketing or by J. R. Savage, should be forwarded to A. J. Koenig for vouchering at the GO to account 02-0003-81487-804 expense. Freight bills prepaid by the customer for which he wishes reimbursement should be handled in the same manner using 597 as the proper expense classification.

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B. Rework/Upgrade - contd.

4. If, during the reworking/upgrading process, production discovers a deviation from the expected 5% material loss, D. Elden will make the proper accounting adjustments.

5. D. Elden will assure that each month the special job 02-0003-756-81487 closes to 47-0003-70601 (the correct product codes to be assigned by D. Elden and communicated to Janet Mabrey, sales accountant).

6. J. R. Savage has acquired verbal approval from J. L. Ledbetter for all costs entering the 70601 account from the above procedure.

7. If any Monsanto warehouses wish to have any handling costs, etc, relieved from their account, D. Elden, upon notification from P. Gann, will make the appropriate entry.

1-17-72 Corp will call Sigler to establish special where account charges

J. T. Littich
Sr. Mfg. Cost Accountant

jg

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