RETURN TO
R. W. L.

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OCT 31 1919

ANNUAL OPERATING STATEMENT.

THE MARTIN VARNISH CO.

R.W.LEVENHAGEN -VICE PRES.

1918 --1919.

N25241

GENERAL SUMMARY.

	Surplus	Deficit
Raw Material	19,497.91	4. 9.27
Package Addition	6,705.45	
Dept.Burden	2,433.67	
Gen'l.Burden	5,617.49	
Raw Material Fuel		155.84
Productive Labor		155.18
L & G Gen'l.		9,538.92 Gm O/c
Total Surplus	34,314.52	
X Less Deficit	9,859.94	
Net Operating Surplus	24,454.58	= 33993.50

PROOF OF BALANCE

Net Operating Surplus	24,454.58	
Gen'l.Ledger Balance 8-31-19	27,896.03	52,350.61
Inventory 8-31-19		52,350.61

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MANUFACTURING SUMMARY.

	Items	Totals	Surplus
Raw Material	272,676.96		
Raw Material Fuel	2,418.99		
Raw Material Packages	34,737.90		
Ret'd.Goods.	464.36		
Packing Material	4,250.01		
Mfg.Service	16,885.15		
Mfg.Expense.	6,646.38		
I & G Denl.	9,538.92	347,618.67	
Raw Material	20,266.78		
Raw Material Fuel	1.20		
Raw Material Pkgs.	4,458.47		
Varnish Factory Output	294,996.19		
Varnish Inventory	52,350.61	372,073.25	
Total Mfg.Surplus		24,454.58	

	ITEMS	TOTALS	SURPLUS	DEFICIT.
Raw Materials				
Charges				
Inventory 9-1-18 &				
Purchases 1918-19	272,676.96			
Retd.Goods.(Chgd.Facty)	464.36			
Recv. & Stores Exp.	1,071.67	274,212.99		
Credits				
R.M.Sales	20,266.79			
Consumed (Per Anal.of Form)	229,500.06			
Inventory 8-30-19	43,944.05	293,710.90	19,497.91	
Package Addition				
Charges				
Raw Matl.Pkgs.	34,737.90			
Packing Materials	4,250.01			
Finishing Service	3,498.53			
Finishing Expense	17.92			
Handling Pkgs.	1,104.67	43,609.03		
Credits				
Raw Matl.Pkgs.	4,458.47			
Per Anal.of Formula	37,833.96			
Inventory 8-30-19	8,082.05	50,374.48	6,765.45	
Raw Matl.Fuel.				
Charges for year		2,418.99		
Credit(Per Anal.of Form.)	1,937.45			
Inventory 8-30-19	324.50	2,263.15		155.84
Sales	1.20			
Prod.Labor				
Charges		7,194.09		
Credits		7,028.91		165.18
Dept.Burden				
Charges				
Non-Prod.Labor	878.75			
Mfg.Dept.Expense	1,386.53			
Storage Dept.Expense	175.05			
Filling Dept.Expense	31.39	2,471.72		
Credit				
Per Anal.of Formula)		4,905.39	2,433.67	
General Burden				
Charges				
Supt.Off.& Genl.Service	3,462.55			
Supt.Off. & Genl.Expense.	360.08			
Administration Expense	4,350.30	8,172.93		
Credit				
Per Anal.of Formula)		13,790.42	5,617.49	
Loss & Gain (Dr.)		9,538.92		9,538.92
Total Surplus			34,314.52	9,859.94
Less Deficit			9,859.94	
Net Operating Surplus			24,454.58	

-9.2%

RAW MATERIAL.

Contin from Factory Office

The Raw Material surplus of 19497.91 is very large, considering the size of the account. The writer has been of the impression that s such would be the case since early in the year. In the early part of last year, we found that the Varnish plant was issuing its own slip numbers, without any check being kept by the factory office. No inventory of stocks on hand in tanks was rendered at the close of the month.

We also found in a number of cases, that the formula used by the Cost Department did not tally with the formula used in the stack. As the Cost Department did not issue the Rx Slips to the Varnish factory atthat time, no mutual check was established.

This unfortunate condition was remedied as rapidly as possible, and throuhgout the yearpast, we have continually insisted on closer cooperation on this end of the work. Conditions have improved immensely since a year ago, and we feel that things are on a much more stable basis than formerly, and look forward to a vast improvement in this respect.

The Cost department audited the principal items of material and found these items checked fairly well in total as compared with the purchases. In the rosins, however, there was a wide variation between the various grades, due to a confusion in stock numbers. The total rosins consumed checked within 2000 lbs. in total.

PACKAGE ADDITION.

Check new addition

This item was on the same footing as the Martin-Senour Co. and the same causes and effects will found to apply. We are submitting herewith a new addition for the year, which should reduce this to actual cost. We recommend the continuance of the charge to Martin-Senour Co. of $1.40 per 100 gals. for bulk goods delivered in drums to the Paint factory.

Check filling Expense

RAW MATERIAL FUEL.

The deficit in this account was due to lack of facilities for weighing coke for the greater part of the year. Since scales have been installed, we do not anticipate this difficulty for the year.

PRODUCTIVE LABOR.

The shortage in this account was caused by the failure of the Varnish factory to charge time for Tank Cleaning and Storage to the Rxs, for the first two of three months of the year. These items are now being properly taken into account,

DEPT.BURDEN

Check Revised Rate

The surplus here is due to heavy production, and an excessive rate. We are making a recommendation for a revised rate under a seperate heading.

GENERAL BURDEN

This is on the same basis as the Dept. Burden, and the same remarks apply.

LOSS & GAIN.

Check late Billing Procedure Authority against deliveries

The Loss & Gain charge is made up of voluntary credits to Martin-Senour Co. of Illinois, and Martin-Senour Co. of Nebr., for overcharges on bulk goods, due to cost inflation. This charge has been certified by our Cost Dept. and that of the Martin-Senour Co., and we have accepted the same as correct.

OK

BURDEN RECOMMENDATIONS.

The Cost for the year in Dept.Burden was 34.5%. OK The rate in use was 70%. We recommend the rate of 40% be used for October & November. Due to a miscalculation on expense, the rate used for Sept. was 60%.

The productive labor is now being charged in at the rate of $900.00 per month or $10800.00 for the year. We discount this for possible slack periods to $9000.00. We then have the following basis for General Burden:-.

Productive Labor	$9000.00
Dept.Burden at 40%	$3600.00
Total Dept.Expense.	$12,600.00

Estimated Costs:-

Supt.& Office Serv. & Exp.	4,000.00
Miscellaneous. & Sundries	200.00
Administration & Fixed Exp:	4,500.00
Total Burden	$8,700.00
Per Cent to Dept.Estimate	69.05%
Recommended for use.	70%
Used for the month of Sept.	70%

OK

Cost last year 87.5%

PACKAGE EDITION.

V1-Sq.Varn Cans-Plain.

Size of Pkgs.	1/32	1/16	1/8	1/4	1/2	1	5
No per case	384	192	96	48	24	12	1
Cost of Cans	4.75	5.00	5.90	7.50	10.90	14.90	38.00
Cost of Cases	.19	.38	.76	1.52	3.04	6.08	30.40
Cost of Labels	.20	.20	.25	.30	.33	.35	.35
Cost of Labelling	.12	.18	.27	.36	.54	.96	3.60
Cost Hdlg & Packing	.48	.72	1.08	1.44	2.16	3.84	14.40
Total Cost	5.74	6.48	8.26	11.12	16.97	26.13	86.75
5% for Conting.	.29	.32	.41	.56	.85	1.31	4.34
Cost per 100 Pkgs.	6.03	6.80	8.67	11.68	17.82	27.44	91.09
Cost per 100 Gals.	195.00	110.00	70.00	47.00	36.00	28.00	19.50
1918-19		140.00	85.00	56.00	41.00	30.00	20.00
Cleve - Jan 1920		139.27	83.58	53.13	39.38	30.00	18.78

V2-Sq.Varn.Cans.-Lithographed.

Size of Pkgs	1/16	1/8	1/4	1/2	1
No per Case.	192	96	48	24	12
Cost of Cans	7.15	10.75	11.00	15.60	23.50
Cost Cases	.38	.76	1.52	3.04	6.08
Cost Stickers	.10	.12	.12	.15	.20
Labelling Cost	.18	.27	.36	.54	.96
Hdlg.&Packing Cost	.72	1.08	1.44	2.16	3.84
Total Cost	8.53	12.98	14.44	21.49	34.58
5% for Conting.	.34	.65	.72	1.07	1.73
Cost per 100 Pkgs.	8.87	13.63	15.16	22.56	36.31
Cost per 100 Gal.	142.00	110.00	61.00	46.00	37.00

Charge for Varnish in Bbls. 6.50

In Drums to the Trade 2.85

In Drums to M.S.Co. 1.40

(Drums painted & Cleaned in three trips.)

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