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BUSINESS

CLASSIFICATION OF
INCOME AND PROFIT AND LOSS
ACCOUNTS

FOR

CARRIERS BY WATER

U.S.

AS PRESCRIBED BY THE

INTERSTATE COMMERCE COMMISSION

IN ACCORDANCE WITH SECTION 20 OF THE
ACT TO REGULATE COMMERCE

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THE INTERSTATE COMMERCE COMMISSION.

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At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 17th day of June, 1913.

The subject of Uniform Income and Profit and Loss accounts for the use of carriers by water making reports to the Commission, and of the Ledger Accounts immediately pertaining thereto, being under consideration, the following order was entered:

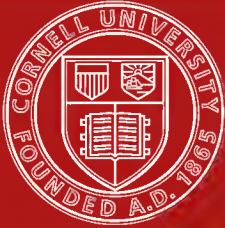
It is ordered, That the Classification of Income and Profit and Loss Accounts, including the text, general instructions, and index therein, embodied in printed form, to be hereafter known as Classification of Income and Profit and Loss Accounts for Carriers by Water, First Issue, a copy of which is now before this Commission, be, and the same is hereby, approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, be filed in the office of the Division of Carriers' Accounts; and that each of said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said Classification of Income and Profit and Loss Accounts, and the text pertaining thereto, be, and it is hereby, prescribed for the use of carriers by water having annual operating revenues exceeding \$50,000, subject to the provisions of the amended act to regulate commerce in the keeping and recording of all transactions reflected in the said Income and Profit and Loss Accounts; that each and every such carrier and each and every receiver or operating trustee of any such carrier be required to keep all income and profit and loss accounts in conformity therewith; and that a copy of the said Classification of Income and Profit and Loss Accounts for Carriers by Water, First Issue, be sent to each and every such carrier and to each and every receiver or operating trustee of any such carrier: *Provided, however,* That nothing in this order shall be construed as depriving a carrier of the right to make whatever analysis of income and profit and loss items it may deem proper for the information of stockholders or of officials who have the management of its property.

It is further ordered, That July 1, 1913, be, and is hereby, fixed as the date on which the said Classification of Income and Profit and Loss Accounts for Carriers by Water, First Issue, shall become effective.

By the Commission.

GEORGE B. MCGINTY, *Secretary.*



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GENERAL INSTRUCTIONS.

1. **INCOME ACCOUNTS DEFINED.**—Income Accounts are those accounts designed to show the total amount of money that a company receives or becomes entitled to receive from its transportation and other operations during a given fiscal period, the return accrued during the period upon investments, and the disbursements and obligations incurred that affect the amounts so received or accrued. The net balance of Income (or loss) should be carried to the Profit and Loss Account.

2. **PROFIT AND LOSS ACCOUNTS DEFINED.**—The Profit and Loss Accounts are those accounts designed to show the changes in the corporate surplus or deficit during a given fiscal period as affected by the operations and business transactions during that period as well as changes effected by appropriations of surplus made at the option of the company; by accounting adjustments with regard to matters not properly attributable to the period; or by miscellaneous gains or losses not provided for elsewhere and to show also the free surplus of the carrier at the date of the balance sheet. The Profit and Loss Account balance should be shown in the General Balance Sheet Statement under account WB 32, "Balance," or account WB 57, "Balance."

3. **GENERAL LEDGER ACCOUNTS.**—The accounts in the general ledger pertaining to Income or Profit and Loss should be kept in such form that the balances drawn therefrom may be readily classified in the accounts prescribed in this classification; and the titles of such general ledger accounts should give reference by number or title to the accounts prescribed herein in which they are included.

4. **INCOME ACCOUNT ON BASIS OF ACCRUALS.**—The text in general provides that items affecting the Income Account shall be stated upon the basis of accruals. It will be noted, however, that exceptions have been made in a few instances in which it has seemed that to require the accrual basis would lead to erroneous results, or involve unwarranted refinements in accounting.

5. **SINKING FUND ACCRUALS.**—A separate account (WI 10) has been provided in the Income Account for the purpose of showing

income from securities and other assets held in sinking and other reserve funds. Entries are to be made in this account showing the amount of income accrued on cash, securities (except those issued or assumed by the accounting company), and other assets held in such funds. No entry is to be made in this account, or in accounts representing interest on funded debt or dividends on stock, for interest or dividends on such securities as are issued or assumed by the accounting company and held by or for it.

Accounts are provided in both the Income Account and the Profit and Loss Account for appropriations of moneys and other assets to sinking funds. The amounts of such appropriations should be credited to balance-sheet account WB 56, "Reserves from Income or Surplus."

6. AUXILIARY OPERATIONS.—Carriers by water operating facilities or rendering services other than those in connection with transportation by water or incidental thereto should treat such operations as auxiliary operations when the revenues and expenses thereof, if included in the carrier's accounts dealing with transportation by water, would impair the significance of statistics prepared from such accounts. Carriers should keep separate revenue and expense accounts for each operation conducted and include the aggregate of the revenue and the aggregate of the expenses of auxiliary operations in the respective accounts provided for them in the Income Statement.

The following are some of the more important auxiliary operations conducted by carriers by water:

Amusement Parks and Resorts.

Cab and Omnibus Service.

Hotels and Restaurants.

7. CANCELLATION OF CONFLICTING PREVIOUS INSTRUCTIONS.—The rules provided in this Classification of Income and Profit and Loss Accounts supersede any conflicting instructions in classifications and accounting forms previously issued for carriers by water.

CARRIERS BY WATER.

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TEXT PERTAINING TO INCOME ACCOUNTS FOR CARRIERS BY WATER.

I. CREDITS.

WI 1. WATER LINE OPERATIONS—REVENUES.

This account should include the total operating revenues as shown in the accounts provided in the Classification of Operating Revenues for Carriers by Water.

WI 2. AUXILIARY OPERATIONS—REVENUES.

This account should include revenues derived from auxiliary operations.

WI 3. INCOME FROM LEASE OF LINE.

This account should include the amount accrued as rent of line (including floating equipment and other water-line property covered by the contract) owned or controlled by the accounting company and held by another company under lease or other agreement granting exclusive use and control for operating purposes.

This account should include the entire amount of rent receivable by the lessor according to the terms of lease or other agreement, whether it is paid to the lessor in cash or is disbursed by the lessee for the account of the lessor as interest on funded debt, guaranteed dividends on stock, or otherwise.

NOTE A.—If floating equipment is included in the lease of line, the revenue from the charter of such equipment should be credited by the lessor to this account, except when the charter is for a period less than one year, in which case the revenue from the charter should be credited to operating revenue account WR 11, "Charters Involving Rent Exclusively."

NOTE B.—When taxes on leased property are assumed by the lessor, the accruals of such taxes should be included in the lessor's account WI 16, "Water Line Tax Accruals."

NOTE C.—If property, the rent of which is chargeable to account WI 17, "Rent of Leased Lines," is sublet by the accounting company, the rent receivable therefor should be credited to this account.

NOTE D.—If, under the terms of a lease, the deficit (or any portion of it) resulting from the lessee company's operations of the property leased is payable by the lessor company, the amount should be charged to this account by the lessor.

WI 4. MISCELLANEOUS RENT INCOME.

This account should include such rents of real property carried in the real property and equipment accounts as are not provided for in account WI 3, "Income from Lease of Line." To this account should be charged the cost of maintenance of the property rented, also incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, and analogous items.

NOTE A.—If the expenses of the real property leased can not be separated from the expenses of real property used in the company's operations, the rents should be credited to revenue account WR 9, "Rents of Buildings and Other Property."

I. CREDITS—Continued.

WI 4. MISCELLANEOUS RENT INCOME—Continued.

NOTE B.—If a service (other than transportation service) is performed by the accounting company in connection with real property, the income should not be included in this account, but the service should be treated as an auxiliary operation.

NOTE C.—If property, the rent of which is chargeable to account WI 18, "Miscellaneous Rents," is sublet by the accounting company, the rent receivable therefor should be credited to this account.

NOTE D.—Taxes on real property, the rent of which is properly creditable to this account, should be charged to account WI 16, "Water Line Tax Accruals."

NOTE E.—The rent of property carried in balance-sheet account WB 6 (a), "Miscellaneous Investments—Physical Property," should not be included in this account, but in account WI 5, "Net Income from Miscellaneous Physical Property," or WI 20, "Net Loss on Miscellaneous Physical Property," as may be appropriate.

WI 5. NET INCOME FROM MISCELLANEOUS PHYSICAL PROPERTY.

This account should include the net credit balance of the revenues or income from, and the expenses (excluding taxes) of, physical property carried in balance-sheet account WB 6 (a), "Miscellaneous Investments—Physical Property."

NOTE.—If the net balance is a debit, it should be shown under account WI 20, "Net Loss on Miscellaneous Physical Property."

WI 6. SEPARATELY OPERATED PROPERTIES—PROFIT.

This account should include amounts receivable under the terms of agreements or contracts whereby the surplus resulting from the operation of properties of other companies having a separate corporate existence and operated separately is to be paid in whole or in part to the accounting company.

In determining the amount receivable by the accounting company, consideration should be given not only to the operating revenues and items of income, but also to operating expenses and income deductions which affect that amount.

NOTE A.—The amount payable by the operating company should be charged by it to account WI 25, "Income Transferred to Other Companies."

NOTE B.—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company should be included in account WI 7, "Dividend Income," WI 8, "Income from Funded Securities," or WI 9, "Income from Unfunded Securities and Accounts," as may be appropriate.

WI 7. DIVIDEND INCOME.

This account should include dividends declared on stocks of other companies, such securities being owned by the accounting company (held in its treasury or deposited in trust), or being stocks controlled through lease or otherwise, the income from which is the property of the accounting company. Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

NOTE A.—This account should not include credits for dividends on stocks issued or assumed by the accounting company and owned by it, whether held in its treasury, in special deposits, or in sinking or other reserve funds, or pledged as collateral.

NOTE B.—Dividends on stocks of other companies held in sinking or other reserve funds should be credited to account WI 10, "Income from Sinking and Other Reserve Funds."

WI 8. INCOME FROM FUNDED SECURITIES.

This account should include interest on funded securities and debenture stock of other companies, such securities being owned by the accounting company (held in its treasury or deposited in trust) or being controlled through lease or otherwise the income from which is the property of the accounting company. Interest accrued should not be credited unless its payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. In other cases the credit to this account should be based upon the interest actually collected.

I. CREDITS—Continued.

WI 8. INCOME FROM FUNDED SECURITIES—Continued.

At the option of the accounting company there may be included in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the discount or premium on funded securities of other companies owned.

NOTE A.—The term *unded securities*, as here used, means all unmatured bonds, notes, and other evidences of indebtedness (except open accounts for advances) which, by the terms of the creation of the debt, do not mature until more than one year after the date of such creation.

NOTE B.—This account should not include interest on unded securities issued or assumed by the accounting company and owned by it, whether held in its treasury, in special deposits, or in sinking or other reserve funds, or pledged as collateral.

NOTE C.—Interest on funded securities of other companies held in sinking or other reserve funds should be included in account WI 10, "Income from Sinking and Other Reserve Funds."

NOTE D.—Interest accruing on bonds, notes, and other evidences of indebtedness after maturity should be included in account WI 9, "Income from Unfunded Securities and Accounts."

WI 9. INCOME FROM UNFUNDED SECURITIES AND ACCOUNTS.

This account should include interest on unfunded and matured funded securities of other companies, interest on bank balances and open accounts, and other analogous items, including discount on short-term notes.

NOTE A.—The term *unfunded securities*, as here used, means notes and other evidences of indebtedness payable on demand or having dates of maturity one year or less from the date of issue.

NOTE B.—Interest on assets held in sinking and other reserve funds should be included in account WI 10, "Income from Sinking and Other Reserve Funds."

NOTE C.—Discounts on bills for materials and supplies purchased should not be credited to this account, but should be credited to the accounts which were charged by the original invoices.

WI 10. INCOME FROM SINKING AND OTHER RESERVE FUNDS.

This account should include the income accrued on cash, securities, and other assets (not including securities issued or assumed by the accounting company) held in sinking and other reserve funds.

At the option of the accounting company there may be included in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish (during the interval between the date of acquisition and the date of maturity) the discount or premium on funded securities of other companies held in sinking or other reserve funds.

NOTE.—Credits to fund reserve accounts representing income or reserve funds should be concurrently charged to income account WI 28, "Appropriations of Income to Sinking and Other Reserve Funds."

WI 11. RELEASE OF PREMIUMS ON FUNDED DEBT.

This account should include during each fiscal period such proportion of the premiums on outstanding funded debt as may be applicable to that period. This proportion should be determined according to the rule provided in balance-sheet account WB 49 "Unextinguished Premium on Debt."

NOTE.—The amounts credited to this account should be concurrently charged to the discount and premium accounts in which the respective premiums are carried.

WI 12. CONTRIBUTIONS FROM OTHER COMPANIES.

This account should include amounts received from other companies or individuals, under the terms of agreements or contracts, for the whole or a part of the net deficit of the accounting company, when no provision is made for subsequent reimbursement.

I. CREDITS—Continued.

WI 12. CONTRIBUTIONS FROM OTHER COMPANIES—Continued.

In determining the amount receivable by the accounting company, consideration should be given not only to the operating revenues and items of income, but also to operating expenses and income deductions which affect that amount.

NOTE A.—The amount payable should be charged by the contributing company to account WI 21, "Separately Operated Properties—Loss."

NOTE B.—This account should not include advances. (See balance-sheet accounts WB 37, "Obligations for Long-Term Advances Received," and WB 45, "Working Advances Owed to Other Companies.")

WI 13. MISCELLANEOUS INCOME.

This account should include all items, not provided for elsewhere, properly creditable to Income account during the fiscal period.

II. DEBITS.

WI 14. WATER LINE OPERATIONS—EXPENSES.

This account should include the total operating expenses as shown in the accounts provided in the Classification of Operating Expenses for Carriers by Water.

WI 15. AUXILIARY OPERATIONS—EXPENSES.

This account should include the total expenses of conducting auxiliary operations.

WI 16. WATER LINE TAX ACCRUALS.

This account should include accruals for taxes of all kinds, relating to water-line property, operations, and privileges (including that devoted to auxiliary operations) whether the assessment is based on the valuation of the property, on the amount of stocks and bonds issued or outstanding with respect to such property, on the gross or net earnings, on dividends, on the number of passengers carried, on the amount of freight transported, or otherwise.

This account should be charged each month with the amount of taxes accruing during the month. When it is not possible to determine the actual accruals, the amount of the annual taxes should be estimated and one-twelfth of the estimated amount should be charged to this account monthly. The monthly charges should be adjusted from time to time during the year as the actual tax levies become known, so as to include as nearly as practicable the total amount of the taxes in the accounts of the fiscal year to which they apply.

The taxes on leased property should be included in this account by the carrier obligated to assume such expenses under the terms of the lease.

NOTE A.—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease should be charged direct to the party assuming the expense and not included in the income account of the party first making payment.

NOTE B.—Taxes on securities owned, on income from securities owned, or on physical property other than that carried in the real property and equipment accounts should be included in account WI 19, "Miscellaneous Tax Accruals."

NOTE C.—If property other than that devoted to the service of transportation by water or auxiliary operations is so intimately connected with property devoted to such operations that the taxes thereon can not be separately ascertained, such taxes may be included in this account; also when it is impossible to ascertain from the taxing authorities the distribution of taxes between (1) property and privileges used in water-line and auxiliary operations, and (2) other property, operations, and privileges. The taxes on the latter may be included in this account. When it is possible to ascertain the taxes on other property, operations and privileges, they should be charged to account WI 19, "Miscellaneous Tax Accruals."

II. DEBITS—Continued.

WI 16. WATER LINE TAX ACCRUALS—Continued.

NOTE D.—Special assessments for street and other improvements, and special benefit taxes, such as water taxes, drainage taxes, and the like should be included in operating expense accounts, or real property and equipment accounts as may be appropriate.

NOTE E.—Taxes assessed separately on real estate acquired for additions and betterments should be charged to the appropriate real property and equipment accounts until the completion or coming into service of the property.

WI 17. RENT OF LEASED LINES.

This account should include amounts accrued as rent for lines (including the floating equipment and other property covered by the contracts) of other companies, held under lease or other agreement, by the terms of which exclusive use and control for operating purposes are secured by the accounting company.

This account should include the entire amount of rent (except taxes) payable by the lessee according to the terms of lease or other agreement, whether it is paid to the lessor in cash or is disbursed by the lessee for the account of the lessor as interest on funded debt, guaranteed dividends on stock, or otherwise.

NOTE A.—The charter of equipment included in the lease of line should be charged to this account except when the charter is for a period less than one year, in which case the amount paid for charter of equipment should be charged to operating expense account WE 56, "Charters Involving Rent Exclusively."

NOTE B.—When taxes on leased property are assumed by the lessor, the accruals of such taxes should be included in the lessor's account WI 16, "Water Line Tax Accruals."

NOTE C.—If property, the rent of which is charged to this account, is sublet by the accounting company to others, the rent from the sublease should be credited to account WI 3, "Income from Lease of Line."

WI 18. MISCELLANEOUS RENTS.

This account should include rents accrued on property held by the accounting company, under lease or other agreement, and not properly chargeable to account WI 17, "Rent of Leased Lines."

NOTE A.—This account should not include such rents as are provided for in the Classification of Operating Expenses for Carriers by Water or rent on property devoted to auxiliary operations.

NOTE B.—If real property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease should be credited to account WI 4, "Miscellaneous Rent Income."

NOTE C.—If the property rented is used in the accounting company's operations and is maintained by the lessor, such proportion of the rent payable as equals the cost (estimated, if not known) of maintaining the rented property should be charged by the accounting carrier to the appropriate operating expense account.

WI 19. MISCELLANEOUS TAX ACCRUALS.

This account should include all accruals for taxes other than those provided for in account WI 16, "Water Line Tax Accruals," such as taxes on securities owned, taxes on income from securities owned, taxes on physical property other than that carried in the real property and equipment accounts when separately assessed or when definitely separable from taxes assigned to water transportation operations, and analogous items.

NOTE.—If property other than that devoted to the service of transportation by water is so intimately connected with property devoted to such service that the taxes thereon can not be separately ascertained, such taxes may be included in account WI 16, "Water Line Tax Accruals."

II. DEBITS—Continued.

WI 20. NET LOSS ON MISCELLANEOUS PHYSICAL PROPERTY.

This account should include the net debit balance of the revenues or income from, and the expenses (excluding taxes) of, physical property carried in balance-sheet account WB 6 (a), "Miscellaneous Investments—Physical Property."

NOTE.—If the net balance is a credit it should be shown under account WI 5, "Net Income from Miscellaneous Physical Property."

WI 21. SEPARATELY OPERATED PROPERTIES—LOSS.

This account should include amounts payable under the terms of agreements or contracts whereby the deficit resulting from the operation by others of properties of other companies having a separate corporate existence and operated separately is to be paid, in whole or in part, by the accounting company.

In determining the amount payable by the accounting company, consideration should be given not only to the operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE A.—The amount receivable by the operating company should be credited by it to account WI 12, "Contributions from Other Companies."

NOTE B.—This account should not include the results from operations of property and facilities owned by the accounting company.

NOTE C.—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company should not be included in this account to offset a deficit payable. Such returns should be included in account WI 7, "Dividend Income"; WI 8, "Income from Funded Securities"; or WI 9, "Income from Unfunded Securities and Accounts," as may be appropriate.

WI 22. INTEREST ON FUNDED DEBT.

This account should include the current accruals of interest on all classes of funded debt defined in balance-sheet account WB 36, "Funded Debt," issued or assumed by the accounting company, and also the interest on receivers' certificates issued for a term of more than one year, the interest accrued on long-term advances, and the interest accrued on debenture stock.

NOTE A.—This account should not include charges for interest on funded debt obligations issued or assumed by the accounting company and owned by it, whether held in its treasury, in special deposits, or in sinking or other reserve funds, or pledged as collateral. (See account WI 28, "Appropriations of Income to Sinking and Other Reserve Funds.")

NOTE B.—When funded debt is incurred for additions and betterments purposes, the accruals of interest on such funded debt to the date of completion or coming into service of the property so acquired should be included in real property and equipment account WP 11, "Miscellaneous."

NOTE C.—Interest accruing on bonds and other securities after maturity should not be included in this account, but in account WI 23 "Interest on Unfunded Debt."

WI 23. INTEREST ON UNFUNDED DEBT.

This account should include interest accrued on unfunded debt, such as short-term notes payable on demand or having dates of maturity one year or less from date of issue, interest on matured bonds and other securities and open accounts, discount on short-term loans, and other analogous items.

NOTE.—When short-term notes or other evidences of unfunded indebtedness are issued for additions and betterments purposes the accrual of interest to the date of completion or coming into service of the property should be included in real property and equipment account WP 11, "Miscellaneous."

II. DEBITS—Continued.

WI 24. AMORTIZATION OF DISCOUNT ON FUNDED DEBT.

This account should be charged during each fiscal period with the proportion of the unextinguished discount and expense on funded debt obligations applicable to that period. This proportion should be determined according to a rule, the uniform application of which throughout the interval between the date of sale and the date of maturity will extinguish the discount and expense on funded debt.

The charge to this account for any period must not exceed the proportion applicable to that period, and a charge should be made for each period so long as any portion of the discount and expense remains unextinguished.

NOTE A.—In order that the discount and expense on funded debt may be extinguished sooner, the company may, at its option, charge to account WPL 12, "Debt Discount Extinguished through Surplus," all or any portion of the discount and expense on funded debt remaining at any time unextinguished.

NOTE B.—The amounts charged to this account should be concurrently credited to the discount and premium accounts in which the respective discounts are carried. (See balance-sheet accounts WB 24, "Unamortized Debt Discount and Expense," and WB 49, "Unextinguished Premium on Debt.")

WI 25. INCOME TRANSFERRED TO OTHER COMPANIES.

This account should include the whole or any portion of the surplus from the operations of properties by the accounting company payable to another company without provision for reimbursement under the terms of agreements or contracts.

In determining the amount payable by the accounting company, consideration should be given not only to operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE A.—The amount receivable by the other company should be credited by it to account WI 21, "Separately Operated Properties—Profit."

NOTE B.—Dividends or other payments upon securities issued or assumed by the accounting company should not be included in this account.

WI 26. MAINTENANCE OF ORGANIZATION—LESSOR COMPANIES.

This account should include the cost of maintaining the organization of lessor companies such as salaries of officers, pay of clerks and attendants, office expenses, law expenses, cost of stationery and printing, and cost of supplies.

NOTE.—This account should be used only by companies owning or controlling water transportation lines and leasing their entire lines to others and conducting no water transportation operations.

WI 27. MISCELLANEOUS FIXED CHARGES.

This account should include all items in the nature of fixed charges, not provided for elsewhere, properly chargeable to Income for the fiscal period.

WI 28. APPROPRIATIONS OF INCOME TO SINKING AND OTHER RESERVE FUNDS.

This account should include amounts definitely appropriated from Income and applied to sinking and other reserve funds; allotments of income or payments of definite amounts from income into sinking and other reserve funds under the terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments; and other accretions from income to such funds representing interest or other returns on the assets thereof.

NOTE A.—The amounts charged to this account should be concurrently credited to appropriate balance-sheet accounts.

NOTE B.—Similar appropriations made from *surplus*, should be charged to account WPL 8, "Appropriations of Surplus to Sinking and Other Reserve Funds."

II. DEBITS—Continued.

WI 29. DIVIDEND APPROPRIATIONS OF INCOME.

This account should include amounts definitely declared payable from the income of a fiscal period as dividends on actually outstanding capital stock issued or assumed by the accounting company other than debenture stock. (See definition of the several classes of capital stock in balance-sheet account WB 33 "Capital Stock"). If a dividend is not payable in cash or its equivalent the consideration should be described in the entry with sufficient particularity to identify it.

This account should be subdivided so as to show separately the dividends on the various classes of capital stock.

NOTE A.—Interest accrued on debenture stock should be charged to account WI 22, "Interest on Funded Debt."

NOTE B.—This account should not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in its treasury, in special deposits, or in sinking or other reserve funds, or pledged as collateral. (See account WI 28, "Appropriations of Income to Sinking and Other Reserve Funds.")

NOTE C.—Similar appropriations made from surplus should be charged to account WPL 9, "Dividend Appropriations of Surplus."

WI 30. APPROPRIATIONS OF INCOME FOR REAL PROPERTY AND EQUIPMENT.

This account should include amounts appropriated from income for construction, and for additions to and betterments of property carried in the real property and equipment accounts.

Records of the accounting company should be so kept that the amounts charged to this account for any fiscal period may be distinguished as, (a) amounts expended during preceding fiscal periods, (b) amounts expended during the current fiscal period, and (c) amounts held in reserve.

NOTE A.—Similar appropriations made from surplus should be charged to account WPL 10, "Appropriations of Surplus for Real Property and Equipment."

NOTE B.—The amounts charged to this account should be concurrently credited to balance-sheet account WB 54, "Surplus Invested in Property since December 31, 1912," or WB 56, "Reserves from Income or Surplus," as may be appropriate.

WI 31. STOCK DISCOUNT EXTINGUISHED THROUGH INCOME.

This account should include amounts definitely appropriated from income to reduce or extinguish the discount on capital stock issued by the accounting company. (See balance-sheet account WB 23, "Unextinguished Discount on Capital Stock.")

NOTE.—Similar appropriations made from surplus should be charged to account WPL 11, "Stock Discount Extinguished through Surplus."

WI 32. MISCELLANEOUS APPROPRIATIONS OF INCOME.

This account should include amounts definitely appropriated from income except as provided in account WI 28, "Appropriations of Income to Sinking and Other Reserve Funds," to provide a reserve for doubtful accounts and for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvements of property carried in the real property and equipment accounts; also other amounts appropriated from income and not provided for elsewhere.

NOTE.—Similar appropriations made from surplus should be charged to account WPL 13, "Miscellaneous Appropriations of Surplus."

CARRIERS BY WATER.

PROFIT AND LOSS ACCOUNTS.

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TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS FOR CARRIERS BY WATER.

I. CREDITS:

WPL 1. CREDIT BALANCE (at beginning of fiscal period).

This account should include the net credit balance in the Profit and Loss Account at the beginning of the fiscal period.

WPL 2. CREDIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

This account should include the net credit balance for the fiscal period brought forward from the Income Account.

WPL 3. REAL PROPERTY AND EQUIPMENT CREDITS.

This account should include the excess amount received from the sale of property carried in the real property and equipment accounts over the book value of the assets shown therefor. This account should include also such credits created by adjustments of real property and equipment accounts as may have been authorized by the Interstate Commerce Commission.

NOTE.—Adjustments of real property and equipment accounts should be made in conformity with the principles embodied in the Classification of Expenditures for Real Property and Equipment of Carriers by Water. If the accounts prior to January 1, 1913 (the effective date of that classification), have been incorrectly stated, and the carrier desires to so adjust that the account "Property Investment" will more accurately reflect the facts, application should be made to the Commission for permission to make such adjustments through Profit and Loss.

WPL 4. DELAYED INCOME CREDITS.

This account should include credits relating to operating revenues, operating expenses, and other income items of previous fiscal periods, when such items are greatly delayed and relatively large.

All entries in this account should be made in such detail as will indicate the operating revenue, operating expense, or other income accounts to which they relate.

NOTE.—As a rule, items affecting income should be included in the appropriate accounts in the fiscal period in which they accrue. Only those items which are greatly delayed and the amounts of which are relatively so large as to impair the figures for the current fiscal period should be included in this account. Other lap-over items should be credited to the appropriate operating revenue, operating expense, or other income accounts in the current fiscal period.

WPL 5. MISCELLANEOUS CREDITS.

This account should include amounts (not provided for elsewhere) transferred from other accounts to Profit and Loss, and amounts representing increases of resources not properly assignable to the income of the fiscal period for which the accounts are stated. Among the items which should be included in this account are:

Adjustments or cancellations of old balance-sheet accounts other than real property and equipment accounts.

Profit derived from the sale of investment securities.

Profit derived from the sale of property carried in balance-sheet account WB 6 (a), "Miscellaneous Investments—Physical Property."

I. CREDITS—Continued.

WPL 5. MISCELLANEOUS CREDITS—Continued.

Credits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost less than the par value.

Premiums on capital stock at the time of its retirement.

Unreleased premiums on funded debt retired before maturity.

II. DEBITS:

WPL 6. DEBIT BALANCE (at beginning of fiscal period).

This account should include the debit balance in the Profit and Loss Account at the beginning of the fiscal period.

WPL 7. DEBIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

This account should include the net debit balance for the fiscal period brought forward from the Income Account.

WPL 8. APPROPRIATIONS OF SURPLUS TO SINKING AND OTHER RESERVE FUNDS.

This account should include amounts definitely appropriated from surplus and applied to sinking and other reserve funds; allotments of surplus or payments of definite amounts from surplus into sinking and other reserve funds under the terms of mortgages, deeds of trust, or other contracts which provide for such allotments or payments.

NOTE A.—Similar appropriations made from income should be charged to account WI 28, "Appropriations of Income to Sinking and Other Reserve Funds."

NOTE B.—The amounts charged to this account should be concurrently credited to appropriate balance-sheet accounts.

WPL 9. DIVIDEND APPROPRIATIONS OF SURPLUS.

This account should include amounts definitely declared payable from surplus as dividends on actually outstanding capital stock issued or assumed by the accounting company other than debenture stock. (See definition of the several classes of capital stock in balance sheet account WB 33 "Capital Stock.")

If a dividend is not payable in cash or its equivalent the consideration should be described in the entry with sufficient particularity to identify it.

This account should be subdivided so as to show separately the dividends on the various classes of capital stock.

NOTE A.—This account should not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in its treasury, in special deposits, or sinking and other reserve funds, or pledged as collateral. (See account WPL 8, "Appropriations of Surplus to Sinking and Other Reserve Funds.")

NOTE B.—Similar appropriations made from income should be charged to account WI 29, "Dividend Appropriations of Income."

WPL 10. APPROPRIATIONS OF SURPLUS FOR REAL PROPERTY AND EQUIPMENT.

This account should include amounts definitely appropriated from surplus for construction and for additions to and betterments of property the cost of which is includible in the real property and equipment accounts.

These amounts should be subdivided so as to show (a) amounts expended during preceding fiscal periods, (b) amounts expended during the current fiscal period, and (c) amounts held in reserve.

NOTE A.—Similar appropriations made from income should be charged to account WI 30, "Appropriations of Income for Real Property and Equipment."

NOTE B.—The amounts charged to this account should be concurrently credited to balance-sheet account WB 54, "Surplus Invested in Property since December 31, 1912," or WB 55, "Reserves from Income or Surplus," as may be appropriate.

II. DEBITS—Continued.

WPL 11. STOCK DISCOUNT EXTINGUISHED THROUGH SURPLUS.

This account should include amounts definitely appropriated from surplus to reduce or extinguish the amount of discount on capital stock issued by the accounting company. (See balance-sheet account WB 23, "Unextinguished Discount on Capital Stock.")

NOTE.—Similar appropriations made from income should be charged to account WI 31, "Stock Discount Extinguished through Income."

WPL 12. DEBT DISCOUNT EXTINGUISHED THROUGH SURPLUS.

This account should include appropriations of surplus made, at the option of the accounting company, to reduce or extinguish the discount and expense on funded debt. (See account WI 24, "Amortization of Discount on Funded Debt," and balance-sheet account WB 24, "Unamortized Debt Discount and Expense.")

WPL 13. MISCELLANEOUS APPROPRIATIONS OF SURPLUS.

This account should include amounts definitely appropriated from surplus except as provided in account WPL 8, "Appropriations of Surplus to Sinking and Other Reserve Funds," to provide a reserve for doubtful accounts and for the discharge of the principal (less discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvement of property carried in the real property and equipment account, and other amounts appropriated from surplus and not provided for elsewhere.

NOTE.—Similar appropriations made from income should be charged to account WI 32, "Miscellaneous Appropriations of Income."

WPL 14. REAL PROPERTY AND EQUIPMENT DEBITS.

This account should include charges to Profit and Loss as provided in the Classification of Expenditures for Real Property and Equipment on account of property and equipment which has been abandoned, sold, or otherwise retired. This account should also include such charges as are necessary to adjust real property and equipment accounts when such charges have been authorized by the Interstate Commerce Commission.

NOTE.—Adjustments of real property and equipment accounts should be made in conformity with the principles embodied in the Classification of Expenditures for Real Property and Equipment of Carriers by Water. If the accounts prior to January 1, 1913 (the effective date of that classification), have been incorrectly stated, and the carrier desires to so adjust that the account "Property Investment" will more accurately reflect the facts, application should be made to the Commission for permission to make such adjustments through Profit and Loss.

WPL 15. DELAYED INCOME DEBITS.

This account should include debits relating to operating revenues, operating expenses, and other income items of previous fiscal periods when such items are greatly delayed and relatively large.

All entries in this account should be made in such detail as will indicate the operating revenue, operating expense, or other income accounts to which they relate.

NOTE.—As a rule, items affecting income should be included in the appropriate accounts in the fiscal period in which they accrue. Only those items which are greatly delayed and the amounts of which are relatively so large as to impair the figures for the current fiscal period should be debited to this account. Other lap-over items should be debited to the appropriate operating revenue, operating expense, or other accounts in the current fiscal period.

II. DEBITS—Continued.

WPL 16. MISCELLANEOUS DEBITS.

This account should include amounts (not provided for elsewhere) chargeable to Profit and Loss from other accounts, amounts written off in consequence of adjustments, and payments not properly chargeable to the income accounts of the fiscal period for which the accounts are stated. Among the items which should be charged to this account are:

Adjustments or cancellations of old balance-sheet accounts other than real property and equipment accounts.

Losses or deficits not properly chargeable to Income, such as uncollectible bills for which no reserve has been provided.

Losses resulting from the sale of investment securities.

Losses resulting from the sale, destruction, or abandonment of property carried in balance-sheet account WB 6 (a), "Miscellaneous Investments—Physical Property."

Debits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value.

Discounts on stock remaining unextinguished at the time of its retirement.
Unextinguished discounts on funded debt retired before maturity.



