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Uniform classification of accounts for wharfingers

Maine. Public Utilities Commission

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STATE OF MAINE

PUBLIC UTILITIES COMMISSION

Uniform Classification of Accounts

FOR

Wharfingers

Effective July 1, 1916

AUGUSTA, 1916

Accounting No. 6.
(5-16-150)

STATE OF MAINE

Public Utilities Commission

Uniform Classification of Accounts

FOR

WHARFINGERS

Effective July 1, 1916

AUGUSTA, 1916

Prepared under the direction of the Commission,
By RALPH A. PARKER,
Chief Accountant.

EXTRACTS FROM CHAPTER 129 PUBLIC
LAWS OF 1913

Section 9. The term "commission".....means the Public Utilities Commission.

Section 9. The term "wharfinger"includes every corporation or person, their lessors, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any dock, wharf or structure used by vessels in connection with or to facilitate the receipt or discharge of freight or passengers for compensation within this state.

Section 11. Every public utility shall keep and render to the commission in the manner and form prescribed by the commission, uniform accounts of all business transacted. In formulating a system of accounting for any class of public utilities the commission shall consider any system of accounting established by any federal law, commission or department, and any system authorized by the national association of such utility.

Section 12. Every public utility engaged directly or indirectly in any other subsidiary business shall, if ordered by the commission, keep and render separately to the commission in like manner and form, the accounts of all such business, in which case all the provisions of this act shall apply with like force and effect to the books, accounts, papers and records of such other business.

Section 16. The accounts of all public utilities shall be closed annually on the thirtieth day of June, and a balance sheet of that date promptly taken therefrom. On or before the first day of September following, such balance sheet together with such other information as the commission shall prescribe, verified by an officer or owner of the public utility, shall be filed with the commission.

STATE OF MAINE

PUBLIC UTILITIES COMMISSION

AUGUSTA, May 16, 1916.

In accordance with Chapter 129, Section 11 of the Public Laws of 1913 this commission has had prepared under its direction the herein described accounts which shall be known as the "Uniform Classification of Accounts for Wharfingers," and in order that same may become operative

It is hereby Ordered:

First: That on and after July 1, 1916, every "wharfinger" operating a wharf, said "wharfinger" being defined in Section 9 of Chapter 129 of the Public Laws of 1913, (see page 3 of this edition) shall keep upon its books in the manner and form prescribed in the "Uniform Classification of Accounts for Wharfingers" the accounts therein so far as the same are applicable to the business of each "wharfinger."

Second: That in order that each and every "wharfinger" may comply with the requirements of this order a copy of the "Uniform Classification of Accounts for Wharfingers" shall be sent to said wharfinger in time to make such changes in their present methods of accounting as may be necessary.

Third: That on and after July 1, 1916, no wharfinger shall charge to any account representing cost of property or capital any discount or commission on securities issued by the said wharfinger, but shall charge such discounts, commissions and other expense connected with the issued of securities subsequent to the said date, in accordance with the instructions given in Account No. 170—Debt Discount and Expense.

Fourth: That during the year beginning July 1, 1916, any wharfinger may, for purposes of comparison, keep on its books, in addition to the accounts hereby prescribed, such portion or portions of its present accounts as may be deemed desirable by any such wharfinger.

Fifth: That for purposes of efficiency of administration and operation, any company may, unless or until otherwise ordered, keep on its books, any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that such temporary, experimental, or divisional account shall not impair the integrity of any account hereby prescribed.

Sixth: All accounts shall be closed annually on the thirtieth day of June and a balance sheet of that date promptly taken therefrom, one

copy of which shall be forwarded at once to this department. On or before the first day of September next following, the utility shall prepare on blanks furnished it for the purpose, and file with this department a report, verified by an officer or owner of the utility, containing a copy of such balance sheet together with such information as the commission may prescribe.

Seventh: A copy of this order and of the groups of accounts, classifications and texts herein contained and pertaining to the "Uniform Classification of Accounts for Wharfingers," duly attested by the Clerk of this Commission as "A true copy of the original order and of the groups of accounts, classification and texts pertaining to and constituting the 'Uniform Classification of Accounts for Wharfingers' adopted by the Public Utilities Commission, May 16, 1916, authenticated and filed as a permanent record", shall be filed in the archives of the commission and shall be deemed an original record thereof.

L. S.

BENJAMIN F. CLEAVES,
WILLIAM B. SKELTON,
CHARLES W. MULLEN,
Public Utilities Commission.

GENERAL INSTRUCTIONS

Accounts to be kept by double-entry method. All accounts kept by any corporation or person within the scope of the present order shall be kept by the double-entry method.

Note:—This requirement is not intended to apply to purely statistical accounts.

First entries must enable identification. The first entry relating to anything for which a charge or a credit is made to any fixed capital or investment account shall describe the property in respect of which the entry is made with such fullness and particularity as to enable its identification.

Cost to be actual money cost. All charges made to the Real Property and Equipment account with respect to any property acquired on or after July 1, 1916, shall be the actual money cost of the property. When the consideration actually given for anything with respect to which a charge is made to any fixed capital or property account is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

Cost of labor, material and supplies. Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of material and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection and storeroom expenses when specifically assignable. The term "cost" as used herein means the actual cost in money of property acquired after construction, or if the consideration given is other than money, the actual money value of such other consideration at the time of the purchase.

Withdrawals and retirements. When anything (not including minor parts the replacements of which are considered as repairs) is withdrawn or retired from service, the amount at which it stood charged at the time of withdrawal shall be credited to the account to which it was originally charged, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based and the

name of the person by whom estimated, shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

The classification of accounts herein prescribed has been outlined to cover as nearly as possible the needs of all wharfingers, but there will, without doubt, be questions arise which will necessitate further explanation. The accounting officers of the utilities are therefore requested to correspond with the Commission in regard to any information they may desire in connection with the accounting work.

BALANCE SHEET OR
INDICANT ACCOUNTS

SCHEDULE A

BALANCE SHEET OR INDICANT ACCOUNTS

Balance sheet accounts defined. By balance sheet accounts are meant those titles under which the ledger accounts are combined and summarized to show the assets, liabilities, and profit and loss of the business at a given time. Where the title and definition of a balance sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledged account shall be raised under such a title to include the balance from the accounts usually carried on the ledger.

The figures and letters prefixed to the titles of accounts in the following definitions and instructions are solely for convenience of reference, and are no part of the title or definition.

ASSETS

WH. 1. REAL PROPERTY AND EQUIPMENT ACCOUNT

Charge to this account the cost of all property used by the utility in its operations as a wharfinger.

Such charges include the cost of wharves, docks, piers, slips, etc., also cost of land, storehouses, office buildings, equipment and other property used in connection with the operations as a wharfinger.

Organization expenses as well as engineering, superintendence, legal expenses, taxes, insurance, etc., during construction shall be charged to this account.

131. PROPERTY IN OTHER DEPARTMENTS

Charge to this account the cost of all property of the corporation coming within the definition of tangible property devoted to other than wharfinger operations.

140. CASH

Charge to this account all money coming into the possession of the company. This includes coin of the United States, United States Treasury notes, gold and silver certificates and greenbacks. Also charge to it all bank credits, checks, etc.

Credit to this account all cash disbursements of the corporation.

141. NOTES RECEIVABLE

Charge to this account the cost of all notes or bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns and individuals are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued.

This account does not include investments, nor does it include interest coupons.

142. ACCOUNTS RECEIVABLE

Charge to this account all amounts owing to the company upon open book accounts with solvent concerns and individuals including amounts due from agents, insurance claims, rents collectible, dividends collectible, interest collectible, etc.

143. MATERIAL AND SUPPLIES

Charge to this account the cost (including transportation) of all material and supplies which are not debited, on receipt, directly to the construction or operating expense account for which they are purchased regardless of whether the same are intended to be consumed in construction or operation or later to be sold.

When material or supplies, the cost of which has been charged to this account, are issued for use, the cost of the same should be credited to Material and Supplies and debited to the proper construction or operating expense account.

Inventories of Material and Supplies should be taken at least yearly, and any shortages or overages disclosed by such inventories shall be credited or debited to the proper accounts.

170. DEBT DISCOUNT AND EXPENSE

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and of the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account.

To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be

credited to this account and charged to "Extinguishment of Discount on Debt."

Such discount and expense may, if desired, be extinguished more rapidly through charges of all or any part of it, either at the time of issue or later, to the year's profit and loss.

175. DISCOUNT ON CAPITAL STOCK

When capital stock is issued for a consideration whose cash value is less than the par value of the stock sold, the excess of such par value over the cash value shall be charged to this account.

Entries to this account should be carried therein until offset by assessments levied on stockholders, by appropriations of surplus for that purpose, or by charges to Corporate Surplus or Deficit account upon reacquirement or retirement of stock.

176. OTHER ASSETS

Charge to this account all other assets not provided for in the above accounts. Subdivisions of this account may be carried showing such items as prepaid accounts, sinking fund assets, special deposits, etc.

LIABILITIES

179. PROPRIETOR'S ACCOUNT

If the wharf or wharves are operated by an individual, firm, co-partnership or association, this account should be credited for the total amount paid into the business by the individual or members of the firm, co-partnership or association.

The balance of the Profit and Loss Account at the end of each fiscal period should be closed to this account.

In cases where there are two or more owners this account should be subdivided so that each member will have an account which will represent his investment in the company.

180. CAPITAL STOCK

This account shall include the total par value of outstanding capital stock. In case of the issue of two or more classes of capital stock, this account shall be kept so as to easily determine the amount of each class.

190. FUNDED DEBT

This account shall include the par value of all bonds, notes, mortgages, receiver's certificates, and other evidences of indebtedness issued or assumed by the company and which are not due and payable until after one year from date of issue. In case of the issuance of two or more classes of funded debt a sub-account shall be provided for each class.

200. NOTES PAYABLE

This account shall include the par value of all notes, and other evidences of indebtedness issued or assumed by the company, and which are payable on demand or within one year from the date of issue.

201. ACCOUNTS PAYABLE

This account shall include amounts owing to other companies, firms and individuals, including miscellaneous unpaid bills, audited vouchers unpaid, etc.

When payment upon any of the above items is made, this account shall be charged and Cash or other accounts effected shall be credited.

210. ACCRUED LIABILITIES

To this account shall be credited amounts accrued for dividends, interest, rents, taxes, etc.

When payments upon any of the above items are made this account shall be charged and Cash or other accounts affected shall be credited.

220. PREMIUM ON CAPITAL STOCK

When capital stock is issued for a consideration whose cash value is more than the par value of the stock sold, the excess of such cash value over the par value shall be credited to this account.

Entries to this account shall be carried permanently unless offset by discounts suffered on sales of the same class of stock or by credits to Corporate Surplus or Deficit account upon reacquirement or retirement of the stock.

221. UNEXTINGUISHED PREMIUM ON DEBT

When funded debt securities or other evidence of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidence of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest should be credited to this account.

At certain periods (at least yearly) thereafter a proportion of such premium, based on the life of the Security or other evidence of indebtedness to maturity, should be charged to this account and credited to Account No. 433—"Extinction of Premium on Debt—Credit".

230. RESERVE FOR DEPRECIATION

Credit to this account such amounts as are charged from time to time to Account No. WH255—Depreciation and Contingencies—to provide for the renewal of tangible property and a reserve to meet the cost of uninsurable casualties and contingencies. When property is

retired from service the original cost thereof should be credited to the "Real Property & Equipment Account", and the said amount, less salvage, concurrently charged to this account.

If the value of the property retired exceeds the accrued depreciation on same the excess may be charged to a suspense account and carried as a subdivision under "Other Assets".

233. OTHER LIABILITIES

This account shall include all credit items pertaining to the balance sheet and not provided for elsewhere, including credit items the final disposition of which is uncertain.

235. PROFIT AND LOSS

This account is the connecting link between the Income Account and the Balance Sheet Accounts. In it are summarized the losses or gains of a corporation during a given period as well as those affected by any disposition of net profits made solely at the option of the corporation, by accounting adjustments not properly attributable to the period or by miscellaneous losses or gains not provided for elsewhere.

A credit balance of this account will represent "surplus" and appear on the liability side of the balance sheet; a debit balance will represent a "deficit" and appear on the Asset side of the balance sheet.

INCOME ACCOUNTS

SCHEDULE B

INCOME ACCOUNTS

Revenue defined. The revenues of a utility are the amounts of money or money's worth which it becomes lawfully entitled to receive, and hence should include all amounts which have been earned, or which have accrued, for a given period, whether received in cash or not.

WH240. WHARFAGE REVENUE

Credit to this account all revenue received or accrued to the accounting company for wharfage. This includes amounts received or earned in accordance with the published rates of the respondent company for storage purposes on its wharves, docks, piers, or in storehouses connected therewith.

WH241. DOCKAGE REVENUE

Credit to this account all revenue received or accrued to the company for dock privileges. This includes the revenue derived from vessel owners whose vessels make landings at the wharves of the respondent for the purpose of loading and unloading freight, passengers, mail, etc.; also extra revenue earned on account of additional charges for exceeding the time limit in which to load and unload.

WH242. MISCELLANEOUS REVENUE

Credit to this account all revenue received or earned by the utility and for which no provision has been made in the two foregoing accounts.

OPERATING EXPENSE
ACCOUNTS

OPERATING EXPENSE ACCOUNTS

Operating expenses defined. By operating expenses are meant the expenses of conducting the operations of a wharfinger and services incident thereto, the expenses of maintaining the property devoted to the operations of a wharfinger, and the expenses of collecting revenues and accounting, and the general and supervision expenses in connection with the foregoing. In order that the operating expenses shall clearly reflect only the cost of rendering the service, all expenses incident to the operation of any other utility service performed, or of any transaction of a commercial nature, shall be excluded therefrom.

Operation should be understood to mean the labor, material, supplies and expenses incurred in carrying out the purposes of a wharfinger, exclusive of all charges for "Maintenance."

Maintenance should be understood to mean the cost of the "upkeep" of the real property and equipment used and useful in operations of a wharfinger, and should cover all expenditures for repairs, renewals, etc., which are necessary in order to keep the property up to its original or equivalent state of efficiency.

WH250. REPAIR OF REAL PROPERTY AND EQUIPMENT

Charge to this account the cost of repairing the real property and equipment of the wharfinger.

This includes the cost of labor, material, etc. used in repairing wharves, docks, piers, slips, etc.; also cost of repairing any land, storehouses, office buildings or other equipment owned by the respondent company and used in its operations as a wharfinger.

WH251. SALARIES AND WAGES OF EMPLOYEES

Charge to this account the pay of all officers, agents, clerks, employees, etc. whose duty it is to perform some part of the operation of the utility as a wharfinger, unless such work is in the nature of repairs, in which case it should be charged to Account No. WH250—Repair of Real Property and Equipment.

WH252. MISCELLANEOUS SUPPLIES AND EXPENSES

Charge to this account the cost of all supplies and expenses not properly chargeable to any of the foregoing accounts.

This includes the cost of office supplies, advertising, printing, telephone and telegraph, postage, insurance, etc.; also cost of heating, lighting, etc.

WH253. TAXES AND RENTALS

Charge to this account the amount or amounts paid or accrued for taxes of every description, including taxes on wharves, docks, piers, buildings, capital stock, franchises, gross receipts, easements and Federal (income) tax.

Charge also amounts paid or accrued for rents of property used in connection with that owned by the reporting company.

WH254. INJURIES AND DAMAGES

Charge to this account the expenses incurred on account of persons killed or injured and property damaged in connection with the operation of the wharf or wharves; pay and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustments of claims, salaries, fees, and expenses of surgeons and doctors; cost of nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; amounts paid in settlement of claims of persons for personal injuries sustained in connection with the operation of the wharf or wharves, and amounts paid in settlement of claims for damage to property not owned by the accounting company.

Charge also all law expenses in connection with the defense or settlement of damage claims.

WH255. DEPRECIATION AND CONTINGENCIES

This account shall be charged periodically an amount—estimated or determined by some method prescribed by the officials of the corporation—which will be sufficient to cover the cost of future replacements of tangible property, made necessary on account of gradual wear and tear and obsolescence and inadequacy as have accrued during the period of such property, any portion of the intangible capital as may have expired during the period, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties. Amounts charged to this account shall be credited to the account known as "Reserve for Depreciation."

Note:—When any property is retired from service, the original money cost thereof—estimated if not known—less salvage, should be charged to the reserve account "Reserve for Depreciation."

WH256. OTHER GENERAL EXPENSE.

Charge to this account all operating expenses not provided for in the operating expense accounts given above.

DEDUCTIONS FROM INCOME

430. INTEREST DEDUCTIONS

Charge to this account the interest accruing on the funded and unfunded debt of the corporation. This includes the interest on mortgage bonds, income bonds (if interest on such be payable), debentures and mortgages and ground rents; also all interest paid or accrued on promissory notes or other unfunded debt.

Credits for interest passed to Account No. 210 should be charged to this account.

431. SINKING FUNDS

Charge to this account and credit Other Liabilities the amount of all accruals required to be made to Sinking Fund in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds.

432. EXTINGUISHMENT OF DISCOUNT ON DEBT

Charge to this account at the close of each year the proportion of the unextinguished discount on securities applicable to the period. This proportion shall be such an amount as will completely wipe out the discount on the debt during the interval between issue and maturity of the same.

The corporation may, if it so desires, wipe out such discount earlier by charging all or any portion thereof to the year's profit and loss account.

433. EXTINGUISHMENT OF PREMIUM ON DEBT—CREDIT

Credit to this account at or after the close of any fiscal period the proportion of the premium received on outstanding debt at time of issue which is applicable to the period. This proportion is to be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium so received. Such extinguishment may, at the option of the corporation, be affected by crediting all or any portion of such premium to Profit and Loss Account upon the maturity of the debt.

434. OTHER DEDUCTIONS FROM INCOME

Charge to this account all deductions from income not provided for in the foregoing accounts.

APPROPRIATIONS

440. DIVIDENDS DECLARED

When any dividend is declared upon any outstanding stocks of the corporation the amount of such dividend shall thereupon be charged to this account. All entries to this account should show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is not payable in money the actual money value of the payment should be stated as the amount of the dividend.

When a dividend is declared upon stock of the corporation held in its treasury, the amount of such dividend thereon should be credited to this account.

441. MISCELLANEOUS APPROPRIATIONS

Charge to this account all expenses not chargeable as a part of operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations of funds to associations, and other like expenses and obligations.

Charge or credit also to this account all adjustments, affecting previous years' Profit and Loss not applicable to the current fiscal year.

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