

LEM

Decision No. 20433.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
on the Commission's own motion of a)
proposed uniform classification of)
accounts for warehousemen.)

Case No. 2597

- L. A. Bailey, for the California Warehousemen's Association, Warehousemen's Association of the Port of San Francisco, and Los Angeles Warehousemen's Association.
- A. C. Bing, for Union Terminal Warehouse Company.
- C. Eildreth, C. R. O'Brien and J.C. Swain, for Lawrence Warehouse Company.
- E. I. Clark, for Pacific Coast Railway Company.
- Earl Beedy, for Davis & Potter Warehouse Company, Rattlesnake Warehouse Company, Story Warehouse Company, Califa Warehouse, Sharon & Kismet, Talbot Warehouse Company, Saunders Warehouse Company and Schupe Warehouse.
- C. A. Monroe, for California Navigation and Improvement Company.
- H. B. Marshall, for Tarke Warehouse Company and Old Pioneer Warehouse Company.
- J. E. Brothers, for Heck Bros. Warehouse.
- Thomas B. Lally, for Visalia Milling Co.
- W. E. Busby, for Heiskell and Company, Incorporated.
- F. J. Mahoney, for Saticoy Warehouse Company.
- H. G. Ramsey, for Howard Warehouse.
- W. E. Hibbett, for Lawrence Distributing Company.
- M. E. Turner, President, California Warehousemen's Association, and Secretary Los Angeles Warehousemen's Association.
- H. G. Turner, for Grange Warehouse and Storage Company.
- S. M. Haslett, for Haslett Warehouse Company.
- M. Christianson, for California Transportation Company.
- W. H. Dillon, for Southern Pacific Milling Company.

BY THE COMMISSION:

O P I N I O N

This is a proceeding instituted on the Commission's own motion for the purpose of prescribing a uniform system of accounts for warehousemen.

Hearings were held in this matter before Examiner Gannon on October 1st and 15th.

All warehousemen having rates on file with the Commission were notified of the hearing set for October first and furnished with a copy of the proposed uniform system of accounts. At that hearing representatives of various warehousemen suggested that certain changes be made in the proposed uniform system of accounts, while others urged that the rural warehousemen be exempt from keeping their accounts and records in accordance with said proposed uniform system of accounts.

The proposed changes have been considered. A revised copy of the system of accounts has been prepared and is attached hereto as "Exhibit A". The order herein will require that all warehousemen, except such as may hereafter be exempted, who operate in cities having a population of 25,000 or more must, on and after January 1, 1929, keep their accounts and records in accordance with said system of accounts attached hereto.

We have no desire at this time to require warehousemen whose storage is limited to agricultural products, to keep their accounts as herein indicated. If any such operate in cities having a population of 25,000 or more and wish to be exempt from the effect of this order they will be required to file with the Commission a written request for such exemption. Such a request should contain a statement showing the commodities stored. Until a warehouseman receives a written reply granting the request, he must comply with the order herein.

ORDER

Public hearings having been held in the above entitled matter and the Commission having given due consideration to the evidence submitted at such hearing,

IT IS HEREBY ORDERED AND DIRECTED that all warehousemen operating in cities having a population of 25,000 or more and subject to the provisions of the Public Utilities Act must, on and after January 1, 1929, keep their accounts and records in accordance with the system of accounts contained in "Exhibit A" attached hereto, which uniform system of accounts is hereby adopted and prescribed by the Railroad Commission for said warehousemen, unless the Railroad Commission hereafter exempts them from the provisions of this order.

DATED at San Francisco, California, this 13th day of November, 1928.

C. Seaver

David Lovett

M. J. Carr

Commissioners.

UNIFORM SYSTEM OF ACCOUNTS
FOR WAREHOUSEMEN.

OPERATING IN CITIES HAVING
a
POPULATION IN EXCESS OF 25,000.

EXHIBIT A

GENERAL RULES AND REGULATIONS, INFORMATION
AND DEFINITIONS.

SECTION 1. The authority under which this Uniform System of Accounts is prescribed.

This Uniform System of Accounts is established and issued by the Railroad Commission of the State of California pursuant to the authority granted in Section forty-eight (48) of the Public Utilities Act which reads:-

"The Commission shall have power to establish a system of accounts to be kept by the public utilities subject to its jurisdiction, or to classify said public utilities and to establish a system of accounts for each class, and to prescribe the manner in which such accounts shall be kept. It may also in its discretion prescribe the forms of accounts, records and memoranda to be kept by such utilities, including the accounts, records and memoranda of the movement of traffic as well as the receipts and expenditures of moneys, and any other forms, records and memoranda which in the judgment of the commission may be necessary to carry out any of the provisions of this act. The system of accounts established by the commission and the forms of accounts, records and memoranda prescribed by it shall not be inconsistent, in the case of corporations subject to the act of congress entitled "An act to regulate commerce", approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof, and supplementary thereto, with the systems and forms from time to time established for such corporations by the interstate commerce commission, but nothing herein contained shall affect the power of the commission to prescribe forms of accounts, records and memoranda covering information in addition to that required by the interstate commerce commission. The commission may, after hearing had upon its own motion or upon complaint, prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited. Where the commission has prescribed the forms of accounts, records or memoranda to be kept by any public utility for any of its business, it shall thereafter be unlawful for such public utility to keep any accounts, records or memoranda for such business other than those so prescribed, or those prescribed by or under the authority of any other state or of the United States, excepting such accounts, records or memoranda as shall be explanatory of and supplemental to the accounts, records or memoranda prescribed by the commission."

SECTION 2. DEFINITIONS.

The term "warehouseman" when used in this system of accounts "includes every corporation or person, their lessees, trustees, re-

receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any building or structure, in which property is regularly stored for compensation within this state, in connection with or to facilitate the transportation of property by a common carrier or vessel or the loading or unloading of the same, other than a dock, wharf or structure owned, operated, controlled or managed by a wharfinger." (Section two, (aa) of Public Utilities Act).

The term "warehouseman" when used in this system of accounts further "includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any building, or structure, or warehouse, in which merchandise, other than secondhand household goods or effects, and other than merchandise sold but retained in the custody of the vendor, is regularly stored for the public generally, for compensation, within this state, excepting warehouses conducted by any nonprofit, cooperative association or corporation which is engaged in the handling or marketing of the agricultural products of its members; also excepting warehouses conducted by the agents, in dividual or corporate, of such associations or corporations, while acting within the limitations imposed by law on the principal of any such agent." (Section two and one half (2½) of Public Utilities Act).

SECTION 3. TO WHOM DOES THIS UNIFORM SYSTEM OF ACCOUNTS APPLY.

The uniform system of accounts referred to herein will apply to every warehouseman as defined in the foregoing section two, except those who operate in cities having a population of less than twenty five thousand.

SECTION 4. GENERAL OUTLINE OF ACCOUNTS.

a. All accounts under this system shall be kept by the double entry method.

b. For convenience the accounts have been classified under six general divisions, namely: balance sheet accounts, fixed capital accounts, profit and loss accounts (surplus), income accounts, operating revenue accounts and operating expense accounts. In each subdivision the titles of the accounts are shown followed by the text thereof and where necessary, explanatory notes are appended.

c. The numbers prefixed to account titles are solely for convenience of reference and are not part of the titles or definitions.

SECTION 5. ACCOUNTING PERIODS.

The accounting under this system of accounts shall begin on January 1, 1929 and unless otherwise authorized by the Commission the entries shall be made and the accounts kept on a monthly basis. Books and accounts shall be closed annually thereafter as of December 31st.

SECTION 6. RECORDS.

a. The general books of account and all other books, records and memoranda which support in any way the entries in such books shall be kept in such manner that full information can be furnished at any time relative to any particular entry therein. Each entry to every account shall be supported by detailed information enabling a ready identification and verification of such entry.

b. The books and records referred to herein include not only all accounting records in a limited technical sense, but all other records such as minute books, stock books, etc., which will be useful in developing the history of any of the transactions.

c. No warehouseman shall, except as may be permitted by the Commission's general order, number twenty-eight (28), destroy or

otherwise dispose of any records which support entries to any of his accounts or records referred to herein which are necessary for an analysis of the accounts, or which may be useful in developing the history of transactions.

d. All records shall be kept where they will be reasonably protected from theft, or from damage by fire, flood or otherwise, and where they will be readily accessible for inspection by duly authorized representatives of the Commission.

SECTION 7. SUBMISSION OF ACCOUNTING QUESTIONS.

To the end that uniformity of accounts may be maintained all questions of doubtful interpretation of the accounting rules and regulations shall be submitted to the Commission for consideration and decision.

SECTION 8. SUBACCOUNTS.

Nothing contained in this system of accounts prohibits a warehouseman from segregating his receipts and payments in further refinement by the creation of two or more subaccounts representing one primary account in this system of accounts, provided that any one group of subaccounts shall contain only such items as are stated herein to be properly included in the primary account which they represent.

SECTION 9. RATES.

In prescribing this system of accounts, the Commission does not bind itself to approve any item set out in any account, either as to amount, or character, for rate fixing purposes or when authorizing the issuance of securities. This prescribed system of accounts is designed to set out the facts in connection with a warehouseman's investment, revenues and expenditures and therefrom the Commission will determine, when engaged in fixing rates or approving the issues of securities just what consideration shall be given to the various items in the several accounts.

SECTION 10. APPORTIONMENT OF COST OF PROPERTY AND EXPENSES,
ETC. BETWEEN UTILITY AND NON-UTILITY BUSINESS.

It is realized that some of a warehouseman's property may be used both in, public utility and non-utility business. If such is the case the cost of such property, and the revenues and expenses appertaining thereto shall, on some equitable basis, be apportioned to public utility and non-utility accounts.

CLASSIFICATION OF BALANCE SHEET ACCOUNTS.

GENERAL INSTRUCTIONS AND DEFINITIONS.

SECTION 1. DEFINITION OF BALANCE SHEET.

The balance sheet is a statement of the assets, liabilities and surplus or deficit of the business at a given time. It contains a statement of the ledger balances after the accounts covering the revenues, expenses and other income and deduction items have been closed into the profit and loss accounts.

Where the title and definition of a balance sheet account clearly indicates that it is a summary of other accounts, it is not required that a special ledger account shall be raised under such title to include the balances from the accounts usually carried on the ledger.

SECTION 2. DISCOUNT AND PREMIUM ON CAPITAL STOCK.

a. By the term "discount" is meant the excess of the par value of stocks actually issued or assumed (and accrued dividends, if any, expressed in the contract of sale) over the actual cash value of the consideration received for such stocks. By the term "premium" is meant the excess of the actual cash value of the consideration received for stocks or assumed over the par value of such stock (and accrued dividends, if any).

b. Ledger accounts shall be provided in which to include at the time of issue the discounts and premiums from each class of capital stock having par value, issued or assumed by the corporation, such as common, preferred, etc. Appropriate entries shall also be made in these ledger accounts in connection with assessments levied on the stockholders or appropriations from surplus and reduction of discounts, reference to which is made in paragraph "c" following; also for adjusting the premium and discount accounts upon reacquirement of stock required by paragraph "d" following.

c. Entries in these accounts representing net discounts shall be carried therein until offset (1) by premiums realized on subsequent sales of the same class of stock, (2) by assessments levied on the stockholders, (3) by appropriations from profit and loss for that purpose, or (4) by charges to profit and loss upon reacquirement of the stock. Entries in these accounts representing premiums shall be carried therein until offset (1) by discounts suffered on sales of the same class of stock, (2) by credits to profit and loss upon reacquirement of the stock.

d. When stock which has been issued or assumed by a warehouseman is reacquired, the difference between the price paid and the par value of the stock, or in case of stock without par value, the difference between the price paid and the value carried in account 150 "Capital Stock," shall be charged or credited to profit and loss as may be appropriate. Concurrently the premium or discount account for the particular issue of stock reacquired shall be adjusted through profit and loss to the extent of the premium or discount applicable to the shares reacquired. In making such adjustment the credits and debits to profit and loss shall be included in account 315 and 335 respectively. In case the premium or discount realized at the prior sale of the stock reacquired has been included in an account other than the premium and discount account, such account shall be concurrently adjusted through profit and loss to the extent of the premium or discount previously included therein with respect to the shares reacquired. This paragraph does not apply to stocks issued or assumed by the corporation when purchased for special funds and carried in the accounts at cost.

e. In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation. If the warehouseman distributes all or any part of the net premium on its capital stock to stockholders, the amount thus distributed shall be charged to the appropriate premium account.

f. Expenses in connection with the initial issue and sale of stock such as fees for drafting stock certificates; fees and taxes for issuing and recording stock certificates; cost of printing stock certificates; fees and commissions paid underwriters and brokers for marketing such stock; and other like expense, shall be included in fixed capital account 200 "Organization."

SECTION 3. DISCOUNT, EXPENSE, AND PREMIUM ON DEBTS.

a. By the term "discount" is meant the excess of the par value of the debts issued or assumed and the accrued interest thereon, over the actual cash value of the consideration received for such debts.

By the term "premium" is meant the excess of the actual cash value of the consideration received for debts issued or assumed over the par value of such debts and the accrued interest thereon.

b. By the term "expense" is meant all expenses in connection with the issue and initial sale of evidences of debt, such as fees for drafting mortgages and deeds of trust; fees and taxes for issuing and recording mortgages and deeds of trust; cost of printing bonds, certificates of indebtedness, and other commercial paper; costs incident to obtaining governmental authority to incur debt; fees other than annual charges paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing evidences of debt; and other like expenses. Expenses incurred subsequent to the issue and initial sale of evidence of debt; such as payments to trustees for services in connection with

the payment of interest on or the redemption of debt obligations should be charged to operating expense account 645 "Corporation Expenses," or other appropriate account.

c. Ledger accounts shall be provided in which to include the discount suffered, expenses incurred, and premiums realized at the sale of each class of debt. If fixed capital accounts are debited or credited with any portion of the discount, expense and premium on debt, the amount included in fixed capital accounts shall be debited or credited as may be appropriate to the ledger account for discount, expense and premium; and when entries are made debiting or crediting income accounts for amortization of debt discount, expense and premium or debiting or crediting profit and loss accounts, contra credits and debits shall be made to the appropriate ledger accounts. In stating the balance sheet the total of the net debit balances remaining in the several ledger accounts shall be reported under balance sheet account 112, "Unamortized discount and expense on debt" and the total of the net credit balances remaining in the several ledger accounts shall be reported under balance sheet account 159, "Unamortized premium on debt."

BALANCE SHEETS ACCOUNTS

ASSET SIDE

- 100. Warehouse property and equipment.
- 101. Other property.
- 102. Investment in securities.
- 103. Cash.
- 104. Special deposits.
- 105. Notes receivable.
- 106. Accounts receivable.
 - 1. Advances for customers.
 - 2. Due on storage charges.
 - 3. Other accounts receivable.
- 107. Materials and supplies.
- 108. Special funds.
- 109. Prepayments.
- 110. Treasury and reacquired securities.
- 111. Discount on capital stock.
- 112. Unamortized discount and expense on debt.
- 113. Other debit accounts.

LIABILITY SIDE

- 150. Capital stock.
- 151. Premium on capital stock.
- 152. Assessment on capital stock.
- 153. Proprietor's account.
- 154. Long term debt.
- 155. Indebtedness due affiliated companies.

- 156. Notes payable.
- 157. Accounts payable.
- 158. Accrued liabilities not due.
- 159. Unamortized premium on debt.
- 160. Reserve for accrued depreciation.
- 161. Other reserves.
- 162. Other credit accounts.
- 163. Profit and loss balance.

BALANCE SHEET ACCOUNTS

ASSET SIDE

100. WAREHOUSE PROPERTY AND EQUIPMENT.

The amount to be included under this head in the balance sheet is the total of the balances in accounts 200 to 255, both inclusive, representing the cost at the date of such balance sheet of all property, tangible and intangible, used by the warehouseman in his public utility warehouse operations.

101. OTHER PROPERTY.

This account shall include the cost of property, such as lands, buildings, plant and equipment, etc., not used in public utility warehouse operations.

102. INVESTMENT IN SECURITIES.

This account shall include the cost of stocks, bonds, mortgages and other evidences of indebtedness payable at more than one year after date, owned by the warehouseman. Do not include in this account unissued or treasury stock, bonds or other evidence of indebtedness of the accounting warehouseman, or any amounts due for services rendered.

This account shall be divided as follows:- (a) stocks; (b) bonds; (c) notes; (d) other evidence of indebtedness.

103. CASH.

This account shall include the amount of cash and other current funds on hand or on deposit in banks or with trust companies.

NOTE: Funds deposited for paying interest coupons, declared dividends or for other special purposes, and not available for general use, should not be included in this account but in account 104, "Special deposits."

104. SPECIAL DEPOSITS.

This account shall include deposits to pay interest and dividends; cash realized from the sale of securities and deposited with trustees for disbursement when the purposes for which the securities are sold are accomplished; amounts realized from the sale of property and deposited with trustees other than in sinking funds until the property is replaced; deposits for the payment of debts; money and securities deposited to secure the performance of contracts and other deposits of a special nature not provided elsewhere.

105. NOTES RECEIVABLE.

This account shall include the ledger value of all notes, contracts, and other evidences of indebtedness due on or before one year after date. This account does not include interest coupons, or notes coming within the definition of "Investment in securities," account 102.

106. ACCOUNTS RECEIVABLE.

This account shall include the debit balance described under the following subheads:-

(1) Advances for customers. All advances made by a warehouseman as freight advances or advances to get freight released from a common carrier.

(2) Due on storage charges other than advances for customers.

(3) All amounts, excluding those amounts covered by sub-headings one and two, (other than deposits in banks and freight advances) owing to the warehouseman upon open book accounts with solvent concerns and individuals; also the ledger value of all accounts and claims upon which responsibility is acknowledged by solvent concerns and individuals or which are sufficiently secured to be considered good, and of all judgments against such concerns and individuals where the judgment is not appealable or suspended through appeal.

107. MATERIALS AND SUPPLIES.

This account shall include the balances representing the cost of materials and supplies on hand, arrived at as follows:-

Charge to this account the cost of materials and supplies purchased including transportation and other charges. Charge also to this account at salvage value, any materials recovered from plant retired and taken into store for future use or sale.

Materials and supplies taken out of store for use or sale shall be credited to this account at the value at which such materials and supplies have been included herein.

108. SPECIAL FUNDS.

This account shall include the cost or ledger value of securities and other assets which have been set apart and held in depreciation, sinking, insurance and other funds.

109. PREPAYMENTS.

Charge to this account the amount of rents, taxes, licenses, insurance and other like expenses paid in advance of the period to which they apply. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other accounts with the amount applicable to the period.

110. TREASURY AND REACQUIRED SECURITIES.

This account shall include the par value of securities which have been nominally but not actually issued by a warehouseman, also the par value of reacquired securities. Separate accounts shall be maintained for each class of capital stock such as common and preferred, and for each class of long term debt such as bonds and notes payable after one year of date of issue.

NOTE: Capital stock is considered nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery or pledged, or otherwise held within the control of the warehouseman.

It is considered actually issued when it has been sold to a bona fide purchaser for a valuable consideration and such purchaser holds it free from all control of the accounting warehouseman.

Long term debt securities are considered to be nominally issued when certified by trustees and placed with the proper official for sale and delivery or pledged or otherwise held within the control of the company. They are considered to be actually issued when they have been sold to a bona fide purchaser for a valuable consideration and such purchaser holds them free from all control of the accounting warehouseman.

111. DISCOUNT ON CAPITAL STOCK.

This account shall include the discount on capital stock issued or assumed by a warehouseman. By the term "discount" is meant the excess of the par value of stocks actually issued or assumed over the cash value of the consideration received from such stock. Separate accounts shall be maintained for the discount on each class of stock, such as common and preferred, and also for each issue of the same class if the terms are in any way different.

Entries in these accounts shall be carried therein until offset:

- (1) By premium realized on subsequent sales of the same class of stock.
- (2) By assessments levied on the stockholders.
- (3) By appropriations from profit and loss for that purpose.
- (4) By the difference between the par value of the same class of stock reacquired and the amount paid therefor, provided the amount paid is less than the par value.

NOTE: The cash as received from stockholders in respect of assessments shall be credited to account 152, "Assessment on capital stock;" if the total received is less than the balance at the debit of discount account, the amount received shall be transferred to this account; if the total received is greater, the balance at debit of this account shall be transferred to account 152, "Assessment on capital stock."

112. UNAMORTIZED DISCOUNT AND EXPENSE ON DEBT.

This account shall include the discount on bonds and other evidence of indebtedness issued or assumed. This account shall also include the expense in connection with the issue and initial sale of evidence of debt such as fees for drafting mortgages and trust deeds; cost of printing bonds, certificates of indebtedness and other commercial paper having a life of more than one year; fees paid trustees acting under mortgages and trust deeds in connection with the issue of bonds or other forms of debt; (fees paid for services in connection with payment of interest or redemption of debt should be charged to operating expense account 645, "Corporation expense.")

Ledger accounts shall be provided to cover discount and expenses for each class of debt, such as bonds, mortgages, notes, etc., and also for each issue of the same class, if the terms are in any way different. The total of the balances remaining shall be included in the balance sheet under this account.

Each month or year there shall be credited to this account and charged to income account 408, "Amortization of debt discount and expense," a proportion of each of the debit balances in these accounts, such proportion to be based upon the ratio which such accounting period bears to the remaining life of the respective security.

If the accounting company desires, it may write off the debit balance in this account more rapidly than that stated above.

113. OTHER DEBIT ACCOUNTS.

This account shall include all debits pertaining to the balance sheet which are not provided for elsewhere, including all debit items, the final disposition of which has not been determined

NOTE: The entries in this account shall be made in sufficient detail to permit an analysis in the reports to the Railroad Commission and where necessary, separate subaccounts shall be provided.

BALANCE SHEET ACCOUNTS

LIABILITY SIDE

150. CAPITAL STOCK.

This account shall include the total par value (or, in the case of stocks having no par value, the money value of the consideration received), of certificates or receipts issued to represent permanent interests in the company, or interests which, if terminable, are so only at the option of the company.

The amounts included in this account shall be divided so as to show the par value of (1) certificates issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control; and (2) certificates held in the company's treasury including both those reacquired after actual issue and those nominally but never actually issued.

In stating this account on the balance sheet statement the par value of stock held by the company in its treasury shall be deducted.

NOTE: If the warehouseman is not incorporated, but is an individual, firm, copartnership or association, the amount paid into the business by the owners shall be included in account 153 "Proprietor's account."

151. PREMIUM ON CAPITAL STOCK.

This account shall include:

A. The excess of the actual money value (at the time of the issue of stock) of the consideration received, over the par value of capital stock issued:

B. The amount by which the face value of capital stock reacquired exceeds the amount paid therefor.

The entries in this account shall be carried therein until offset:

- (1) By discount suffered on subsequent sales of the same class of stock.

(2) By the difference between the par value of the same class of stock reacquired and the amount paid therefor, provided the amount paid is in excess of par value.

(3) If the warehouseman elects and is permitted to distribute to its stockholders all or any portion of the premium on its capital stock, the amount shall be charged to this account.

152. ASSESSMENT ON CAPITAL STOCK.

This account shall include the amount received in respect of assessments levied on capital stock.

Entries in this account shall be carried therein until offset as set forth in account 111, "Discount on capital stock."

153. PROPRIETOR'S ACCOUNT.

This account shall be used instead of account 150, "Capital stock," where the business is conducted by an individual, firm, co-partnership or under any style other than a corporation, and shall include the amount paid into the business by the party or parties interested in the concern. If separate accounts are maintained for each of the parties interested, the total of the balances in such accounts shall be shown in one figure in the balance sheet.

154. LONG TERM DEBT.

This account shall include the total face value of all debt except indebtedness due affiliated companies (see account 155) which, by its terms does not mature until more than one year after date of issue.

A separate account shall be kept for each class of debt and also for each issue of the same class, if the terms are in any way different. (For instructions relating to accounting for discount, expense and premium on debts, see general instructions, section 3, page 9.)

For each class of long-term debt the records shall show plainly (1) the par value of certificates or other evidences of debt issued and actually outstanding, being those not held by the warehouseman, its agents or trustees, or subject to its control and (2) the par value of certificates or other evidences of debt pledged or unpledged, held in the warehouseman's treasury, held by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but never actually issued.

155. INDEBTEDNESS DUE AFFILIATED COMPANIES.

This account shall include the par value of non-negotiable notes due to affiliated companies; credit balances in open accounts with such companies other than credit balances in current accounts classable as current liabilities; and interest accrued on notes and open accounts which are included in this account, when such interest is not subject to current settlement. Two companies are affiliated if either one controls the policy of the other, or if both are subject to the same control.

This account shall be divided as follows:-

- (a) NOTES, including both time and demand notes.
- (b) OPEN ACCOUNTS, not subject to current settlement.
- (c) INTEREST accrued on amounts included in this account when not subject to current settlement.

156. NOTES PAYABLE.

This account shall include the balances representing outstanding obligations in the form of notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or within a period of time not exceeding one year from date of issue.

157. ACCOUNTS PAYABLE.

This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date of the balance sheet; also balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages; open accounts with other warehousemen, except such as are included under account 155, "Indebtedness due affiliated companies," and similar items.

158. ACCRUED LIABILITIES NOT DUE.

This account shall include all liabilities accrued at the date of the balance sheet but not due until after that date, such as interest, taxes, rents, etc.

The records should be kept in such manner as to permit of a ready analysis of this account so that a statement can be produced, if required, showing the amount accrued in respect of each of the classes of liability included in this account.

159. UNAMORTIZED PREMIUM ON DEBT.

Include under this caption the total of the net credit balances in the discount, expense and premium ledger accounts for the several classes of long term debt, including receiver's certificates.

160. RESERVE FOR ACCRUED DEPRECIATION.

Credit to this account the amounts which are charged monthly or annually to income account 407, "Rent, depreciation, insurance, taxes on account of depreciation" or to operating expense account 624, "Depreciation on equipment," as explained under "depreciation" in section 7 on page 37.

The amounts to be charged to this account are explained under "Property retired," on page 20 and 20.d.

161. OTHER RESERVES.

This account shall also include all reserves other than the reserve for accrued depreciation.

NOTE: The records shall be kept in such a manner as to permit of a ready analysis of this account, so that a statement showing the amount of the different reserves included therein, can be produced if required.

162. OTHER CREDIT ACCOUNTS.

This account shall include all credit and unadjusted credit items not provided for elsewhere.

NOTE: The records shall be kept in such a manner so as to permit of a ready analysis of this account, so that a statement showing the amount of the different items included therein, can readily be produced if required.

163. PROFIT AND LOSS - BALANCE.

Under this head on the balance sheet statement shall be shown the balance in the profit and loss statement. In case the profit and loss statement shows a debit balance it shall be entered on the balance sheet in red ink.

NOTE: If the warehouseman is not incorporated but is an individual, firm, copartnership or association, the balance in the profit and loss account at the close of each fiscal period shall be transferred to account 153, "Proprietor's account."

PROPERTY AND EQUIPMENT ACCOUNTS

FIXED CAPITAL

SECTION 1. FIXED CAPITAL DEFINED.

(a) By fixed capital is meant the property, both tangible and intangible, which is devoted to the warehouse business and which has an expectation of life in service of more than one year from the date of installation in service.

(b) Intangible capital covers organization expenditures, rights and privileges and other property not physical, such as leases, patent rights, etc.

(c) Tangible property covers all physical property. Charges to specific accounts for tangible property cover direct labor and material costs up to and including the pay of foreman or superintendent supervising the job; also assignable overhead costs.

SECTION 2. COST OF PROPERTY AND EQUIPMENT.

The term "cost" as used throughout the system of accounts means the actual cost in money of property or equipment purchased or constructed; if the consideration given is other than money, such consideration shall be reduced to actual money value as of the date of purchase.

The cost of labor includes not only wages, salaries and fees to employees, but also personal expenses of such employees when borne by the warehouseman. The cost of materials and supplies used in construction is their cost at the place where they enter into construction and includes the cost of transportation and inspection.

SECTION 3. PROPERTY AND EQUIPMENT IN SERVICE PRIOR TO JANUARY 1, 1929

The original cost or ledger value of property and equipment in service December 31, 1928, shall be transferred to account 255, "Property and equipment in service prior to January 1, 1929," and carried therein pending its segregation in accordance with the text of property and equipment accounts 200 to 250, both inclusive. When such segregation is completed, account 255 shall be cleared by transfers to the

appropriate property and equipment account.

In the case where it is not possible from records previously maintained to ascertain the original cost of the different units, the original cost may be estimated and the amount so ascertained distributed to the appropriate property and equipment accounts as herein provided.

If the estimated cost is less than the amount at which such property is carried in account 255, the difference shall be charged to account 205, "Miscellaneous intangible capital." If the estimated cost is in excess of the amount at which the property is carried in account 255, such estimated cost must be approved by the Railroad Commission before it can be distributed to the several property and equipment accounts.

SECTION 4. IMPROVEMENTS IN LEASED PROPERTY.

The cost of additions and betterments to leased property shall be charged to a subaccount under the appropriate fixed capital account and depreciation or retirement losses in connection therewith treated in the same manner as those on property owned. In case the full benefit of improvements shall not be obtained by the lessee, because of reversion to the lessor at the expiration of the lease, the cost of improvements may be charged to a suspense account and cleared by uniform charges to rent deductions within the period of the lease.

Ordinary current repairs, including minor rearrangements and changes in connection with leased buildings should be charged to an appropriate maintenance account. Expenditures charged to lessors or for which lessors are required under the leasehold agreement to reimburse the lessees prior to the termination of the lease should not be charged to the fixed capital accounts of the lessee.

SECTION 5. RETIREMENT OF BUILDINGS AND EQUIPMENT.

When any building or equipment is sold, destroyed, withdrawn or otherwise retired from service for any cause, the cost (estimated

if not known) of such building or equipment retired shall be credited to the appropriate account or accounts in which it is carried and the amount concurrently charged to one or more of the following accounts as may be appropriate:-

DEBIT -

To account 160, "Reserve for accrued depreciation" the amount (estimated if not known) of the accrued depreciation carried therein for the property retired.

To account 107, "Materials and supplies" the salvage value, if any, recovered from such property and taken into stores for future use and sale.

To account 103, "Cash" with the proceeds, if any, from the sale of material recovered from the property.

To account 335, "Miscellaneous debits to profit and loss" with the balance, if any.

The cost of the property, if any, installed in place of that retired, shall be charged to property and equipment accounts 200 to 250.

WAREHOUSE PROPERTY AND EQUIPMENT ACCOUNTS

- 200. Organization (Intangible)
- 205. Miscellaneous intangible
- 210. Leasholds.
- 215. Lands.
- 220. Buildings and structures.
- 225. Warehouse equipment.
- 230. Furniture and fixtures.
- 235. Autos and trucks.
- 240. Horses, harness, and vehicles other than autos and trucks.
- 245. Alterations and improvements on leased property.
- 250. Miscellaneous, Tangible Fixed Capital.
- 255. Property and equipment in service prior to January 1, 1929.

NOTE: The cost of articles of small value or short life or articles that are likely to be lost or stolen shall not be charged to the property and equipment accounts but shall be charged to the appropriate operating expense accounts herein provided.

200. ORGANIZATION. (Intangible)

Charge to this account the cost of organizing the warehouseman, including all fees paid to governments for the privilege of incorporation and all fees and other expenditures incident to such organization and putting the warehouseman in readiness to do business.

205. MISCELLANEOUS INTANGIBLE CAPITAL.

Charge to this account the cost of all patent rights, privilege and other intangible capital, for which no provision is made elsewhere.

210. LEASEHOLDS.

Charge to this account the cost of leases or expenses attached to the procuring of same, less amounts credited and charged to rent accounts prorated over the life of the lease.

215. LAND.

Charge to this account the cost of land used in warehouse operations. Such cost includes the cost of registration of title, cost of examination of title, conveyances and notary fees, taxes accrued to date of transfer of title and all liens upon the title acquired, the cost of obtaining consent and payments for abutting damages.

There shall also be charged to this account special assessments levied by public authorities on the basis of benefits for street and other public improvements such as new streets, sewers, new pavements, etc. but not any tax levied to provide for the maintenance of such improvements. The cost of buildings and other improvements should not be included in this account. If at date of acquisition of an interest in lands it extends to buildings and other improvements thereon, which improvements are devoted to warehouse operations, and the contract does not determine the price of such improvements, they should be appraised at their fair cash value and such appraised value

should be charged to account 220, "Buildings and structures" and excluded from this account. If such improvements are not devoted to warehouse operations, the cost or appraised value, if the cost is not determined in the contract of acquisition, should be charged to account 101, "Other property." If improvements on the land at the date of acquisition are not required in warehouse or other operations, and are thereafter removed or wrecked, the cost of removing or wrecking them, including injuries and damages in connection therewith, should be charged, and the salvage credited, to such operating expense or profit and loss accounts as may be appropriate.

200. BUILDINGS AND STRUCTURES.

Charge to this account the cost of permanent buildings and structures to house, support or safeguard property or persons, with all appurtenant fixtures and improvements to land, and other structures, erected on land owned by the warehouseman. The cost of buildings erected on leased land shall be charged to account 245, "Alterations and improvements on leased property."

Buildings include all fixtures attached to and forming a permanent part thereof, such as water pipes, steam pipes, heating and ventilating systems, gas pipes, electric wiring, elevators, cranes and the motive power for operating them, subways or areaways directly connected to and forming a part of the building. To this account shall also be charged the cost of excavating, brick or concrete chimneys and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings and independent of their use, in connection with any particular units of machinery. Also the cost of architect's plans and all supervision of construction.

Improvements to land include roadways, fences, sidewalks and sewer systems, water systems, yard lighting systems, grading and landscape gardening and any other permanent structures which are an improvement to the property.

NOTE A. This account should not include any charge for lighting, heating or other fixtures temporarily attached for purposes of display or illumination.

NOTE B. The cost of specially provided foundations not expected to outlast the machinery or apparatus mounted thereon should be charged to the same account as is the cost of machinery and apparatus for which they are provided.

225. WAREHOUSE EQUIPMENT.

Charge to this account the cost installed of machinery, fixed tools, etc., such as stationary engines, boilers, dormant scales and light equipment, also charge ordinary equipment, such as portable scales, hand trucks, tractors or fordsons used exclusively on warehouse premises. It shall also include the cost of specially provided foundations and settings for machinery, except such as are mentioned in Note B, account 220.

230. FURNITURE AND FIXTURES.

Charge to this account the cost of movable fixtures for general office and storeroom purposes such as desks, tables, chairs, carpets, filing cabinets, movable partitions, railings and shelves, typewriters, addressographs, adding machines and other office devices. Also safes, portable gas and electric fixtures, and other office fixtures, such as are not considered a part of the building.

235. AUTOS AND TRUCKS.

Charge to this account the actual cost to the warehouseman of all autos, trucks, tractors, trailers or other motor equipment used in warehouse operations. This cost shall include the invoice or contract price less discount, if any, plus freight, insurance and other expenses incurred in obtaining delivery of such autos, etc., upon the premises of the warehouseman and also the cost of any additions and betterments to such autos, etc. made after delivery.

240. HORSES, HARNESS AND VEHICLES OTHER THAN AUTOS AND TRUCKS.

Charge to this account the actual money cost of horses, harness, and vehicles, other than motor vehicles, used in warehouse operations.

This cost shall include the invoice or contract price, less discount, if any, plus freight, insurance and other expenses incurred in obtaining delivery of such horses, harness or vehicles, upon the premises of the warehouseman, and also the cost of any additions to such equipment after its delivery.

245. ALTERATIONS AND IMPROVEMENTS ON LEASED PROPERTY.

Charge to this account the cost of alterations and improvements to leased property, the cost of buildings or other improvements erected upon such property, whether used for office, storage, or other purposes necessary for warehouse operation. The cost of such improvements shall be amortized over the period of the lease under which the property is held by charges to income account ~~400~~⁴⁰⁷ or operating expense account 624 as may be appropriate and concurrently credited to account 160 "Reserve for accrued depreciation."

250. MISCELLANEOUS TANGIBLE ^{FIXED} CAPITAL.

Charge to this account all items of tangible property not provided for in the foregoing accounts.

255. PROPERTY AND EQUIPMENT IN SERVICE PRIOR TO JANUARY 1, 1929.

Transfer and charge to this account the total of all balances in the ledger accounts representing the cost of the warehouseman's property and equipment which was installed prior to January 1, 1929, and which is still in service on the date of the balance sheet. The amount charged to this account may be distributed to accounts 200 to 250, both inclusive, as indicated in Section 3 on page 20.c.

CLASSIFICATION OF PROFIT AND LOSS ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Profit and loss accounts defined.

Section 2. Delayed income items.

PROFIT AND LOSS ACCOUNTS

I. CREDITS.

- 300. Credit balance at beginning of fiscal period.
- 305. Credit balance transferred from income account.
- 310. Delayed income credits.
- 315. Miscellaneous credits to profit and loss.

II. DEBITS.

- 320. Debit balance at beginning of fiscal period.
- 325. Debit balance transferred from income account.
- 330. Delayed income debits.
- 335. Miscellaneous debits to profit and loss.
- 340. Appropriations to reserves.
- 345. Dividend appropriations.
- 350. Withdrawals of surplus.

CLASSIFICATION OF PROFIT AND LOSS ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

SECTION 1. PROFIT AND LOSS ACCOUNTS DEFINED.

The profit and loss account is the collective title for a small group of accounts which form the connecting link between the income account and the balance sheet. Its principal function is to explain changes in the corporate surplus or deficit during a given fiscal period as affected, first, by the net result of all transactions reported in the income account; second, by appropriations of surplus for specific purposes made at the option of the warehouseman; and, third, by special and unusual transactions or adjustments such as are not regularly recorded in the income account. A complete analysis of each of the profit and loss accounts may be required in annual reports to the Commission.

SECTION 2. DELAYED INCOME ITEMS.

Delayed income items are those credits and debits for revenues earned, expenses incurred, or income accrued prior to the fiscal period covered by the income account, but which were not recorded currently. Such items should ordinarily be included in the appropriate operating revenue, operating expense or income account for the fiscal period in which the entries relating thereto are actually recorded. If, however, the amount of such items are relatively so large that their inclusion in the operating revenue, operating expense or income account for a single year would result in a seriously abnormal statement of such account, and no provision has been made through accruals to reserves or suspense accounts covering such items, the corporation may include the amount in account 310, "Delayed income credits," or account 330, "Delayed income debits," as may be appropriate.

TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS

I. CREDITS.

300. CREDIT BALANCE AT BEGINNING OF FISCAL PERIOD.

Include under this caption the net credit balance in profit and loss account at the beginning of the fiscal period.

305. CREDIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

Include under this caption the net credit balance brought forward from the income account for the fiscal period.

310. DELAYED INCOME CREDITS.

Include under this caption relatively large items pertaining to operating revenues, operating expenses and other income accounts of previous fiscal periods when, under the provisions of Section 2 of general instructions, p. ^{20.1}~~30~~, such credits may properly be made to profit and loss.

NOTE: All items included in this account shall be sufficiently described in the entry relating thereto to identify them with the account or accounts to which the credit would have been made had the item been accounted for during the previous fiscal period involved.

315. MISCELLANEOUS CREDITS TO PROFIT AND LOSS.

Include under this account all credit items effecting the warehouseman's surplus or deficit which are not elsewhere provided for, such as

(a) Credits due to cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of inability to locate the creditor, or to the cancellation or adjustment of other balance sheet accounts when the credit is not properly includible in operating revenue, operating expenses or other income accounts or in account 310, "Delayed income credits."

(b) Profits arising from the sale of land.

(c) Profits derived from the sale of marketable securities carried in balance sheet account 102, "Investment in securities" or any other property not mentioned elsewhere.

(d) Credits resulting from adjustments required to bring to par securities issued or assumed by the corporation and reacquired at a cost less than par value, premium on capital stock at the time of its reacquirement, and unreleased premiums on long-term debt reacquired before maturity. (See general instructions relating to balance sheet accounts, sections 2 and 3).

NOTE A All items included in this account shall be sufficiently described in the entry relating thereto to identify them with the account or accounts affected.

II. DEBITS.

320. DEBIT BALANCE AT BEGINNING OF FISCAL PERIOD.

Include under this caption the net balance in the profit and loss account at the beginning of the fiscal period.

325. DEBIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

Include under this caption the net debit balance brought forward from the income account for the fiscal period.

330. DELAYED INCOME DEBITS.

Include in this account relatively large debit items pertaining to operating revenues, operating expenses and other income accounts for previous fiscal periods when, under the provisions of section 2 of general instructions, page 20.1, such debits may properly be included in profit and loss.

NOTE. All items included in this account shall be sufficiently described in the entry relating thereto to identify them with the account or accounts to which the debit would have been made had the item been accounted for during the previous fiscal period involved.

335. MISCELLANEOUS DEBITS TO PROFIT AND LOSS.

Include in this account all debit items affecting the warehouseman's surplus or deficit not elsewhere provided for, such as

(a) Debits due to the cancellation or adjustment of balance sheet accounts when the debit is not properly includible in operating revenues, operating expenses or other income account, or in account 330, "Delayed income debits."

(b) Losses, resulting from the retirement of land through abandonment, sale or otherwise.

(c) Losses resulting from the sale of marketable securities carried in account 102, "Investment in securities," or from the sale of any other property not mentioned elsewhere.

(d) Debits resulting from adjustments required to bring to par securities issued or assumed by the corporation and reacquired at a cost less than par value, premium on capital stock at the time of its reacquirement, and unreleased premiums on long-term debt reacquired before maturity. (See general instructions relating to balance sheet accounts, section 2 and 3, pages 6 to 9).

NOTE A. All items included in this account shall be sufficiently described in the entry relating thereto, to identify them with the account or accounts affected.

NOTE B. If old accounts are collected which have been previously written off as uncollectible, the amount received shall be credited to the account which was originally charged when the amount in question was written off and not to this account. Care should also be exercised in connection with the cancellation or adjustment of balance sheet accounts involving operating revenues, operating expenses or other income accounts to see that proper credit is given to the operating accounts affected, or to account 330, "Delayed income debits."

(e) Donations to charitable institutions and organizations for promoting social welfare.

(f) Penalties and fines for violations of law.

(g) Other losses or deficits not properly chargeable to income and for which no reserve has been provided.

NOTE A. All items included in this account shall be sufficiently described in the entry relating thereto to identify them with the account or accounts affected.

340. APPROPRIATIONS TO RESERVES.

Include in this account appropriations from surplus for sinking fund and other reserves, allotments of surplus or payment of definite amounts from surplus into sinking fund and other reserves under the terms of mortgages, deeds of trust, or other contracts and such other appropriations of surplus as the warehouseman may make.

345. DIVIDEND APPROPRIATIONS OF SURPLUS.

Include in this account amounts declared payable as dividends out of accumulated surplus on outstanding capital stock issued or assumed by the corporation.

This account shall be divided so as to show separately the dividends on the various classes of capital stocks.

If a dividend is not payable in cash, the asset distributed or the manner and form of payment shall be described in the entry with sufficient particularity to identify it.

This account shall not include charges for dividends on reacquired or treasury stock carried in account 110, "Treasury securities", whether pledged as collateral or held free for sale, but may include dividends on stock issued or assumed by the corporation held in sinking or other special funds.

350. WITHDRAWALS OF SURPLUS.

Include in this account all withdrawals of surplus by an individual or others if the business is not conducted under a corporate form of organization, or such withdrawal cannot be properly classified as a dividend appropriation of surplus and included in account 345, "Dividend appropriations of surplus."

CLASSIFICATION OF INCOME ACCOUNTS.
GENERAL INSTRUCTIONS AND DEFINITIONS.

SECTION 1. INCOME ACCOUNTS DEFINED.

SECTION 2. DELAYED INCOME ITEMS.

SECTION 3. TAXES.

INCOME ACCOUNTS.

400. Operating revenues.

401. Operating expenses.

402. Nonoperating revenues.

- (a) Rents from buildings, land and equipment.
- (b) Interest income.
- (c) Dividend income.
- (d) Sinking and other reserve fund accretions
- (e) Miscellaneous nonoperating income.

403. Uncollectible operating revenue.

404. Nonoperating revenue deductions.

- (a) Rent expenses.
- (b) Interest expenses
- (c) Dividend expenses
- (d) Nonoperating taxes
- (e) Uncollectible nonoperating revenue.
- (f) Miscellaneous nonoperating expenses.

405. Interest on long term debt.

406. Other interest.

407. Rent, depreciation and insurance on buildings and taxes.

- (a) Rent
- (b) Amortization of leasehold interests.
- (c) Depreciation on buildings.
- (d) State and local taxes on land and buildings.
- (e) State and local taxes on other property.
- (f) Federal taxes.
- (g) Insurance on buildings.

408. Amortization of debt discount and expense.

409. Amortization of premium on debt (CR)

410. Miscellaneous deductions from income

- (a) Loss on operations of others.
- (b) Other contractual deductions from income.

CLASSIFICATION OF INCOME ACCOUNTS.
GENERAL INSTRUCTIONS AND DEFINITIONS.

SECTION 1. INCOME ACCOUNTS DEFINED. The income accounts are designed to show as nearly as practicable, for each fiscal period, the total amount of money that a warehouseman becomes entitled to receive from his operations, the returns accrued upon investments, the accrued costs paid or payable for his operations, the amounts accrued for taxes, for use of moneys and for use of properties of others, the appropriations made from income during the period and the gains or losses sustained by it. Any change in the items shown on a balance sheet at the end of such a period as compared with a balance sheet at the beginning of the period, which is not merely a transfer from one balance sheet account to another, that is to say, any transaction which affects the profit and loss balance, must be explained by the income accounts or by the profit and loss accounts. A summary statement of income accounts arranged in convenient form to show the accounting history of a given period is usually called collectively the "Income account", or "Income statement". Income accounts whose title and definition plainly indicate that they are summaries of other accounts are not required to be set up as special ledger accounts though it may often be a matter of bookkeeping convenience to do so.

SECTION 2. DELAYED INCOME TAXES. The entries to the income accounts prescribed herein should, so far as practicable, be made upon an accrual basis. In case, however, an income debit or credit item is not recorded in the accounts for the fiscal period for which the income account is stated it should be included in the income account for the period in which the entry relating thereto is recorded, unless the amount of such delayed item is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, in which case such delayed item may be included in profit and loss.

SECTION 3. TAXES. (a) The taxes to be accounted for in the income accounts herein prescribed include state, county, township, city, school, road, annual franchise, and other similar taxes or assessments; also all income taxes and other annual assessments required to be paid under the provisions of state or Federal tax laws. Miscellaneous taxes, stamp taxes on bonds, notes, stock certificates, etc., should be included in other appropriate accounts. Generally speaking, such taxes should be included in the account chargeable with the expenditure in connection with which the taxes are paid. Stamp taxes imposed in connection with the original issue of certificates of stock should be included in fixed capital account 200, "Organization;" the cost of revenue stamps affixed to bonds or other form of long-term debt or to the indenture securing such debt should be considered as debt expense and accounted for accordingly; and the cost of revenue stamps for notes, etc., includible in balance sheet account 156, "Notes payable", should be charged to operating expense account 645, "Corporation expenses."

(b) Special assessments levied by public authorities on the basis for benefits for streets and other public improvements, such as new roads, bridges, sewers, pavements, curbing, etc. should not be classed as taxes, but should be included as a part of the cost of the property benefitted.

(c) Taxes applicable to the construction period should be charged to the appropriate fixed capital account.

TEXT PERTAINING TO INCOME ACCOUNTS.

I. INCOME FROM OPERATING PROPERTIES.

400. OPERATING REVENUES.

Under this caption shall be shown the total revenues of the warehouseman from warehouse operations during the period covered by the income account. (For the primary operating revenue accounts, see page 29.a to page 31.)

401. OPERATING EXPENSES.

Under this caption shall be shown the total expenses of the warehouseman for public utility warehouse operations during the period covered by the income account. (For the primary operating expense accounts, see page 32 to page 45).

402. NONOPERATING REVENUES:

(a) Rents from Buildings, land and equipment. Credit to this subaccount as it accrues, rent from buildings, land and equipment.

(b) Interest Income. Credit to this subaccount interest accruing to the warehouseman upon securities owned or from any other source.

(c) Dividend Income. Credit to this subaccount income derived by the warehouseman from dividends on stocks owned.

NOTE: No dividends on reacquired stock issued or assumed by the warehouseman shall be credited to this account.

(d) Sinking and Other Reserve Fund Accretions. Credit to this subaccount and charge the appropriate fund or its trustee with the revenues from securities and other assets in the hands of trustees or specifically set aside for sinking and other special funds when the revenues are retained as a part of the fund.

(e) Miscellaneous Nonoperating Revenues. Credit to this subaccount all nonoperating revenues not provided for in

the foregoing subaccounts.

403. UNCOLLECTIBLE OPERATING REVENUE.

Charge to this account the amount of uncollectible bills or accounts lawfully due from customers for services rendered, (including labor, materials and supplies, etc.) properly includible in warehouse operating revenues which, after a reasonably diligent effort to collect have proven impracticable of collection. If bills or accounts which have been written off are afterwards collected, the amount received should be credited to this account.

NOTE: Charges to this account may be made on the basis of an estimated average loss due to uncollectible accounts. If this is done, the concurrent credit shall be to a special subaccount under the balance sheet account 161, "Other reserves". To the reserve thus established shall be charged such amounts as are determined to be uncollectible. When charges for uncollectible accounts are thus made by estimate, the estimate shall be adjusted at the end of the fiscal year to conform to the experience of the warehouseman as determined by an analysis of its accounts receivable.

404. NONOPERATING REVENUE DEDUCTIONS.

(a) Rent Expenses. Charge to this subaccount all expenses arising in connection with the procuring of revenues from rented property such as the cost of negotiating contracts, advertising for tenants, fees to conveyancers, underwriter's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc.

This includes the expense accruing while the property is idle and awaiting an occupant; also the cost of maintenance of the property when such cost is borne by the warehouseman. It further includes depreciation, as well as reparable wear and tear but not taxes.

(b) Interest Expense. Charge to this subaccount all expenses arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment and the like. It does not, however, include taxes upon such investments.

(c) Dividend Expense. Charge to this subaccount all expense arising in connection with the collection of dividends on stock, including expenses incurred in the investigation of the affairs of the warehouseman whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expenses connected with the enforcement of payments of dividends when declared. Taxes on such investment should not be included in this subaccount.

(d) Nonoperating Taxes. Charge to this subaccount all taxes payable by the warehouseman accrued on nonoperating property, and all taxes assignable to nonoperating revenue.

(e) Uncollectible Nonoperating Revenues. Charge to this subaccount nonoperating revenues which are judged to be uncollectible, the amount thereof to be credited to the account on which theretofore charged.

(f) Miscellaneous Nonoperating Expenses. Charge to this subaccount all nonoperating expenses not provided for in the foregoing subaccounts.

405. INTEREST ON LONG TERM DEBT.

Charge to this account monthly all interest accrued on outstanding debt payable at more than one year after date. This account does not include interest on securities held by the warehouseman in his treasury or pledged as collateral.

NOTE: The amount charged to this account shall be concurrently credited to account 158, "Accrued liabilities not due", to which account shall be debited payments made on account of interest.

406. OTHER INTEREST.

Charge to this account monthly all interest accrued on other than long term indebtedness.

407. RENT, DEPRECIATION AND INSURANCE ON BUILDINGS AND TAXES.

Include in this account the items designated in the following subaccounts;-

(a) Rent. Charge to this subaccount amounts accrued for rent of public utility warehouse property.

This subaccount is intended to cover only rents payable for use of a warehouse or a distinct unit of property. Minor operating rents such as rent paid for office space and mechanical equipment should be charged to the proper operating expense account.

(b) Amortization of Leasehold Interests. Charge to this subaccount at the close of any fiscal period such portion of the original money cost (estimated if not known) carried in account 210 "Leaseholds" as is necessary to cover the proportion of the life thereof expired during such period.

(c) Depreciation on Buildings. Charge this subaccount monthly or annually with the amount estimated to be necessary to cover depreciation accruing in the warehouseman's investment in buildings used in public utility warehouse operations. The amount charged to this account shall concurrently be credited to account 160-"Reserve for accrued depreciation."

(d) State and Local Taxes on Land and Buildings: Charge to this subaccount monthly or annually the amount of state and local taxes accruing on land and buildings owned or leased by a warehouseman and used for public utility purposes.

(e) State and Local Taxes on Other Property: Charge to this subaccount all state and local personal property taxes, state corporation taxes, business licenses on property used for public utility purposes, not provided for elsewhere.

(f) Federal Taxes. Charge to this subaccount all Federal income and other Federal taxes and licenses levied on public utility warehouse operations.

NOTE: Special assessments levied by public authorities on the basis of benefits for streets and other public improvements such as new roads, bridges, sewers, pavements, curbing, etc., should not be classed as taxes but should be included as a part of the cost of the property benefitted.

Taxes applicable to the construction period should be charged to the appropriate fixed capital account. Miscellaneous taxes, such as stamp taxes on bonds, notes or stock certificates should not be charged to any of the foregoing subaccounts. Generally speaking, such taxes should be included in the account chargeable with the expenditure in connection with which the taxes are paid. Stamp taxes imposed in connection with the original issue of certificates of stock should be included in fixed capital account No. 200, "Organization." The cost of revenue stamps affixed to bonds or other form of indebtedness should be considered as debt expense and accounted for accordingly, while the cost of revenue stamps for notes, etc. included in balance sheet account No. 156, "Notes payable" should be charged to operating expense account No. 645, "Corporation expenses."

(g) Insurance on Buildings: Charge to this subaccount insurance on public utility warehouse buildings owned or leased.

408. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE:

Charge to this account at or before the close of any fiscal period that portion of any unamortized discount and expense on outstanding debt which is applicable to the period. This proportion shall 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 discount at which such debt was issued; and the debt expense connected therewith. Such amortization may at the option of the warehouseman be earlier reflected by charging all or any part of such discount and debt expense to account 335, "Miscellaneous debits to profit and loss", immediately upon or after the issue of the debt.

409. AMORTIZATION OF PREMIUM ON DEBT (Cr.)

Credit to this account at or after the close of any fiscal period the proportion of the premium at which the outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which, during the interval between the issue and maturity of any debt, will completely amortize or wipe out the premium at which such debt was issued.

410. MISCELLANEOUS DEDUCTIONS FROM INCOME:

Charge to this account the matters provided for in the following subaccounts:

(a) Loss on Operations of Others: Whenever in accordance with the terms of any contract the warehouseman is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to such warehouseman from such source shall be charged to this subaccount.

(b) Other Contractual Deductions from Income. Charge to this subaccount all deductions from gross income which are in the nature of fixed charges not provided for otherwise, such as those required by the terms of some contract, agreement, charter provision, law or ordinance. Such deductions should not include any appropriations for disposition of income that rests solely in the discretion of the accounting warehouseman.

CLASSIFICATION OF OPERATING REVENUE ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS.

- Section 1. Operating revenue accounts defined.
Section 2. Basis of credits to operating revenue accounts.
Section 3. Delayed operating revenue items.

OPERATING REVENUE ACCOUNTS

500. Storage.
501. Handling in and out.
502. Unloading cars or vehicles.
503. Loading cars or vehicles.
504. Weighing.
505. Reconditioning packages.
506. Special labor.
507. Miscellaneous operating revenues not otherwise specified.

CLASSIFICATION OF OPERATING REVENUE ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. OPERATING REVENUE ACCOUNTS DEFINED. Operating revenue accounts are those in which are recorded the amount which the warehouseman receives and becomes lawfully entitled to recover for services rendered as a public utility.

Section 2. BASIS OF CREDITS TO OPERATING REVENUE ACCOUNTS.

Credits to the various revenue accounts shall be made upon the basis of bills rendered. Discounts for prompt payment, correction of overcharges, over collections theretofore credited and afterwards corrected, authorized abatements and allowances and other corrections and deductions shall be charged to the revenue account to which they relate.

Section 3. DELAYED OPERATING REVENUE ITEMS. The entries in the operating revenue accounts prescribed herein should, for a particular period or year, include so far as practicable, all of the revenues earned during such period or year. In case, however, a revenue item is not recorded in the accounts for the fiscal period to which it applies, it should be included in the revenue accounts for the period in which the entry relating thereto is recorded, unless the amount of such delayed item is relatively so large that its inclusion in the revenue accounts for a single year would result in a seriously abnormal statement of operating revenues, in which case such delayed item may be included in profit and loss. (See Section 2 of general instructions relating to profit and loss accounts, page 20.1.)

OPERATING REVENUES

500. STORAGE.

Credit to this account all revenues derived from the storage of merchandise whether on square foot basis or basis of tariff. (Do not include non-utility space leases.)

501. HANDLING IN AND OUT.

Credit to this account all revenues derived from the handling of merchandise in transit from warehouse door to warehouse platform into the warehouse and delivery of same from the warehouse to the warehouse door or warehouse platform.

502. UNLOADING CARS OR VEHICLES.

Credit to this account all revenues derived from handling merchandise at warehouse out of cars or from vehicles onto warehouse platform or to warehouse door.

503. LOADING CARS OR VEHICLES.

Credit to this account all revenues derived from handling merchandise from warehouse door or warehouse platform into cars at warehouse or in vehicles.

504. WEIGHING.

Credit to this account all revenues derived from weighing merchandise either into or out of warehouse.

505. RECONDITIONING PACKAGES.

Credit to this account all revenues derived from the reconditioning of damaged packages. This does not include the reconditioning of commodities contained in packages.

506. SPECIAL LABOR.

Credit to this account all revenues derived from labor furnished on an hourly basis.

507. MISCELLANEOUS OPERATING REVENUES NOT OTHERWISE SPECIFIED.

Credit to this account all operating revenues (public utility) not otherwise provided for.

CLASSIFICATION OF OPERATING EXPENSES

GENERAL INSTRUCTIONS AND DEFINITIONS

- Section 1. Operating expenses defined.
- Section 2. Definition of certain terms used, in connection with operating expense accounts.
- Section 3. Unaudited bills and vouchers.
- Section 4. Delayed operating expense items.
- Section 5. Salvage and insurance.
- Section 6. Rents.
- Section 7. Depreciation.
- Section 8. Clearing accounts.

OPERATING EXPENSE ACCOUNTS

I. CONDUCTING WAREHOUSE OPERATIONS.

- 600. Superintendents' and Foreman Salaries.
- 601. Labor handling in and out.
- 602. Labor unloading cars or vehicles.
- 603. Labor loading cars.
- 604. Labor weighing.
- 605. Reconditioning packages.
- 606. Labor sold on hourly basis.
- 607. Non-productive labor.
- 608. Watchmen.
- 609. Gasoline, lubricants and other motor vehicle supplies (Not cartage)
- 610. Loss and damage claims.
- 611. Public liability and workman's compensation insurance.
- 612. Power, light, heat and water.
- 613. Warehouse supplies.
- 614. Miscellaneous warehouse operating expense.

II. REPAIR EXPENSES.

- 620. Repairs to buildings and structures.
- 621. Repairs to machinery, tools, etc.
- 622. Repairs to transportation equipment (Not cartago)
- 623. Other repairs.
- 624. Depreciation on equipment.

III. SOLICITING BUSINESS.

- 630. Superintendence and solicitation.
- 631. Advertising.
- 632. Miscellaneous expenses due to soliciting business.

IV. GENERAL AND MISCELLANEOUS.

- 640. Salaries of general officers.
- 641. Expenses of general officers.
- 642. Salaries of general office employees.
- 643. Expenses of general office employees.
- 644. General office supplies and expenses.
- 645. Corporation expenses.
- 646. Rents.
- 647. Insurance not otherwise specified.
- 648. Law expense.
- 649. Railroad Commission expense.
- 650. Stationery and printing.
- 651. Telephone and telegraph expenses.
- 652. Dues and subscriptions.
- 653. Miscellaneous general expense.

CLASSIFICATION OF OPERATING EXPENSE ACCOUNTS

GENERAL INSTRUCTIONS AND DEFINITIONS

Section 1. Operating Expenses Defined.

The term "operating expenses", as used in this system of accounts means such expenses as are necessary to the rendering of public utility service required or authorized by law. Expenditures directly incidental to and accounting for nonoperating revenues and the maintenance of the property from which such revenues are derived are not includible in operating expenses. (See income accounts for "Nonoperating revenue deductions.")

Section 2. Definitions of Certain Terms used in Connection With Operating Expenses Accounts.

(a) Except where some ~~maximize~~ other meaning is clearly apparent from the text of the accounts the following words wherever used have the meaning stated below:

(b) "Cost" means cash or money cost, and not price based on a term of credit.

(c) "Labor" means human services of whatever character.

(d) "Cost of labor" includes wages, salaries and fees paid to persons for their services.

(e) "Cost of materials and supplies" includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies on the premises of the warehouseman such as packing, drayage, freight and express charges, excise taxes on articles purchased, insurance, custom duties, commissions, etc.; there may also be included a suitable proportion of store expenses in the event such a clearing account is used.

(f) "Cost of repairs" includes the wages, salaries and fees paid to employees directly engaged in the work of repairs, the personal expenses of the employees when borne by the warehouse man, the cost (including transportation) of materials and supplies used, and the expense of facilities employed in making repairs.

(g) "Repairs". The items chargeable to repair accounts 620 to 623 should be confined to labor and material expended in repairs to buildings, equipment, furniture and fixtures. The items includible in the repair accounts should be for the purpose of keeping the tangible property in serviceable condition. Charges on account of depreciation should not be included in cost of repairs.

Section 3. UNAUDITED BILLS AND VOUCHERS.

When bills covering operating expense items are not received in time for audit, and when vouchers are not made in time for inclusion in the operating accounts for the months in which the transactions occur, the items may be estimated and in such form charged and credited to operating accounts, and credited or charged to appropriate suspense accounts, the necessary adjustments being made later when they are taken into the accounts.

Section 4. DELAYED OPERATING EXPENSE ITEMS.

The entries in the operating expense accounts described herein should, for a particular period or year, include insofar as practicable, all of the expenses incurred during such period or year. In case, however, an expense item is not recorded in the accounts for the fiscal period to which it applies, it should be included in the expense accounts for the period in which the entry relating thereto is recorded, unless the amount of such delayed item is relatively so large that its inclusion in the expense accounts for a single year would result in a seriously

abnormal statement of operating expenses, in which case such delayed item may be included in profit and loss. (See Section 2 of general instructions relating to profit and loss account.)

Section 5. SALVAGE AND INSURANCE.

Salvage and insurance recovered in connection with maintenance jobs not involving deductions from fixed capital shall be credited to the appropriate repair account. If the insurance for damaged property is relatively large and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of insurance recovered to an expense account to which the cost of repair shall then be charged to the extent that it is covered by insurance. Insurance recovered in connection with personal injuries shall be credited to account 611, "Public liability and workmen's compensation insurance". Dividends distributed by mutual insurance companies shall be credited to the account to which the insurance premiums are charged. Recoveries under fidelity bonds shall be credited to the account charged with the loss.

Section 6. RENTS.

In this system of accounts rents paid for major units of properties are included as an income account deduction. There may be charged to certain of the operating expense accounts in this classification what may be termed minor rents such as rents for offices, small parcels of land, miscellaneous equipment and facilities and such other rent charges as are not properly includible in the income account 407 "Rent, taxes, etc."

Section 7. DEPRECIATION.

Depreciation is the decline in value of property and is one of the losses of the company chargeable under the provisions of this system of accounts to income, profit and loss or operating expense accounts.

There is a certain wear and tear taking place in the property during operation which cannot be covered by current repairs, and in addition, the property is liable to become obsolete or inadequate and for that reason will probably at some future date be discarded or replaced.

In order to provide for the expense when property is taken out of service or replaced, charges should be made to the appropriate income or operating expense account to provide a reserve for such purpose. Such charges shall be based on a rule whereby the original sum less salvage to be provided shall be evenly distributed over the life of the property. The Commission does not in this system of accounts prescribe the rate of depreciation.

The amount of the monthly or annual charges to cover depreciation shall be charged to income account 407, "Rent, taxes, depreciation, etc." or operating expense account 624, "Depreciation of equipment." and credited to balance sheet account 160, "Reserve for accrued depreciation." Against the latter account should be charged (to the extent that such charges are covered by the reserve) the expense of reconstruction or the cost or ledger value of property when retired.

Section 8. CLEARING ACCOUNTS.

There are certain items of expenditure which usually affect several classes of operation which it is desirable to charge to a clearing account prior to the distribution thereof to a specific operating expense, fixed capital or other appropriate account. Among the more important of such items are stores department and transportation department expenses. Other similar clearing accounts may be established when necessary or desirable.

The clearing accounts, if maintained, shall be cleared annually, but if at the end of the year a debit balance remains in these accounts, which is properly chargeable to current operating expenses and which is impracticable of distribution to a specific operating expense account, such undistributed balance may be included in operating expense account 653, "Miscellaneous general expenses". That part of the expenses properly chargeable to fixed capital should be charged to the appropriate fixed capital account or accounts. Any remaining debit balance which may be applicable to a future period or is otherwise not properly chargeable to current operating expenses, fixed capital accounts or other appropriate specific account shall be included in balance sheet account 162, "Other credit accounts."

TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS

NOTE: The amounts charged to the respective operating expense accounts shall be only such as are applicable to public utility operations. All other expenses shall be treated as income account deductions.

I. CONDUCTING WAREHOUSE OPERATIONS.

600. SUPERINTENDENTS AND FOREMEN SALARIES.

Include in this account the pay and travelling expenses of the warehouse superintendent, his assistants and clerks, and of day and night foremen; also such portion of the pay and traveling expenses of the general superintendent, his assistants and clerks as may be properly assigned to warehouse operations.

601. LABOR HANDLING IN AND OUT.

Charge to this account all labor used in the handling of merchandise from warehouse platform to pile, piling and re-delivery to warehouse platform, including elevator men.

602. LABOR UNLOADING CARS OR VEHICLES.

Charge to this account the cost of all labor used in the handling of merchandise out of cars or from vehicles (at xxx warehouse) onto warehouse platform.

603. LABOR LOADING CARS.

Charge to this account the cost of all labor used in the handling of merchandise from warehouse platform into cars at warehouse siding including dunnaging.

604. LABOR WEIGHING.

Charge to this account the cost of all labor used at warehouse scales in the weighing of commodities.

605. RECONDITIONING PACKAGES.

Charge to this account the cost of all labor and materials used in the re-conditioning of damaged packages.

606. LABOR SOLD ON HOURLY BASIS.

Charge to this account the cost of all labor sold on hourly basis.

607. NON-PRODUCTIVE LABOR.

Charge to this account the cost of all non-productive labor, including sick pay, holiday pay, time of labor waiting for work, sweeping, cleaning up space and making room.

608. WATCHMEN.

Charge to this account the cost of watchmen, whether on the warehouseman's payroll, or hired through special night

watch system; it shall also include the amount paid for A.D.T. service or other protective measures.

609. GASOLINE, LUBRICANTS AND OTHER MOTOR VEHICLE SUPPLIES
(Not cartage)

Charge to this account the cost of all gasoline, lubricating oils, and other vehicle supplies (Not cartage.)

610. LOSS AND DAMAGE CLAIMS.

This account shall include all liabilities arising from the loss or damage to goods stored.

611. PUBLIC LIABILITY AND WORKMAN'S COMPENSATION INSURANCE.

This account shall include the cost of public liability and workman's compensation insurance on labor charged to warehouse operations (not office), crediting this account with any rebates thereon. If the insurance is carried by the reporting warehouseman, charge to this account or to a reserve, if such reserve has been created through charges to this account, all expenditures on account of persons killed or injured and property damage, other than property in storage damaged; compensation paid employees injured while in performance of their duties, salaries and expenses of claim agents, adjusters and others engaged in the investigation of accidents and adjustment of claims, salaries, fees and expenses of surgeons and doctors, medical and surgical supplies, nursing and hospital attendance, fees and expenses of coroners and undertakers, fees of witnesses and others.

612. POWER, LIGHT, HEAT AND WATER.

This account shall include all expenses in connection with power, light, heat and water for warehouse operations, not including general office.

613. WAREHOUSE SUPPLIES.

This account shall include the cost of all supplies used in warehouse operations not properly chargeable to another account.

614. MISCELLANEOUS WAREHOUSE OPERATING EXPENSE.

Charge to this account all expenses in conducting the warehouse operations not properly chargeable to any of the foregoing accounts.

II. REPAIR EXPENSES

620. REPAIRS TO BUILDINGS AND STRUCTURES.

This account shall include the cost of labor and material used in repairing warehouses, garages, general offices, and other buildings and structures used in warehouse operations.

621. REPAIRS TO MACHINERY, TOOLS, etc.

This account shall include the cost of labor and material used in repairing machinery, tools (except hand tools), elevators, cranes, lockers, hoists, fire protection system, vaults.

622. REPAIRS TO TRANSPORTATION EQUIPMENT (Not cartage)

This account shall include the cost of repairs to transportation equipment, (not cartage) such as the cost of tires and tubes; the salaries and wages of men engaged in the repair of transportation equipment, (not cartage), and all expenses in keeping such equipment in efficient working order.

623. ALL OTHER REPAIRS.

Charge to this account the cost of all repairs not covered by the foregoing accounts.

624. DEPRECIATION ON EQUIPMENT.

Charge to this account monthly or annually the amount estimated to be necessary to cover the depreciation accruing in the warehouseman's investment in equipment. The amount charged to this account shall concurrently be credited to account 160 "Reserve for accrued depreciation."

III. SOLICITING BUSINESS

630. SUPERINTENDENCE AND SOLICITATION.

Charge to this account the salaries and expenses of employees engaged in soliciting business. In cases where employees are engaged part time in soliciting business and part time in some other department, their salaries and expenses shall be apportioned on some equitable ~~maximum~~ basis.

631. ADVERTISING.

Charge to this account the salaries and expenses of advertising agents, cost of printing and distributing advertising matter; advertising in newspapers and periodicals for the purpose of securing business; cost of bill posting, postage and express charges on advertising matter and the like.

632. MISCELLANEOUS EXPENSES DUE TO SOLICITING BUSINESS.

Charge to this account all expenses incurred to secure additional business not properly chargeable to account 630 or 631.

IV. GENERAL AND MISCELLANEOUS EXPENSES

640. SALARIES OF GENERAL OFFICERS.

Include in this account the salaries of general officers.

641. EXPENSES OF GENERAL OFFICERS.

Include in this account the travelling and incidental expenses of officers.

642. SALARIES OF GENERAL OFFICE EMPLOYEES.

Include in this account the salaries of auditors, bookkeepers, cashiers, paymasters, stenographers and clerks employed in keeping accounts and records, counting cash, etc., also the pay of janitors, porters, messengers and other employees whose time is devoted to the work of the general office.

643. EXPENSES OF GENERAL OFFICE EMPLOYEES.

Include in this account the traveling and incidental expenses of auditors, bookkeepers, cashiers, paymasters, stenographers and clerks employed in keeping accounts and records, counting cash, etc.; also the pay of janitors, porters, messengers and other employees whose time is devoted to the work of the general office.

644. GENERAL OFFICE SUPPLIES AND EXPENSES.

Include in this account the cost of supplies and expenses incurred in connection with the operations of the general office, such as postage, books and periodicals, heat, water, janitor supplies; repairs to furniture and fixtures; rent and repair of office equipment and other similar expenses of the general office.

645. CORPORATION EXPENSE.

Include in this account the cost of publishing and distributing annual reports to stockholders, advertising notice of stockholders' meetings, dividend notices and other corporate and financial notices of general character, directors fees and expenses, cost of experimental work conducted for the benefit of the industry or the improvement of service, fees of transfer agents, of registrars of stocks, and of fiscal agents, and other miscellaneous expenses connected with the general management not otherwise provided for.

646. RENTS.

Charge to this account all rents payable properly includible in operating expenses, under the instructions contained in section 6, "Rents."

647. INSURANCE NOT OTHERWISE SPECIFIED.

Charge to this account the premiums paid for fire, fidelity, burglary and other insurance not otherwise provided for, including/
workmen's compensation and public liability insurance on offices and clerks; also amounts set aside as an insurance reserve by a company carrying its own insurance on the above classes.

648. LAW EXPENSES.

This account shall include all law expenses except those incurred in the defense and settlement of damage claims and proceedings before the Railroad Commission. It includes salaries and expenses of counsel and attorneys, their clerks and attendants and expenses of their offices; fees and retainers for services of attorneys not regular employees, cost of law books; cost of printing briefs, legal forms, testimony, reports, etc.; court costs and payment of specific notarial and witness fees not provided for elsewhere, expenses connected with taking depositions; law expenses of receivers; and all other law and court expenses properly assignable to public utility warehouse operations not provided for in some other account.

649. RAILROAD COMMISSION EXPENSE.

Charge to this account all expenses incurred to defend or prosecute petitions, complaints and other transactions before the Railroad Commission, except, that expenses which are made necessary by rules, regulations and orders of the Commission, for the improvement of service, shall not be charged to this account, but direct to the department expense account affected.

650. STATIONERY AND PRINTING.

Charge to this account the cost of all stationery and printing used in public utility warehouse operations.

651. TELEPHONE AND TELEGRAPH.

Charge to this account the cost of telephone and telegraph service used in public utility warehouse operations.

652. DUES AND SUBSCRIPTIONS.

Charge to this account the cost of all dues and charges of business associations and clubs, provided that no charges or moneys paid directly or indirectly to promote or defeat legislation of any kind whatsoever, or to elect or defeat a candidate for public office may be charged to this or any other operating expense account.

653. MISCELLANEOUS GENERAL EXPENSES

Charge to this account all other general expenses applicable to public utility warehouse operations not provided for elsewhere.