§ 232.5 Income Statement Accounts.

(a) Accounts Defined. Each account shall be identified by an account number and an account title followed by a text describing the accounting information to be included in that account.

(b) Purpose of Income and Expense Accounts. The income and expense accounts shall show for each reporting period the amount of money the contractor is entitled to receive for services rendered; the income accrued from investments in securities and property; accrued expenses; and income and expense attributable to extraordinary items.

(D) Revenue Accounts.

(1) 600 Vessel Revenue.

(i) This account shall be used to report revenue (including surcharges) from operations. As used here, vessel refers to any asset that qualifies for obligation guarantees pursuant to regulations issued under Title XI of the Act (46 CFR part 298).

(ii) For contractors who operate vessels in the U.S. foreign commerce with a construction or operating-differential subsidy agreement (CDSA or ODSA), operating revenue attributed to such vessels shall be separately accounted for to report the following: Freight-foreign, freight-coastwise and intercoastal; passenger-foreign, passenger-coastwise and intercoastal; charter revenue; and other voyage revenue. Contractors with an ODSA shall further describe freight and passenger revenue—foreign (including surcharges), U.S. foreign commerce revenue outbound and foreign commerce revenue (transportation between foreign ports). Revenue shall be accounted for to facilitate reporting the source of revenue by trade route or service area.

(iii) All other contractors shall report vessel revenue by category or class, or by operating segment or division if different business segments or operating divisions produce vessel revenue.

(iv) Except as otherwise provided in paragraph (D)(1)(i) of this section, vessel revenue shall be accounted for following generally accepted accounting principles for the segment of the maritime industry of which the contractor is a part and shall be applied consistently between reporting periods.

(2) 640 Operating-Differential Subsidy.

(i) This account shall be used to report the revenue accrued under provisions of the ODSA.

(ii) Subsidiary accounts shall be used to account for the amount of subsidy accrued by expense classifications to include: Wages of officers and crew; subsistence of officers and crew; maintenance, repairs and upkeep not compensated by insurance; hull and machinery insurance premiums; protection and indemnity insurance premiums; protection and indemnity insurance; deductible expense attributed to illness or injury of crew members; and other expense categories as may be specified in the ODSA.

(iii) Records shall be maintained by vessel for each trade route or service area.

area in which a vessel subject to an ODSA operates.

(iv) If ODS is accrued at substantially different rates developed by the contractor applicable to any year in which final rates have not been agreed to, the difference between the ODS accruals based on billing rates established by MARAD and the ODS accruals based on the contractor’s rates shall be disclosed in appropriate footnotes to the balance sheet and to the income statement.

(3) 650 Other Shipping Operations Revenue.

This account shall be used to report revenue earned from shipping activities other than vessel operations. Examples are revenue from pooling agreements, terminal services provided to others, and cargo handling services performed for others; cargo equipment rentals, and repairs to cargo equipment belonging to others; agency fees, commissions and brokerage fees earned.

(4) 670 Other Revenue.

This account shall be used to report revenue from the following sources: Interest bearing securities, dividends from capital stock, gains from the sale of assets not accounted for under the provisions prescribed for account 995, amortization of premium on funded debt, income or loss from subsidiaries, and other revenue not otherwise provided for, including nonshipping operations revenue.

(E) Expense Accounts.

(i) 700 Vessel Operating Expense.

This account shall be used to report expenses of vessel operations of any kind. As used here, vessel has the same meaning as in paragraph (D)(1)(ii) of this section.

(ii) For contractors with an ODSA who operate vessels subject to such an agreement in the U.S.-foreign commerce or worldwide foreign commerce, vessel expense shall be recorded by category as follows: Salaries and wages of officers and unlicensed crew, including relief crews and others regularly employed aboard the vessel; fringe benefits, such as pension and welfare, vacation payments to unions on behalf of the officers, crew and others, accrued payroll taxes; consumable stores, supplies and equipment, sales taxes, delivery and inspection charges; vessel maintenance and repair expense, including laundry service, inspection services, cost of maintaining expendable equipment and other costs not recoverable from insurance which are integral parts of vessels (including the purchase of permanent equipment and spares required by the classification societies in the United States and its territories and possessions); hull and machinery insurance costs, including premium expense, deductibles which have been incurred or paid, protection and indemnity insurance, including premium expense, personal injury and illness deductibles which have been incurred or paid, and second seaman’s insurance premiums; premiums for other marine risk insurance involving the vessel and not properly chargeable to hull and machinery insurance or to protection and indemnity insurance accounts; vessel fuel and incidental costs; charter hire expenses, including time, trip, short-term and long-term bareboat charter hire; and other vessel expenses not properly chargeable to other accounts described herein which are incidental to the operation of vessels.

(iii) For contractors who own or operate vessels not subject to an ODSA, vessel expense shall include all expenses directly attributable to the operation of vessels. Such expense shall include such expense classifications as generally in use by the segment of the industry with which the contractor is identified. To the extent applicable, the expense classifications mentioned in the preceding paragraph (ii) shall be used.

(iv) Contractors operating vessels to transport cargo or passengers shall maintain appropriate vessel expense records for the purpose of filing vessel operating reports with the Maritime Administration.

(2) 750 Vessel Port Call Expense.

(i) This account shall be used to report the expenses of a vessel at each port of call. Port call expenses may include: Charges for wharfage and dockage of the vessel, pilotage, entry dues and fees, port dues and taxes; anchor dues; canal tolls; launch hire, and tug hire; dispatch and husbanding fees of agents; and other port and terminal expenses.
(ii) Port charges attributable to the vessel's cargo or passengers are not to be reported in this account. Such expenses shall be reported in Account 760, Cargo Handling Expense.

(3) 760 Cargo Handling Expense.
This account shall be used to report all expenses directly attributable to the handling of cargo or passengers for a fee. This account shall include: Cost of preparing a vessel to receive cargo; cost of loading and discharging of the vessel's cargo, including stevedoring and equipment and service charges of stevedoring contractors; cost of transporting cargo from the point of delivery into the possession of the contractor to the loading port and from the discharge port to the point of delivery stipulated by the freight agreement if different from the port of discharge; brokerage expense, including commissions paid brokers' agencies for the procurement of passengers or freight; cargo loading plans, demurrage, costs incidental to receiving, delivering and warehousing at freight station facilities; and other charges for cargo services performed by others.

(4) 800 Inactive Vessel Expense.
(i) This account shall be used to report all expenses incurred during and directly incident to inactive periods of vessels.
(ii) Expenses in this account include: Wages of officers and crew; contributions to crew fringe benefit plans; accrued payroll taxes; subsistence cost of personnel assigned to inactive vessels; consumables other than subsistence items; vessel maintenance expense; vessel repairs; insurance expense; charter hire cost; wharfage and dockage; port expense; and miscellaneous expenses.

(5) 860 Other Shipping Operations Expense.
This account shall be used to report cost of container leasing, maintenance and repair cost and costs of shipping related activities in which the contractor engages to support vessels, such as terminal operations, cargo equipment, fleet operations, cargo pooling agreements, container loading and other activities that are not accounted for elsewhere and that are ancillary to the contractor's vessel operations.

(6) 900 General and Administrative Expenses.
(i) This account shall be used to report the administrative and general expenses incurred in the operation of the business.
(ii) This account shall include: Compensation of corporate officers, directors, administrative and service employees; fringe benefits of general and administrative personnel; legal fees; accounting and auditing fees; other professional fees; office and storage expense; utilities; communications expense; data processing expense; dues; subscriptions; entertainment; travel expense; insurance expense; maintenance and repair expense for office facilities; fixtures and equipment; fees and commissions paid to managing agents; advertising expense; foreign currency conversion; and other expenses to enhance the operation of the business.

(7) 940 Depreciation and Amortization Expense.
(i) This account shall be maintained by class of assets as accounted for in the property and equipment accounts.
(ii) Subaccounts shall be grouped by classifications such as: Vessels; terminals; cargo equipment; office furniture and fixtures; and nonshipping assets.

(8) 950 Other Expense.
This account is to be used to report expenses not chargeable to any other expense account. Such charges may include: Amortization of deferred charges; taxes other than income; debt discount and expense; nonshipping operations expense; organization and preoperating expense and other miscellaneous deferred charges; as well as doubtful notes and accounts receivable.

(9) 960 Interest Expense.
(i) This account shall be used to report all interest expense accrued and charged to income during the period.
(ii) Subaccounts shall be maintained by debt source/contract to provide information needed to fulfill reporting disclosure requirements.

(10) 970 Income Taxes.
(i) This account shall be used to report accrued income tax liability for the current year's operation exclusive of extraordinary items, discontinued operations and the cumulative effect of a change in accounting policy.
§ 232.6  Financial report filing requirement.

(a) Reporting Frequency and Due Dates. The contractor shall file a semiannual financial report and an annual financial report, in the format referred to in §232.1(a)(2), which MARAD shall make available to the contractor. This Form MA–172 (Revised) shall be prepared in accordance with generally accepted accounting principles and modified to the extent necessary to comply with this regulation. The annual financial report shall be reconciled to the financial statements audited by independent certified public accountants (CPAs) licensed to practice by a state or other political subdivision of the United States, or licensed public accountants licensed to practice by regulatory authority or other political subdivision of the United States on or before December 31, 1970. Both the annual and semiannual financial reports shall be due within 120 days after the close of the contractor’s annual or semiannual accounting period. If certified (CPA) statements are not available when required, company certified statements are to be submitted within the due dates, and the CPA statements shall be submitted as soon as available. The respondent may, in place of any Schedule(s) contained in the Form MA–172, submit a schedule or schedules from its audited financial statements, or a computer print-out or schedule, consistent with the instructions provided in the MARAD formats. MARAD will accept electronic options (such as facsimile and Internet) for transmission of required information to MARAD, if practicable.

(b) Certification. Annual and semiannual reports shall be approved by the Respondent and Official of Respondent whom MARAD may contact regarding the report in the reporting formats prescribed as the MA–172 submission.

(c) Presumption of confidentiality. MARAD will initially presume that each part of the financial reports or data submitted as prescribed by this Regulation, other than Schedule 101—Identity of Respondent and Schedules 102 and 103, only with respect to the