

University of Mississippi

eGrove

---

Federal Publications

Accounting Archive

---

1948

**Amendment of Regulation S-X by adoption of Article 5A;  
Amendment to Article 1, Rule 1-01; Article 4, Rule 4-14; Article 5,  
Rule 5-01; Article 12, Rule 12-06, Rule 12-06A and Rule 12-07;  
Amendments to Form 10 and Form 10-K.**

United States. Securities and Exchange Commission

Follow this and additional works at: [https://egrove.olemiss.edu/acct\\_fed](https://egrove.olemiss.edu/acct_fed)



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

---

**Recommended Citation**

United States. Securities and Exchange Commission, "Amendment of Regulation S-X by adoption of Article 5A; Amendment to Article 1, Rule 1-01; Article 4, Rule 4-14; Article 5, Rule 5-01; Article 12, Rule 12-06, Rule 12-06A and Rule 12-07; Amendments to Form 10 and Form 10-K." (1948). *Federal Publications*. 75.

[https://egrove.olemiss.edu/acct\\_fed/75](https://egrove.olemiss.edu/acct_fed/75)

This Article is brought to you for free and open access by the Accounting Archive at eGrove. It has been accepted for inclusion in Federal Publications by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

For immediate release Tuesday, October 19, 1948

**ACCOUNTING SERIES RELEASE NO. 66**

**SECURITIES ACT OF 1933**  
Release No. 3313

**SECURITIES EXCHANGE ACT OF 1934**  
Release No. 4180

**Amendment of Regulation S-X by Adoption of Article 5A; Amendment to Article 1, Rule 1-01; Article 4, Rule 4-14; Article 5, Rule 5-01; Article 12, Rule 12-06, Rule 12-06A and Rule 12-07; Amendments to Form 10 and Form 10-K.**

The Securities and Exchange Commission today announced the adoption of a new article to Regulation S-X, the amendment of related existing articles in such regulation and the concurrent amendment of Form 10 and Form 10-K.

Since 1936 the Commission has prescribed, for securities of corporations organized within two years to engage in the exploitation of mineral deposits other than oil or gas, one or more forms containing provisions for special presentation of financial statements to be used instead of the conventional balance sheets and profit and loss statements. The currently effective forms, making such provision, designated as Forms S-2, S-3 and S-11, provide for separate statements of assets and capitalized expenses, liabilities, capital shares, other securities and cash receipts and disbursements. Except for immaterial differences in captions the general form and content of the financial statements required by Article 5A are the same as those required by the above mentioned forms. The purpose of these amendments is to include these alternative forms of financial statements in Regulation S-X and to extend their use to applications for registration on Form 10 and annual reports on Forms 10-K and 1-MD when filed by commercial and industrial companies in the promotional or development stage and to applications for registration on Form 10 and annual reports on Forms 10-K and 1-MD when filed by mining companies not in the production stage but engaged primarily in the exploration for or the development of mineral deposits other than oil, gas or coal if such mining companies have not been in production during the period of the report or for the two years immediately prior thereto and if receipts from the sale of mineral products by the company and its subsidiaries combined have not exceeded \$500,000 in any of the most recent six fiscal years and have not aggregated more than \$1,500,000 in the most recent six fiscal years.

Rule 5A-07 which specifies what schedules are to be filed does not apply to Forms S-2, S-3 or S-11 under the Securities Act of 1933. It does, however, apply to companies of the type described in paragraphs

(b) and (c) of Rule 5A-01 when filing an application for registration on Form 10 or an annual report on Form 10-K or Form 1-MD under the Securities Exchange Act of 1934. In this respect such rule is consistent with the requirements for other companies filing under that act.

The amendments to Form 10-K indirectly amend Form 1-MD; consequently persons of the type described in Rule 5A-01 using the latter form will be affected by the amendments to Form 10-K.

Notice of the proposed adoption of the amendments to Regulation S-X and of the amendments to Form 10, Form 10-K and Form 1-MD described herein has heretofore been published in the Federal Register. After due consideration of all relevant matters presented in regard to the proposals, the Commission has determined that the proposals should be modified in certain respects and adopted as so modified. The Commission finds that the adoption of these rules and regulations is necessary and appropriate in the public interest and for the protection of investors and necessary to carry out the provisions of the Acts. Accordingly, the Commission hereby takes the following action:

Acting pursuant to the authority conferred upon it by the Securities Act of 1933, particularly Sections 6, 7, 8, 10 and 19 (a) thereof, and the Securities Exchange Act of 1934, particularly Sections 12, 13, 15 (d) and 23 (a) thereof, the Securities and Exchange Commission hereby amends Regulation S-X as follows:

I. Paragraph (a) of Rule 1-01 of Article 1 is amended by deleting the reference to Forms A-2 and C-1 which have been rescinded by the Commission and by including therein a reference to Form S-11.

As amended paragraph (a) of the rule reads as follows:

(a) Registration statements under the Securities Act of 1933, filed on form S-1, S-2, S-3, S-4, S-5, S-6, or S-11 except as otherwise specifically provided in such forms;

II. Article 4 is amended by adding a new rule designated as Rule 4-14. The purpose of this rule is to require commercial, industrial, and mining companies in the promotional, exploratory or development stage, having subsidiaries to show the financial information for the registrant and each of its subsidiaries in parallel columns. The new rule reads as follows:

**Rule 4-14. Special Requirements as to Commercial, Industrial and Mining Companies in the Promotional, Exploratory or Development Stage Subject to Article 5A.**

The financial statements required by Article 5A shall not be prepared on a consolidated basis but shall, insofar as practicable, be prepared so as to show the information for the registrant and each of its subsidiaries in parallel columns.

III. Paragraph (a) of Rule 5-01 of Article 5 is amended by adding a new subparagraph, designated (5). The purpose of this amendment is to prescribe Article 5A as the article governing the form and content of financial statements required to be filed by commercial, industrial, and mining companies in the promotional, exploratory or development stage. The additional subparagraph reads as follows:

(5) Commercial, industrial, and mining companies in the promotional, exploratory or development stage (see Article 5A).

IV. Rule 12-06 of Article 12 is amended by adding a new paragraph to the instructions set forth in footnote 2 to such rule. The purpose of the amendment is to make uniform the information required to be shown with respect to mine property, plant, and equipment in the Statement of Assets and Unrecovered Promotional, Exploratory, and Development Costs and in this rule by certain mining companies using Form 10, Form 10-K or Form 1-MD. The new paragraph reads as follows:

(c) **Mining companies using Article 5A.** Such mining companies shall include herein only depreciable mine plant and equipment at the dollar amounts required by the instructions set forth under Caption 13, property, plant, and equipment of Article 5A. A mining company falling into this category shall also, to the extent practicable, observe the other instructions set forth under this rule.

The complete text of Rule 12-06, as amended, is attached.

V. Rule 12-07 of Article 12 is amended by adding a new paragraph to the instructions set forth in footnote 1 to this rule. The purpose of the amendment is to make uniform the information with respect to depreciation, depletion, and amortization of mine property, plant, and equipment and unrecovered promotional, exploratory, and development costs, shown in the Statement of Assets and Unrecovered Promotional, Exploratory, and Development Costs and in this rule by certain mining companies using Form 10, Form 10-K or Form 1-MD. The new paragraph reads as follows:

(c) **Mining companies using Article 5A.** Such mining companies shall include herein only the amount of the reserve for depreciation, depletion, and amortization of mine property, plant, and equipment and unrecovered promotional, exploratory, and development costs applicable to the amounts set forth in the schedule filed pursuant to Rule 12-06 and Rule 12-06A. A mining company falling into this category shall also, to the extent practicable, observe the other instructions set forth under this rule.

The complete text of Rule 12-07, as amended, is attached.

VI. Regulation S-X is amended by adding a new article, designated as Article 5A. The purpose of this article is to require commercial, industrial, and mining companies in the promotional, exploratory or development stage to prepare financial statements, except as otherwise specified in the applicable form, in accordance with the rules regarding form and content set forth therein.

The complete text of Article 5A is attached.

VII. Article 12 is amended by adding a new rule, designated as Rule 12-06A, Unrecovered Promotional, Exploratory, and Development Costs. The purpose of this rule is to require the classification and aging of these unrecovered costs which were paid for in cash or which are to be paid for in cash.

The complete text of Rule 12-06A is attached.

VIII. The Instruction Book for Form 10 is amended by adding at the end of the instructions to Item 36, Financial Statements, the following additional paragraphs:

Notwithstanding the foregoing, if the registrant falls within the terms of paragraph (b) or (c) of Rule 5A-01 of Regulation S-X, the following statements and schedules, all of which shall be certified,

shall be filed for the registrant and each of its significant subsidiaries, if any:

(a) The statements specified in Rules 5A-02, 5A-03, 5A-04, and 5A-05 and the schedules specified in Rule 5A-07 shall be filed as of the end of the latest fiscal year, except that if such fiscal year has ended within 90 days prior to the date of filing the application with the exchange, such statements and schedules may be filed as of the end of the preceding fiscal year.

(b) The statement of cash receipts and disbursements specified in Rule 5A-06 shall be filed for each of the three fiscal years preceding the date of the statements and schedules required by paragraph (a).

(c) If the statements and schedules required by paragraph (a) are filed as of the end of the preceding fiscal year, corresponding statements and schedules as of the end of the latest fiscal year, and a statement of cash receipts and disbursements for such fiscal year, shall be filed as an amendment to the application within 120 days after the date of filing.

If, in any case, the statements herein required are inadequate or inappropriate, the Commission may, upon the informal written request of the registrant, permit the omission of one or more of the statements herein required and the filing in substitution therefor of appropriate statements of comparable character. The Commission may also by informal written notice require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary for a proper presentation of the financial condition of any person for which financial statements are required, or for which such statements are otherwise necessary for the protection of investors.

IX. The Instruction Book for Form 10-K is amended by adding at the end of the instructions to Item 8, Financial Statements, two new instructions reading as follows:

5. Registrants Not in the Production Stage.

Notwithstanding the foregoing instructions, if the registrant falls within the terms of paragraph (b) or (c) of Rule 5A-01 of Regulation S-X, the following statements and schedules, all of which shall be certified, shall be filed for the registrant and each of its significant subsidiaries, if any:

(a) The statement specified in Rules 5A-02, 5A-03, 5A-04, and 5A-05 and the schedules specified in Rule 5A-07 shall be filed as of the end of the fiscal year.

(b) The statement of cash receipts and disbursements specified in Rule 5A-06 shall be filed for the fiscal year.

6. Filing of Other Statements in Certain Cases.

If, in any case, the statements herein required are inadequate or inappropriate, the Commission may, upon the informal written request of the registrant, permit the omission of one or more of the statements herein required and the filing in substitution therefor of appropriate statements of comparable character. The Commission may also by informal written notice require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary for a proper presentation of the financial condition of any person for which finan-

cial statements are required, or for which such statements are otherwise necessary for the protection of investors.

The foregoing action shall be effective October 29, 1948, except that financial statements filed as a part of any registration statement, application for registration or annual report, to which the foregoing action applies, filed with the Commission prior to December 31, 1948, may be prepared in accordance with the applicable requirements as in effect immediately prior to October 29, 1948.

## **ARTICLE 5A. COMMERCIAL, INDUSTRIAL AND MINING COMPANIES IN THE PROMOTIONAL, EXPLORATORY OR DEVELOPMENT STAGE**

### **Rule 5A-01. Application of Article 5A.**

This article shall be applicable to the financial statements filed as a part of:

(a) Registration statements on Form S-2, Form S-3 or Form S-11, except as otherwise specifically provided in such forms, under the Securities Act of 1933;

(b) Applications for registration and annual reports pursuant to Sections 12, 13 and 15 (d) respectively of the Securities Exchange Act of 1934 filed by commercial and industrial companies in the promotional or development stage which, if registering under the Securities Act of 1933, would be required to use Form S-2.

(c) Applications for registration and annual reports pursuant to Sections 12, 13 and 15 (d) respectively of the Securities Exchange Act of 1934 filed by mining companies not in the production stage<sup>1</sup> but engaged primarily in the exploration for or the development of mineral deposits other than oil, gas or coal, if all of the following conditions are met:

(1) The registrant has not been in production during the period of the report or the two years immediately prior thereto; except that being in production for an aggregate period of no more than eight months over the three-year period shall not affect the use of the form.

(2) Receipts from the sale of mineral products or from the operation of mineral producing properties by the registrant and its subsidiaries combined have not exceeded \$500,000 in any of the most recent six fiscal years and have not aggregated more than \$1,500,000 in the most recent six fiscal years.

### **Rule 5A-02. Statement of Assets and Unrecovered Promotional, Exploratory, and Development Costs.**

The statement of assets and unrecovered promotional, exploratory, and development costs filed for persons to whom this article is applicable shall comply with the following provisions:

#### **CURRENT ASSETS**

##### **1. Cash and cash items.**

**2. Marketable securities.**—Include only securities having a ready market. Securities of affiliates shall not be included here. State here the basis of determining the amount at which carried. The aggregate

<sup>1</sup> For the purpose of financial statements prepared pursuant to the instructions contained in this article a mine will be considered to have passed from a development to a production stage when the major portion of the mineral production is obtained from workings other than those opened for the purpose of exploration or development or when the principal activity of the mine becomes the production of developed ore rather than the development of additional ores for mining.

cost and aggregate amount on the basis of current market quotations shall be stated parenthetically or otherwise.

3. **Accounts and notes receivable.**

4. **Reserve for doubtful accounts and notes receivable.**

5. **Inventories.**—State separately each major class of inventory and the basis of determining the amounts shown. Any classification that is reasonably informative may be used.

6. **Amounts due from underwriters, promoters, directors, officers, employees, and principal holders of equity securities other than affiliates.**—State separately the total amount, if significant, due from each class of persons named in the caption to this paragraph. Exclude from the amounts set forth hereunder trade accounts subject to the usual trade terms.

7. **Other current assets.**—(a) State separately (1) total of current amounts due from parents and subsidiaries; and (2) any other amounts in excess of five percent of total current assets, indicating when any such amount is due from affiliates other than parents and subsidiaries; (b) indebtedness of a parent or subsidiary, or an affiliate designated under (a) (2) shall not be considered current unless the net current asset position of such person justifies such treatment.

8. **Total current assets.**

**OTHER ASSETS AND UNRECOVERED PROMOTIONAL, EXPLORATORY, AND DEVELOPMENT COSTS**

9. **Securities of affiliates.**

10. **Indebtedness of affiliates—Not current.**

11. **Other security investments.**—In a note herein referred to state the basis of determining the amount. If available, state parenthetically or otherwise the aggregate amount on the basis of market quotations.

12. **Amounts due (not current) from underwriters, promoters, directors, officers, employees, and principal holders of equity securities other than affiliates.**—The instruction to caption (6) shall apply here.

13. **Property, plant, and equipment.**<sup>1</sup>—(a) Identify separately intangible property and property held under lease, option, and lease and option agreements. Identify items acquired from persons having a material relationship to the registrant. Extend only the total number of units of each class of securities, the amount of cash, and/or an indication of anything else, given by the registrant therefor. Except as stated in footnote (1), dollar amounts shall be extended only for cash transactions.

(b) In a note state as to property held under lease, option, or lease and option agreements or purchase contracts (1) the nature and amount of future payments to be made, (2) whether the property on default will revert to the seller, and (3) whether any assets constructed

<sup>1</sup> **Special instructions regarding this caption for mining companies using Article 5A.**—Include hereunder only depreciable mine plant and equipment. See caption 13A for the disposition of mine property subject to depletion. In those situations where depletable mine property and depreciable mine plant and equipment and other assets were acquired in one transaction in exchange for capital stock of the registrant or for cash, capital stock, or other securities of the registrant and any other consideration, the assets acquired such as accounts receivable, supplies, buildings, mining and mill equipment, which have a fixed or objectively determinable value should be valued on those bases. The dollar amounts assigned to these properties shall be extended.



on or attached to the property will become the property of the seller on default.

**13A. Mine property.**—Set forth hereunder property usually extinguished by depletion such as mines, mining claims, water rights, land for waste dumps, and similar property. The instructions set forth under caption 13, including footnote (a) if applicable, shall also apply to this-caption.

**14. Unrecovered promotional, exploratory, and development cost.**—Set forth under this caption unrecovered costs incurred in promotion, exploration and development.

State separately (a) development expenses, (b) plant and equipment maintenance expenses, (c) rehabilitation expenses, (d) general administrative expenses incurred in a period when there was little or no actual mining and (e) other expenses. Do not include securities selling costs under this caption but include them under captions (17) or (18). General administrative expenses incurred in connection with subcaptions (a), (b) and (c) should be included therein. Any other general administrative expenses not chargeable to those subcaptions nor written off as costs or other operating charges (including taxes, protection and conservation of property when inactive) shall be included under subcaption (d). Extend only the total number of units of each class of securities, the amount of cash and/or an indication of anything else, given by the registrant. Dollar amounts shall be extended only for cash transactions, including, when appropriate, depreciation, depletion, and amortization of assets extended at dollar amounts under captions 13 and 13A. The instructions set forth under caption 13, footnote (1) to caption 13 and caption 13A, if appropriate, should be applied also to any unrecovered promotion, exploratory, and development costs incurred by predecessors of the registrant.

**15. Reserves for depreciation, depletion, and amortization of property, plant, and equipment and unrecovered promotional, exploratory, and development costs (or reserves in lieu thereof).**—Set forth hereunder only the amount of the reserve for depreciation, depletion, and amortization of property, plant, and equipment and unrecovered costs incurred in promotion, exploration, and development applicable to the dollar amounts extended under captions 13, 13A and 14 above.

**16. Prepaid expenses and other deferred items.**—State separately any significant items not shown elsewhere. Prepayments of services to be received within one year may, however, be included under caption 7.

**17. Debt discount and expense.**—State in a note referred to in the statement of assets and unrecovered promotional, exploratory, and development costs the method used in amortizing such debt discount and expense.

**18. Commissions and expense on capital shares.**—Explain in a note referred to in the statement of assets and unrecovered promotional, exploratory, and development costs what provisions have been made for writing off these items.

**19. Other assets.**—State separately any other item in excess of five percent of the amount of all assets other than fixed and intangible ones.

### Rule 5A-03. Statement of Liabilities.

The statement of liabilities filed for the persons to whom this article is applicable shall comply with the following provisions:

#### CURRENT LIABILITIES

1. **Notes payable.**—State separately amounts payable (a) to banks; (b) for merchandise, materials, supplies, and expenses incurred in the ordinary course of business; and (c) to others.
2. **Accounts payable.**—State separately amounts payable (a) for merchandise, materials, supplies, and expenses incurred in the ordinary course of business; and (b) to others.
3. **Accrued liabilities.**—State separately (a) accrued payrolls; (b) tax liability; (c) interest; (d) rents and royalties; and (e) any other significant items. If the total under this caption is not significant it may be stated as one amount.
4. **Amounts due to underwriters, promoters, directors, officers, employees, and principal holders of equity securities other than affiliates.**—State separately the total amount, if significant, due to each class of persons named in the caption to this paragraph. Exclude from the amounts set forth hereunder trade accounts subject to the usual trade terms.
5. **Other current liabilities.**—State separately (a) dividends declared; (b) notes and mortgage instalments, mortgages due within one year, and payments on other long-term debt due within one year; (c) total of current amounts due to parents and subsidiaries; and (d) any other item in excess of five percent of total current liabilities indicating any such liability due to affiliates other than parents and subsidiaries. Remaining items may be shown in one amount.
6. **Total current liabilities.**

#### DEFERRED INCOME

7. **Deferred income.**

#### LONG TERM DEBT AND OTHER LIABILITIES

8. **Bonds, notes, and other liabilities represented by securities.**—Show for each class (a) title of the class; (b) the amount authorized; (c) the amount issued; and (d) the amount reacquired and held in the treasury (show such amount as a deduction). As to issued securities, show separately in a note the amount issued for (1) cash, (2) property, and (3) services. The facts and amounts with respect to any defaults in principal, interest, sinking fund, or redemption provisions shall be stated.
9. **Indebtedness to affiliates—Not current.**
10. **Amounts due (not current) to underwriters, promoters, directors, officers, employees, and principal holders of equity securities other than affiliates.**—The instruction to caption 4 above shall apply here.
11. **Other liabilities—Not current.**—State separately any significant items. State whether accrued, and the interest rate if any.
12. **Total liabilities.**

**Rule 5A-04. Statement of Capital Shares.**

The statement of capital shares filed for the persons to whom this article is applicable shall comply with the following provisions:

1. State for each class of capital shares the title and number of shares (a) authorized, (b) issued, (c) reacquired and held in the treasury, (d) outstanding, and (e) reserved for option, warrant, conversion, and other rights to acquire such shares.

2. As to each class of issued shares state the number of shares issued for (a) cash, (b) services, and (c) property.

3. If there are any shares subscribed for but unissued, state the number of shares of each class subscribed for, the subscription price, the total amount receivable thereon, and the approximate due dates. If payable otherwise than in cash, explain. If any unpaid amounts on such shares are past due, state the number of shares and amounts involved.

4. If any shares are assessable, state the aggregate and per-share amounts of assessments levied. If any such assessments have not been paid, state the number of shares and amounts involved, indicating separately any amounts past due.

5. If any shares have been issued subject to a liability for further calls, state the number of shares so issued and the aggregate and per-share amounts of such liability. State also the aggregate amount of any past due calls.

6. If any shares have been forfeited for non-payment of assessments or calls thereon, state the number of shares involved and the present status of such shares.

7. State the total amount of underwriting discounts and commissions incurred on sale of capital shares.

8. As to any arrears in cumulative dividends, the amount per share and in total shall be stated.

9. If preferred shares are callable, the date or dates and the amount per share and in total at which such shares are callable shall be stated. Preferences on involuntary liquidation, if other than par or stated value, shall be shown. A statement shall be made as to the existence, or absence, of any restrictions upon surplus growing out of the fact that upon involuntary liquidation the preference of the preferred shares exceeds its par or stated value.

**Rule 5A-05. Statement of Other Securities.**

If the persons to whom this article is applicable have any securities with respect to which information is not called for in the statement of liabilities or in the statement of capital shares, furnish as to such securities information corresponding to that required in those statements.

**Rule 5A-06. Statement of Cash Receipts and Disbursements.<sup>1</sup>**

The statement of cash receipts and disbursements filed for persons to whom this article is applicable shall comply with the following provisions:

RECEIPTS	
Sale of securities.....	\$-----
(Itemize receipts by classes of securities)	
Assessments.....	\$-----
Loans by banks.....	\$-----
Loans by others.....	\$-----
Sale of products.....	\$-----
Donations.....	\$-----
Royalties.....	\$-----
Rents, tolls, and similar receipts.....	\$-----
Other receipts.....	\$-----

(Specify and show separately any items of significant amount. Details may be given in a separate schedule if referred to under this caption.)

Total receipts.....	\$-----
---------------------	---------

DISBURSEMENTS	
Loans repaid.....	\$-----
Commissions and other selling expenses in connection with the sale of securities.....	\$-----
Legal and accounting fees.....	\$-----
Fees of engineers, appraisers, and other similar experts.....	\$-----
Payments on options, leases, lease and option agreements, and purchase contracts.....	\$-----

(Show separately each payment of significant amount and identify the property for which paid.)

Royalties.....	\$-----
Contract work (specify).....	\$-----
Purchase of equipment.....	\$-----
Salaries of directors and officers.....	\$-----
Other salaries and wages.....	\$-----
Merchandise, materials, and supplies.....	\$-----
Taxes.....	\$-----
Dividends.....	\$-----
Other disbursements.....	\$-----

(Specify and show separately any items of significant amount. Details may be given in a separate schedule if referred to under this caption.)

Total disbursements.....	\$-----
Net increase (or decrease) in cash during period.....	\$-----
Cash and cash items balance at beginning of period.....	\$-----
Cash and cash items balance at close of period.....	\$-----

<sup>1</sup> If the registrant maintains its books on the accrual basis items of income and expense reported in the statement of cash receipts and disbursements may be presented on such basis, provided entries are introduced in the statement to reconcile the figures in total to the cash receipts and cash disbursements respectively.

### **Rule 5A-07. What Schedules Are To Be Filed.**

The following schedules are required to be filed as a part of an application for registration on form 10 and as part of an annual report on form 10-K and on form 1-MD by companies to whom this article is applicable.

(a) The schedules specified below in this rule as schedules I, II, and III shall be filed as of the date of the statement of assets and unrecovered promotional, exploratory, and development costs and statement of liabilities filed for each person.

Such schedules shall be certified.

(b) The information required in schedules for the registrant and for its subsidiaries may be presented in the form of a single schedule, provided that items pertaining to the registrant and those pertaining to each subsidiary are separately shown and that such single schedule affords a properly summarized presentation of the facts.

(c) References to the schedules shall be made against the appropriate captions of the statement of assets and unrecovered promotional, exploratory, and development costs.

(d) If the information required by any schedule (including the footnotes thereto) may be shown in the related statement of assets and unrecovered promotional, exploratory, and development costs, without making such statement unclear or confusing, that procedure may be followed and the schedule omitted.

(e) If schedules, other than those specifically called for by paragraph (a) of this rule, are required to make clear and not confusing certain material items appearing in the financial statements, the registrant may use the appropriate schedule set forth in article 12 to present the additional information required by rule 3-06.

**Schedule I. Property, plant, and equipment.**—The schedule prescribed by rule 12-06 shall be filed in support of caption 13 and caption 13A of each statement of assets and unrecovered promotional, exploratory, and development costs.

**Schedule II. Unrecovered promotional, exploratory, and development costs.**—The schedule prescribed by rule 12-06A shall be filed in support of caption 14 of each statement of assets and unrecovered promotional, exploratory, and development costs.

**Schedule III. Reserves for depreciation, depletion, and amortization of property, plant, and equipment and unrecovered promotional, exploratory, and development costs (or reserves in lieu thereof).**—The schedule prescribed by rule 12-07 shall be filed in support of caption 15 of each statement of assets and unrecovered promotional, exploratory, and development costs.

## Rule 12-06. Property, Plant, and Equipment.<sup>1</sup>

Column A	Column B	Column C	Column D	Column E	Column F
Classification <sup>2</sup>	Balance at beginning of period <sup>3</sup>	Additions at cost <sup>4</sup>	Retirements or sales <sup>5</sup>	Other changes—debit and/or credit—describe <sup>6</sup>	Balance at close of period

<sup>1</sup> If the financial statements are being filed as part of an annual or other periodic report, comment briefly on any significant and unusual additions, abandonments, or retirements, or any significant and unusual changes in the general character and location, of principal plants and other important units, which may have occurred within the period.

<sup>2</sup> (a) Show by major classifications such as land, buildings, equipment, or leaseholds. If such classification is not present or practicable, this may be stated in one amount. The additions included in column C shall, however, be segregated in accordance with an appropriate classification. If property, plant, and equipment abandoned is carried at other than a nominal amount indicate, if practicable, the amount thereof and state the reasons for such treatment. Items of minor importance may be included under a miscellaneous caption.

(b) **Public utility companies.**—A public utility company shall, to the extent practicable, classify utility plant by the type of service rendered (such as electric, gas, transportation, and water) and shall state separately under each of such service classifications the major subclassifications of utility plant accounts.

(c) **Mining companies using article 5A.**—Such mining companies shall include herein only depreciable mine plant and equipment at dollar amounts required by the instructions set forth under caption 13, property, plant, and equipment of article 5A. A mining company falling into this category shall also, to the extent practicable, observe the other instructions set forth under this rule.

<sup>3</sup> The balance at the beginning of the period of report may be as per the accounts. If neither the total additions nor the total deductions during the period amount to more than 10 percent of the closing balance and a statement to that effect is made, the information required by columns B, C, D, and E may be omitted provided that the totals of columns C and D are given in a footnote and provided further that any information required by notes 4, 5, and 6 shall be given and may be in summary form.

<sup>4</sup> If the changes in property accounts in column C represent anything other than additions from acquisitions, state clearly the nature of the changes and the other accounts affected. If cost of property additions represents other than cash expenditures, explain. If acquired from an affiliate at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within two years prior to the acquisition by the person for which the statement is filed.

<sup>5</sup> If changes in column D are stated at other than cost, explain if practicable.

<sup>6</sup> State clearly the nature of the changes and the other accounts affected. If provision for depreciation, depletion, and amortization of property, plant, and equipment is credited in the books directly to the asset accounts, the amounts shall be stated in column E with explanations, including the accounts to which charged.

### Rule 12-06A. Unrecovered Cost Incurred in the Promotional, Exploratory, and Development Stage.<sup>1</sup>

[For commercial, industrial, and mining companies specified in paragraphs (b) and (c) of rule 5A-01 when filing applications for registration on form 10 and annual reports on form 10-K and form 1-MD, pursuant to the provisions of the Securities Exchange Act of 1934.]

Column A	Column B	Column C	Column D	Column E
Classification <sup>2</sup>	Balance at beginning of period <sup>3</sup>	Additions at cost <sup>4</sup>	Deductions <sup>5</sup>	Balance at close of period <sup>6</sup>

<sup>1</sup> Include in this schedule only unrecovered cost incurred in promotional, exploratory, and development work paid for in cash, or to be paid for in cash, and, when appropriate, depreciation, depletion, and amortization of assets extended at dollar amounts under captions 13 and 13A of rule 5A-02.

<sup>2</sup> Show by major classifications under (1) development expenses, (2) plant and equipment maintenance expenses, (3) rehabilitation expenses, (4) general administrative expenses incurred in a period when there was little or no actual mining, and (5) other expenses. If unrecovered cost incurred in exploration and development work abandoned is carried at other than a nominal amount indicate, if practicable, the amount thereof and state the reason for such treatment. Items of minor importance may be included under a miscellaneous caption.

<sup>3</sup> The balance at the beginning of the period of report may be as per the accounts. If neither the total additions nor the total deductions during the period amount to more than 10 percent of the closing balance and a statement to that effect is made, the information required by columns B, C, and D may be omitted provided that the totals of columns C and D are given in a footnote and provided further that any information required by notes 4, 5, and 6 shall be given and may be in summary form.

<sup>4</sup> If the changes in unrecovered cost incurred in promotional, exploratory, and development work in column C represent anything other than additions from acquisitions, state clearly the nature of the changes and the other accounts affected. If acquired from an affiliate at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within two years prior to the acquisition by the person for which the statement is filed.

<sup>5</sup> (a) Include in this column unrecovered cost incurred in development and exploratory work abandoned and written off. If such abandonments are stated at other than cash cost, explain if practicable.

(b) Include in this column proceeds from ore sales and other income if so credited on the books; state separately and describe.

(c) If provisions for amortization of unrecovered cost incurred in promotional, exploratory, and development work are credited in the books directly to such deferred expense accounts, the amounts shall be stated in column D with explanations, including the accounts to which charged.

<sup>6</sup> The balance at the close of the period for each major classification set forth in this schedule shall be subdivided and presented in three additional columns, if practicable, to show the amount of unrecovered cost incurred in promotional, exploratory, and development work accumulated and added during (a) the five years prior to the date of the related statement of assets and unrecovered promotional, exploratory, and development costs, (b) the period of the sixth to fifteenth year inclusive prior to the date of the related statement of assets and unrecovered promotional, exploratory, and development costs, and (c) the period from the inception of the registrant and its predecessors to the fifteenth year prior to the date of the related statement of assets and unrecovered promotional, exploratory, and development costs. If it is impracticable to subdivide the total of each major classification set forth in column E, the grand total of such column shall nevertheless be subdivided in the manner indicated in the immediately preceding sentence in which case the information may be furnished in a footnote to this schedule.

**Rule 12-07. Reserves for Depreciation, Depletion, and Amortization of Property, Plant, and Equipment.<sup>1</sup>**

Column A	Column B	Column C		Column D		Column E
Description <sup>2</sup>	Balance at beginning of period <sup>3</sup>	Additions		Deductions from reserves		Balance at close of period
		(1) Charged to profit and loss or income	(2) Charged to other accounts—describe	(1) Retirements, renewals, and replacements	(2) Other—describe	

<sup>1</sup> (a) If other reserves are created in lieu of depreciation reserves, the same information shall be given with respect to them.

(b) Insofar as amounts for depreciation, depletion, and amortization are credited to the property accounts, such amounts shall be shown in the schedule of property, plant, and equipment, as there required.

(c) **Mining companies using article 5A.**—Such mining companies shall include herein only the amount of the reserve for depreciation, depletion, and amortization of mine property, plant, and equipment, and unrecovered promotional, exploratory, and development costs per the accounts.

applicable to the amounts set forth in the schedule filed pursuant to rule 12-06 and rule 12-06A. A mining company falling into this category shall also, to the extent practicable, observe the other instructions set forth under this rule.

<sup>2</sup> If practicable, reserves shall be shown to correspond with the classifications of property set forth in the related schedule of property, plant, and equipment, separating especially depreciation, depletion, amortization, and provision for retirement.

<sup>3</sup> The balance at the beginning of the period of report may be as per the accounts.