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Classification of income, profit and loss, and general balance sheet accounts for steam roads

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CLASSIFICATION
OF
INCOME, PROFIT AND LOSS, AND
GENERAL BALANCE SHEET ACCOUNTS

FOR
STEAM ROADS

PRESCRIBED BY THE
INTERSTATE COMMERCE COMMISSION
IN ACCORDANCE WITH SECTION 20 OF THE
ACT TO REGULATE COMMERCE

ISSUE OF 1914

Effective on July 1, 1914



THE INTERSTATE COMMERCE COMMISSION.

JAMES S. HARLAN, *of Illinois.*

JUDSON C. CLEMENTS, *of Georgia.*

EDGAR E. CLARK, *of Iowa.*

CHARLES C. McCHORD, *of Kentucky.*

BALTHASAR H. MEYER, *of Wisconsin.*

HENRY C. HALL, *of Colorado.*

WINTHROP M. DANIELS, *of New Jersey.*

GEORGE B. MCGINTY, *Secretary.*

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ORDER.

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 19th day of May, A. D. 1914.

The subject of a Uniform System of Accounts to be prescribed for and kept by carriers being under consideration, the following order was entered:

It is ordered, That the Classification of Income, Profit and Loss, and General Balance Sheet Accounts, with the text pertaining thereto, embodied in printed form to be hereafter known as Issue of 1914, a copy of which is now before this Commission, be, and the same is hereby, approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, in the office of the Division of Carriers' Accounts; and that each of said copies so authenticated and filed shall be deemed an original record thereof.

It is further ordered, That the said classification, with the text pertaining thereto be, and is hereby, prescribed for the use of carriers by rail (exclusive of electric railways) subject to the provisions of the Act to Regulate Commerce as amended, in the keeping and recording of their said accounts; that each and every such carrier and each and every receiver or operating trustee of any such carrier be required to keep all said accounts in conformity therewith; and that a copy of the said issue be sent to each and every such carrier and to each and every receiver or operating trustee of any such carrier.

It is further ordered, That in order to avoid destroying the basis of comparison with previous years, any such carrier or any receiver or operating trustee of any such carrier may, during the twelve months from the time that the said issue becomes effective, keep and maintain, in addition to the said accounts hereby prescribed, such portion or portions of its present income, profit and loss, and general balance-sheet accounts as may be deemed desirable by any such carrier or by any receiver or operating trustee thereof, for the purpose of such comparison; or, during the same period, may maintain such groupings of the primary accounts hereby prescribed as may be desired for that purpose.

It is further ordered, That, unless otherwise ordered, any such carrier or any receiver or operating trustee of any such carrier may

keep any temporary or experimental income, profit and loss, and general balance-sheet accounts the purpose of which shall be to develop the efficiency of operations: *Provided, however,* That such temporary or experimental accounts shall not impair the integrity of any general or primary account hereby prescribed.

It is further ordered, That July 1, 1914, be, and is hereby, fixed as the date on which the said issue of the Classification of Income, Profit and Loss, and General Balance Sheet Accounts for Steam Roads shall become effective.

By the Commission.

[SEAL.]

GEORGE B. MCGINTY,
Secretary.

INTRODUCTORY LETTER.

INTERSTATE COMMERCE COMMISSION,
DIVISION OF CARRIERS' ACCOUNTS,
Washington, May 19, 1914.

TO ACCOUNTING OFFICERS OF STEAM RAILWAYS:

This Classification of Income, Profit and Loss, and General Balance Sheet Accounts supersedes the Form of Income and Profit and Loss Statement for Steam Roads, First Issue, effective July 1, 1912, and the Form of General Balance Sheet Statement, First Revised Issue, effective June 15, 1910. It also supersedes conflicting instructions in Accounting Bulletin No. 8.

In Income all of the revenues from operating physical property the cost of which is includible in the accounts for investment in road and equipment have been combined in one account, and correspondingly the expenses of operation have been combined. Separate accounts have been provided for the revenues from and the expenses of operating miscellaneous physical property. A distinct account has been provided in which to include such revenue from operations as has been determined to be uncollectible during the period for which the accounts are stated. Distinct accounts have been provided for rent from and rent for the several classes of equipment.

In Profit and Loss an account has been provided in which to show the amount of revenue overcharges which are determined to be unrefundable during the period for which the accounts are stated. An account is also provided for donations from individuals and companies for the construction or acquisition of property or for compensating the carrier for loss anticipated during the early period of operation.

Balance-sheet asset accounts have been provided for "Improvements on leased railway property," and "Deposits in lieu of mortgaged property sold." Additional accounts have been provided in which to include demand deposits and time drafts and deposits, items which heretofore have been included as cash. The account "Taxes paid in advance" has been eliminated and provision made for showing in red the net amount of taxes paid over the amount of taxes accrued in an account under the caption of "Tax liability." A liability account has been provided for "Grants in aid of construction," and separate accounts have been provided for accrued

depreciation upon road, upon equipment, and upon miscellaneous physical property.

In the preparation of the text of the accounts and in the grouping of the accounts in the form of general balance sheet it has been primarily the purpose to provide for showing, in the group of accounts under the caption "Current assets," only items of available assets or of assets which there is a reasonable assurance will become available within a year from the date of the balance sheet.

The general and special instructions contain a comprehensive statement of the principles underlying the classification, indicating generally the application of the accounting rules. The attention of accounting officers is called to the importance of requiring all employees who are assigned to accounting work in connection with income, profit and loss, and general balance-sheet accounts to familiarize themselves thoroughly with these instructions.

In the preparation of the revision of the accounting rules contained in this and other classifications for steam roads, which are concurrently issued, the Commission has had the cooperation of the Association of American Railway Accounting Officers, and its Standing Committee on Corporate, Fiscal, and General Accounts.

The classification, in tentative form, has been presented for criticism and suggestions to the chief accounting officer of each railway and to the railway commissions of the several States. All suggestions received from such parties have been given careful consideration, and many of them have been incorporated in the classification as here issued.

FRED W. SWENEY,
Chief Examiner of Accounts.

GENERAL INSTRUCTIONS.

The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts provided herein for Income, Profit and Loss, and General Balance Sheet. Where the full information is not recorded in the general books, the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Interstate Commerce Commission.

1. When the title and definition of an income, profit and loss, or general balance-sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be kept under such a title to include the balances from the accounts usually kept in the ledger, but in such case the titles of the subaccounts in the ledger shall give references by numbers, titles, or both, to the income, profit and loss, or general balance-sheet account prescribed herein of which they are subdivisions.

2. When the compensation for the use of equipment held under lease includes both rent and maintenance (repairs and depreciation), the lessor shall determine the proportion of gross rent applicable respectively to rent, repairs, and depreciation. The lessor shall credit the portion covering rent to the appropriate rent account in Income, the portion covering repairs to the account originally charged or chargeable with the cost of the repairs, and the portion covering depreciation to the accrued depreciation account for equipment. The lessee shall correspondingly charge the portion covering rent to the appropriate rent account in Income, the portion covering repairs to the appropriate equipment repair account, and the portion covering depreciation to the appropriate equipment depreciation account in Operating Expenses.

When the compensation for the use of equipment held under lease covers only rent and depreciation (the lessee being responsible for the current repairs) the lessor shall determine the proportion of the gross rent applicable to rent and that applicable to depreciation. The lessor shall credit the portion covering rent to the appropriate rent account in Income, and the portion covering depreciation to the accrued depreciation account for equipment. The lessee shall charge the portion covering rent to the appropriate rent account in Income, and the portion covering depreciation to the appropriate depreciation account in Operating Expenses.

When the lease provides that the lessee shall be responsible for the maintenance of the leased equipment, the lessee shall charge the estimated current

depreciation to the appropriate depreciation account in Operating Expenses, and concurrently credit the amounts thus charged to balance-sheet account No. 778, "Other unadjusted credits." To this latter account shall be charged, to the extent of the credits therein with respect to the equipment, the cost of restoring the depreciation upon the equipment, or the payments made to the lessor for the purpose of compensating for the loss through depreciation at the time the equipment is surrendered.

When the accounting in connection with equipment held under lease requires, under this rule, an apportionment of the compensation as between rent and maintenance, the lessor shall show the distribution of the charges upon its bills, and such distribution shall be adhered to by the lessee.

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SPECIAL INSTRUCTIONS.

1. **INCOME ACCOUNTS DEFINED.**—Income accounts are those designed to show, as nearly as practicable, for each fiscal period, the total amount of money that a carrier becomes entitled to receive for services rendered, the returns accrued upon investments, the accrued costs paid or payable for the services rendered by it, the losses sustained by it, the amounts accrued for taxes, for use of moneys and for use of properties of others, and the appropriations made from income during the period. The net balance of income (or loss) shall be carried to Profit and Loss.

2. **DELAYED ITEMS.**—When no provisions have been made through entries in the accounts of this classification for anticipating delayed items chargeable or creditable to Income, and the amount of any such item is relatively so large that its inclusion in the accounts for a single year would seriously distort those accounts, the carrier, if so authorized upon application to the Interstate Commerce Commission, shall distribute to Profit and Loss so much of the amount as may be authorized. The carrier, in its application to the Commission, shall file the full particulars concerning each item and the reasons which in its judgment indicate the propriety of such accounting.

Delayed items are items representing transactions which occurred before the current year.

3. **UNCOLLECTIBLE REVENUE.**—An account is provided for revenue charges against individuals and companies which during the period for which the Income Account is stated have been determined to be uncollectible. This account is provided for the purpose of eliminating from the ledger assets of the carrier, or of writing down to nominal amounts in its asset accounts, items of revenue charges which can not be collected, such as freight charges for which credit has been allowed, or undercharges discovered after the freight has been delivered.

TEXT PERTAINING TO THE INCOME ACCOUNTS.

I. CREDITS.

501. RAILWAY OPERATING REVENUES.

This account shall include the total revenues derived from operations as shown in the accounts provided in the classification of operating revenues.

502. REVENUES FROM MISCELLANEOUS OPERATIONS.

This account shall include the total revenues derived from the operation of miscellaneous operating physical property, such as that the cost of which is includible in balance-sheet account No. 705, "Miscellaneous physical property."

NOTE.—The income from miscellaneous nonoperating physical property shall be included in account No. 511, "Miscellaneous nonoperating physical property."

503. HIRE OF FREIGHT CARS—CREDIT BALANCE.

This account shall include the net credit balance of (1) amounts receivable accrued for the use of the accounting company's freight cars leased or interchanged, and (2) amounts payable accrued for the use of the freight cars of other carriers, leased or interchanged, and for the use of freight cars of individuals and companies not carriers.

NOTE A.—If the net balance is a debit, it shall be included in account No. 536, "Hire of freight cars—Debit balance."

NOTE B.—Rent for freight cars included in the lease of road to another company shall be included in account No. 509, "Income from lease of road."

NOTE C.—Rents paid for freight cars used in construction work-train service are chargeable to the cost of the work. (See general instructions for the classification of investment in road and equipment, section 4 c.)

NOTE D.—A fair rent for freight cars used in construction work-train service shall be credited to the account "Hire of freight cars." (See general instructions for the classification of investment in road and equipment, section 4 c.)

504. RENT FROM LOCOMOTIVES.

This account shall include amounts receivable accrued as rent for the use of the accounting company's locomotives leased or interchanged.

NOTE A.—Rent for locomotives included in lease of road to another company shall be included in account No. 509, "Income from lease of road."

NOTE B.—A fair rent for locomotives used in construction work-train service shall be credited to this account. (See general instructions for the classification of investment in road and equipment, section 4 c.)

505. RENT FROM PASSENGER-TRAIN CARS.

This account shall include amounts receivable accrued as rent for the use of the accounting company's passenger-train cars leased or interchanged.

NOTE.—Rent for passenger-train cars included in lease of road to another company shall be included in account No. 509, "Income from lease of road."

506. RENT FROM FLOATING EQUIPMENT.

This account shall include amounts receivable accrued as rent for the use of the accounting company's floating equipment leased or chartered.

NOTE.—Rent from floating equipment included in lease of road to another company shall be included in account No. 509, "Income from lease of road."

507. RENT FROM WORK EQUIPMENT.

This account shall include amounts receivable accrued as rent for the use of the accounting company's work equipment leased or interchanged.

NOTE A.—Rent for work equipment included in lease of road to another company shall be included in account No. 509, "Income from lease of road."

NOTE B.—A fair rent for work equipment used in construction work-train service shall be credited to this account. (See general instructions for the classification of investment in road and equipment, section 4 c.)

508. JOINT FACILITY RENT INCOME.

This account shall include amounts receivable accrued for rent of tracks, yards, terminals, and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals.

Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

NOTE.—The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts provided for operating expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and the appropriate joint facility operating expense accounts.

509. INCOME FROM LEASE OF ROAD.

This account shall include the entire amount receivable accrued for the exclusive use of road, tracks, or bridges (including equipment or other railway property covered by the contract) owned or controlled by the accounting company, whether payable to the accounting company in cash or disbursed by the lessee on behalf of the accounting company as interest on funded debt, guaranteed dividends on stock, or otherwise.

When the lessor company maintains the road and equipment leased, the cost of maintaining the property rented shall be charged to this account, except that when the rent thus receivable for the use of property other than equipment is relatively small and the expense of maintenance is not separable, the entire amount received may be credited to revenue account No. 142, "Rents of buildings and other property."

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

NOTE A.—When taxes on leased property are assumed by the lessor, the accruals of such taxes shall be included in the lessor's account No. 532, "Railway tax accruals."

NOTE B.—If property the rent of which is chargeable to account No. 542, "Rent for leased roads," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

510. MISCELLANEOUS RENT INCOME.

This account shall include such rents of property owned and controlled by the accounting carrier as are not provided for in the foregoing accounts.

To this account shall be charged the cost of maintenance of the property rented, also specific incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, and analogous items.

NOTE A.—If property the rent of which is chargeable to account No. 543, "Miscellaneous rents," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE B.—Taxes on property the rent of which is creditable to this account shall be charged to account No. 532, "Railway tax accruals."

NOTE C.—The rent from property carried in balance-sheet account No. 705, "Miscellaneous physical property," shall not be included in this account, but in account No. 511, "Miscellaneous nonoperating physical property."

NOTE D.—Rent and other income from real estate acquired for new lines or for additions and betterments shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

511. MISCELLANEOUS NONOPERATING PHYSICAL PROPERTY.

This account shall include the net credit balance of the nonoperating revenues or income from, and the expenses (including depreciation, but excluding taxes) of, physical property the cost of which is carried in balance-sheet account No. 705, "Miscellaneous physical property."

NOTE A.—Net debit balances in this account shall be shown in red ink.

NOTE B.—The revenues from the operation of miscellaneous operating physical property shall be included in income account No. 502, "Revenues from miscellaneous operations," and the expenses of operation shall be included in account No. 534, "Expenses of miscellaneous operations."

512. SEPARATELY OPERATED PROPERTIES—PROFIT.

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

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

NOTE A.—The amount payable by the operating company shall be charged by it to account No. 550, "Income transferred to other companies."

NOTE B.—Dividends or other returns upon securities issued by separately operated companies, and held or controlled by the accounting company, shall be included in account No. 513, "Dividend income"; No. 514, "Income from funded securities"; No. 515, "Income from unfunded securities and accounts"; or No. 516, "Income from sinking and other reserve funds," as may be appropriate.

513. DIVIDEND INCOME.

This account shall include dividends declared on railway and other stocks, the income from which is the property of the accounting company, whether such stocks are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise.

Dividends declared shall not be credited prior to actual collection unless their payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise.

Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

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

NOTE B.—Dividends on stocks of other companies held in sinking or other reserve funds shall be credited to account No. 516, "Income from sinking and other reserve funds."

514. INCOME FROM FUNDED SECURITIES.

This account shall include interest on bonds and other funded securities and on debenture stock of other companies, the income from which is the property of the accounting company, whether such securities are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise. Interest accrued shall not be credited prior to actual collection unless its payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise.

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities of other companies owned. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

NOTE A.—The term *funded securities* as here used means all unmatured bonds, notes, and other evidences of indebtedness (except open accounts for advances) none of which by the terms of the creation of the debt matures until more than one year after the date of such creation, provided that in case of an obligation maturing serially, such as car-trust notes, the entire amount shall be included in funded securities if any portion of the obligation matures later than one year after date of issue.

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

NOTE C.—Interest on funded securities of other companies held in sinking or other reserve funds shall be included in account No. 516, "Income from sinking and other reserve funds."

NOTE D.—Interest accruing after maturity on any securities not in sinking or other reserve funds shall be included in account No. 515, "Income from unfunded securities and accounts."

515. INCOME FROM UNFUNDED SECURITIES AND ACCOUNTS.

This account shall include interest on unfunded securities, notes, and other evidences of indebtedness payable on demand or having dates of maturity one year or less from the date of issue, interest on matured funded securities of other companies, interest on bank balances and on open accounts, and other analogous items, including discount on short-term notes. The discount on short-term notes shall be distributed, through equal monthly credits, over the term of the notes.

NOTE A.—Interest on assets held in sinking and other reserve funds shall be included in account No. 516, "Income from sinking and other reserve funds."

NOTE B.—Discount on bills for material purchased shall be credited to the accounts to which is charged the cost of the material with respect to which the discount is allowed.

516. INCOME FROM SINKING AND OTHER RESERVE FUNDS.

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

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities held in sinking or other reserve funds. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

NOTE.—Credits to fund reserve accounts representing income on reserve funds shall be concurrently charged to account No. 552, "Income applied to sinking and other reserve funds."

517. RELEASE OF PREMIUMS ON FUNDED DEBT.

This account shall include, during each fiscal period, such proportion of the premiums on outstanding funded debt as may be applicable to the period. This proportion shall be determined in accordance with special instructions for balance-sheet accounts, section 3.

518. CONTRIBUTIONS FROM OTHER COMPANIES.

This account shall include amounts received or receivable from other companies or individuals, representing the whole or a part of the net deficit of the accounting company when, under the terms of agreements or contracts, no obligation for subsequent reimbursement is incurred.

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

NOTE.—The amount payable shall be charged by the contributing company to account No. 545, "Separately operated properties—Loss."

519. MISCELLANEOUS INCOME.

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

II. DEBITS.**531. RAILWAY OPERATING EXPENSES.**

This account shall include the total expenses caused by operations, as shown in the accounts provided in the classification of operating expenses.

532. RAILWAY TAX ACCRUALS.

This account shall include accruals for taxes of all kinds (including Federal income tax) relating to railway property (including floating equipment, if any), operations, and privileges, whether based upon the valuation of the property, amount of stocks and bonds issued or outstanding, gross or net earnings, dividends declared, number of passengers carried, quantity of freight transported, length of line operated or owned, rolling stock operated or owned, or other basis.

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

NOTE A.—Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the Income Account of the party first making payment.

NOTE B.—Taxes on other than railway property, operations, and privileges, shall be charged to account No. 544, "Miscellaneous tax accruals," when the amount is separable from the taxes chargeable to this account.

NOTE C.—Special assessments for street and other improvements, and special benefit taxes, such as water taxes and the like, shall be included in operating expense accounts or investment accounts, as may be appropriate.

NOTE D.—Amounts received in reimbursement of taxes on property jointly used shall be credited to account No. 508, "Joint facility rent income." Amounts paid in reimbursement of such taxes shall be charged to account No. 541, "Joint facility rents."

NOTE E.—Taxes accruing on new lines under construction or on property acquired for the extension of existing lines or for addition or betterment purposes before the facilities are opened for commercial operation or the property acquired becomes available for service shall be charged to road and equipment accounts.

533. UNCOLLECTIBLE RAILWAY REVENUES.

This account shall include the amount of uncollected revenue charges against companies and individuals representing tariff charges for service rendered (including not only the accounting carrier's revenue charges, but also charges advanced to other carriers) when such amounts have been, during the period for which the Income Account is stated, determined to be uncollectible. (See special instructions for the classification of operating revenues, section 1.)

NOTE A.—This account shall not be construed to relieve the carrier from its responsibility for collecting the lawfully established charges.

NOTE B.—This account shall not include charges for service if it has not been performed in accordance with the contract and which, on that account, are not lawfully collectible from companies or individuals, such as freight charges on lost or destroyed shipments.

534. EXPENSES OF MISCELLANEOUS OPERATIONS.

This account shall include the total expenses caused by the operation of miscellaneous physical property the cost of which is includible in balance-sheet account No. 705, "Miscellaneous physical property."

NOTE.—The expenses of miscellaneous nonoperating physical property shall be included in account No. 511, "Miscellaneous nonoperating physical property."

535. TAXES ON MISCELLANEOUS OPERATING PROPERTY.

This account shall include accruals of taxes paid or payable upon miscellaneous operating property, such as that the cost of which is includible in account No. 705, "Miscellaneous physical property."

NOTE.—Taxes upon miscellaneous nonoperating physical property shall be included in account No. 544, "Miscellaneous tax accruals."

536. HIRE OF FREIGHT CARS—DEBIT BALANCE.

This account shall include, except as provided for in the classification for investment in road and equipment, the net debit balance of (1) amounts receivable accrued for the use of the accounting company's freight cars leased or interchanged, and (2) amounts payable accrued for the use of the freight cars of other carriers, leased or interchanged, and for the use of freight cars of individuals and companies not carriers. (See general instructions, section 2.)

NOTE A.—If the net balance is a credit, it shall be included in account No. 503, "Hire of freight cars—Credit balance."

NOTE B.—Rent for freight cars included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads."

NOTE C.—Interest accrued on equipment obligations shall be charged to account No. 546, "Interest on funded debt," or No. 547, "Interest on unfunded debt," as may be appropriate.

NOTE D.—Rents paid for freight cars used in construction work-train service are chargeable to the cost of the work. (See general instructions for the classification of investment in road and equipment, section 4 c.)

NOTE E.—A fair rent for freight cars used in construction work-train service shall be credited to account "Hire of freight cars." (See general instructions for the classification of investment in road and equipment, section 4 c.)

537. RENT FOR LOCOMOTIVES.

This account shall include amounts payable accrued for the use of the locomotives of others, leased or interchanged, except as provided for in the classification for investment in road and equipment. (See general instructions, section 2.)

NOTE A.—The rent for locomotives included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads."

NOTE B.—Interest accrued on equipment obligations shall be charged to account No. 546, "Interest on funded debt," or No. 547, "Interest on unfunded debt," as may be appropriate.

NOTE C.—Rent paid for locomotives used in construction work-train service is chargeable to the cost of the work. (See general instructions for the classification of investment in road and equipment, section 4 c.)

538. RENT FOR PASSENGER-TRAIN CARS.

This account shall include amounts payable accrued for the use of the passenger-train cars of others, leased or interchanged, and also for use of sleeping cars operated under contract arrangement, except as provided

for in the classification for investment in road and equipment. (See general instructions, section 2.)

NOTE A.—The rent for passenger-train cars included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads."

NOTE B.—Interest accrued on equipment obligations shall be charged to account No. 546, "Interest on funded debt," or No. 547, "Interest on unfunded debt," as may be appropriate.

539. RENT FOR FLOATING EQUIPMENT.

This account shall include amounts payable accrued for the use of the floating equipment of others, leased or chartered, except as provided for in the classification for investment in road and equipment. (See general instructions, section 2.)

NOTE A.—The rent of floating equipment included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads."

NOTE B.—Interest accrued on equipment obligations shall be charged to account No. 546, "Interest on funded debt," or No. 547, "Interest on unfunded debt," as may be appropriate.

540. RENT FOR WORK EQUIPMENT.

This account shall include amounts payable accrued for the use of the work equipment of others, leased or interchanged, except as provided for in the classification for investment in road and equipment. (See general instructions, section 2.)

NOTE A.—The rent for work equipment included in the lease of road to the accounting company shall be included in account No. 542, "Rent for leased roads."

NOTE B.—Interest accrued on equipment obligations shall be charged to account No. 546, "Interest on funded debt," or No. 547, "Interest on unfunded debt," as may be appropriate.

NOTE C.—Rent paid for work equipment when used in construction work-train service is chargeable to the cost of the work. (See general instructions for the classification of investment in road and equipment, section 4 c.)

541. JOINT FACILITY RENTS.

This account shall include amounts payable accrued as rent for tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates.

Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

NOTE.—The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts provided for operating expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned between this account and the appropriate joint facility operating expense accounts. This apportionment shall be made by the operating company, and shall be followed by the accounting company.

542. RENT FOR LEASED ROADS.

This account shall include amounts payable accrued as rent for roads, tracks, or bridges (including equipment and other railway property covered by the contract) of other companies, held under lease or other agreement by the terms of which exclusive use and control for operating purposes are secured. The entire amount of rent payable by the lessee in accordance with the agreement shall be included in this account, whether paid to the lessor in cash or disbursed by the lessee, on behalf of the lessor, as interest on funded debt, guaranteed dividends on stock, or otherwise. (See general instructions, section 2.)

NOTE A.—When taxes on leased property are assumed by the lessee the accruals of such taxes shall be included in the lessee's account No. 532, "Railway tax accruals."

NOTE B.—If, under the terms of a lease, the deficit or any portion of it resulting from the lessee's operation of the property leased is payable by the lessor company, the amount shall be charged to account No. 509, "Income from lease of road," by the lessor and credited to this account by the lessee.

NOTE C.—If property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account No. 509, "Income from lease of road."

NOTE D.—Payments for the exclusive use of road and equipment maintained by the lessor and used in the accounting company's operations (when considerable in amount and when not provided for in the classifications of operating expenses) shall be divided into two portions: One, representing cost of maintenance, shall be charged to the appropriate maintenance accounts and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account.

543. MISCELLANEOUS RENTS.

This account shall include rents payable accrued on property held by the accounting company under lease or other agreement and not properly chargeable to any of the foregoing accounts.

NOTE A.—This account shall not include rents provided for in the operating expense accounts.

NOTE B.—If property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account No. 510, "Miscellaneous rent income."

NOTE C.—Payments for the exclusive use of miscellaneous property maintained by the lessor and used by the accounting company shall be divided into two portions: One, representing the cost of maintenance, shall be charged to the appropriate operating accounts, and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account. The bill rendered by the creditor shall show the distribution of the payments as between maintenance and rent, and such distribution shall be adhered to by the debtor.

544. MISCELLANEOUS TAX ACCRUALS.

This account shall include all accruals for taxes not provided for elsewhere, such as taxes on securities owned, taxes on income from securities owned, and taxes on miscellaneous nonoperating physical property the cost of which is includible in balance-sheet account No. 705, "Miscellaneous physical property."

NOTE A.—When the proper separation of any particular tax is not ascertainable the entire amount shall be included in account No. 532, "Railway tax accruals."

NOTE B.—Taxes upon miscellaneous operating property shall be charged to account No. 535, "Taxes on miscellaneous operating property."

545. SEPARATELY OPERATED PROPERTIES—LOSS.

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

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

NOTE A.—The amount receivable by the operating company shall be credited by it to account No. 518, "Contributions from other companies."

NOTE B.—Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but in account No. 513, "Dividend income"; No. 514, "Income from funded securities"; or No. 515, "Income from unfunded securities and accounts," as may be appropriate.

546. INTEREST ON FUNDED DEBT.

This account shall include the current accruals of interest on all classes of debt, the principal of which is includible in balance-sheet account No. 755, "Funded debt unmatured," or No. 757, "Nonnegotiable debt to affiliated

companies"; also interest accruals on debenture stock and on receiver's certificates issued for a term of more than one year. This account shall be kept in such form that the interest on debenture stock, on receivers' certificates, and on other classes of funded debt may be shown separately in the annual report to the Commission.

NOTE A.—This account shall not include charges for interest on funded debt obligations issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account No. 552, "Income applied to sinking and other reserve funds.")

NOTE B.—When funded debt is incurred for new lines or extensions, or for addition and betterment purposes, the accruals of interest on such funded debt (less interest received on unexpended balances), to the date of completion or coming into service of the property so acquired shall be included in the road and equipment accounts.

547. INTEREST ON UNFUNDED DEBT.

This account shall include interest accrued on unfunded debt, such as short-term notes payable on demand or having dates of maturity one year or less from dates of issue, interest on receiver's certificates issued for a term of one year or less, interest on matured funded securities and open accounts including interest on overcharge claims, discount and expense on demand and short-term loans, interest on receipts outstanding for installments paid on capital stock, and other analogous items. The discount on short-term notes, if of a considerable amount, shall be distributed, through equal monthly charges, over the term of the notes.

NOTE.—When short-term notes or other evidences of unfunded indebtedness are issued for new lines or extensions or for addition and betterment purposes the accrual of interest to the date of completion or coming into service of the property shall be included in the road and equipment accounts.

548. AMORTIZATION OF DISCOUNT ON FUNDED DEBT.

This account shall be charged during each fiscal period with the proportion of the discount and expense on funded debt obligations applicable to that period. This proportion shall be determined according to a rule the uniform application of which through the interval between the date of sale and the date of maturity will extinguish the discount and expense on funded debt. The charge to this account for any period must not be either greater or less than the proportion of the balance remaining unamortized applicable to that period so long as any portion of the discount and expense remains unextinguished. (See special instructions for balance-sheet accounts, section 3.)

NOTE.—The accounting company may, at its option, charge to profit and loss account No. 617, "Debt discount extinguished through surplus," all or any portion of the discount and expense on funded debt remaining at any time unextinguished.

549. MAINTENANCE OF INVESTMENT ORGANIZATION.

This account shall include the directly assignable organization and administration expenses of the accounting company which are incident to its investments in leased or nonoperating physical property, and in stocks, bonds, or other securities.

ITEMS OF EXPENSE.

Advertising annual reports (lessor companies only).

Calls for bonds in accordance with sinking fund provisions of mortgages.

Directors' fees.

Printing and mailing dividend checks.

Publishing and mailing annual reports and other corporate statements to shareholders

Publishing notices of declaration of dividends.
 Law expenses.
 Office expenses.
 Salaries of officers, clerks, and attendants.
 Stationery and printing.

NOTE.—Organization and administration expenses incident to railway operation are provided for in operating expense general account VII, General.

550. INCOME TRANSFERRED TO OTHER COMPANIES.

This account shall include the whole or any portion of the income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

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

NOTE A.—The amount receivable by the other company shall be credited by it to account No. 512, "Separately operated properties—Profit."

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

551. MISCELLANEOUS INCOME CHARGES.

This account shall include all items in the nature of fixed charges properly chargeable to Income Account for a fiscal period not provided for elsewhere, such as "normal" and "additional" income tax upon the interest on accounting company's funded debt when assumed by it.

552. INCOME APPLIED TO SINKING AND OTHER RESERVE FUNDS.

This account shall include amounts applied to sinking and other reserve funds from income, whether definite appropriations from income; allotments or payments of definite amounts from income under the terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments; or accretions representing interest or other returns accrued on the contents of such funds and required to be retained therein.

NOTE A.—The amounts charged to this account shall be concurrently credited to balance-sheet accounts Nos. 773, 781, 782, and 783, as may be appropriate.

NOTE B.—Similar appropriations made from surplus shall be charged to profit and loss account No. 613, "Surplus applied to sinking and other reserve funds."

553. DIVIDEND APPROPRIATIONS OF INCOME.

This account shall include amounts definitely declared payable from the income of the fiscal period, as dividends on actually outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in balance-sheet account No. 751, "Capital stock.") If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

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

NOTE A.—Interest accrued on debenture stock shall be charged to account No. 546, "Interest on funded debt."

NOTE B.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account No. 552, "Income applied to sinking and other reserve funds.")

NOTE C.—This account shall be used when the appropriations are definitely made chargeable to Income. Similar appropriations made from surplus shall be charged to profit and loss account No. 614, "Dividend appropriations of surplus."

554. INCOME APPROPRIATED FOR INVESTMENT IN PHYSICAL PROPERTY.

This account shall include amounts definitely appropriated from income to be applied for the construction or acquisition of new lines and extensions and of additions to and betterments of property the cost of which is chargeable to road and equipment accounts or applied for the construction or acquisition of property the cost of which is includible in balance-sheet account No. 705, "Miscellaneous physical property."

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

The records shall also show separately appropriations for investment in road and equipment and for investment in miscellaneous physical property.

NOTE A.—Similar appropriations made from surplus shall be charged to profit and loss account No. 615, "Surplus appropriated for investment in physical property."

NOTE B.—The amounts charged to this account shall be concurrently credited to balance-sheet account No. 779, "Additions to property through income and surplus," to No. 782, "Miscellaneous fund reserves," or to No. 783, "Appropriated surplus not specifically invested," as may be appropriate.

555. STOCK DISCOUNT EXTINGUISHED THROUGH INCOME.

This account shall include amounts definitely appropriated from income to reduce or extinguish the amount of discount on capital stock issued by the accounting company. (See balance-sheet account No. 724, "Discount on capital stock.")

NOTE.—Similar appropriations made from surplus shall be charged to profit and loss account No. 616, "Stock discount extinguished through surplus."

556. MISCELLANEOUS APPROPRIATIONS OF INCOME.

Except as provided in account No. 552, "Income applied to sinking and other reserve funds," this account shall include amounts definitely appropriated from income for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvement of property carried in the road and equipment accounts; also amounts similarly appropriated to provide a reserve for doubtful accounts, and for other purposes not provided for elsewhere.

NOTE.—Similar appropriations made from surplus shall be charged to profit and loss account No. 618, "Miscellaneous appropriations of surplus."

FORM OF INCOME STATEMENT.

EXPLANATORY NOTE.—The classified form of income statement is designed to show the financial changes resulting from transportation operations and other business of the accounting company during any specified period.

I. OPERATING INCOME :

- 501. *Railway operating revenues.
- 531. *Railway operating expenses.
 - * Net revenue from railway operations.
- 532. *Railway tax accruals.
- 533. *Uncollectible railway revenues.
 - *Railway operating income.
- 502. Revenues from miscellaneous operations.
- 534. Expenses of miscellaneous operations.
 - Net revenue from miscellaneous operations.
- 535. Taxes on miscellaneous operating property.
 - Miscellaneous operating income.
 - Total operating income.

II. NONOPERATING INCOME :

- 503. Hire of freight cars—Credit balance.
- 504. Rent from locomotives.
- 505. Rent from passenger-train cars.
- 506. Rent from floating equipment.
- 507. Rent from work equipment.
- 508. Joint facility rent income.
- 509. Income from lease of road.
- 510. Miscellaneous rent income.
- 511. Miscellaneous nonoperating physical property.
- 512. Separately operated properties—Profit.
- 513. Dividend income.
- 514. Income from funded securities.
- 515. Income from unfunded securities and accounts.
- 516. Income from sinking and other reserve funds.
- 517. Release of premiums on funded debt.
- 518. Contributions from other companies.
- 519. Miscellaneous income.

Total nonoperating income.

Gross income (or loss).

* Includes operations of water lines, if any.

III. DEDUCTIONS FROM GROSS INCOME:

- 536. Hire of freight cars—Debit balance.
- 537. Rent for locomotives.
- 538. Rent for passenger-train cars.
- 539. Rent for floating equipment.
- 540. Rent for work equipment.
- 541. Joint facility rents.
- 542. Rent for leased roads.
- 543. Miscellaneous rents.
- 544. Miscellaneous tax accruals.
- 545. Separately operated properties—Loss.
- 546. Interest on funded debt.
- 547. Interest on unfunded debt.
- 548. Amortization of discount on funded debt.
- 549. Maintenance of investment organization.
- 550. Income transferred to other companies.
- 551. Miscellaneous income charges.

Total deductions from gross income.

Net income (or loss).

IV. DISPOSITION OF NET INCOME:

- 552. Income applied to sinking and other reserve funds.
- 553. Dividend appropriations of income.
- 554. Income appropriated for investment in physical property.
- 555. Stock discount extinguished through income.
- 556. Miscellaneous appropriations of income.

Total appropriations.

Income balance transferred to credit (or debit) of **Profit and Loss.**

PROFIT AND LOSS ACCOUNTS.

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SPECIAL INSTRUCTIONS.

1. **PROFIT AND LOSS ACCOUNTS DEFINED.**—Profit and loss accounts are those designed to show the changes in the corporate surplus or deficit during each fiscal period, as effected by the operations and business transactions during that period, by any disposition of net profits made solely at the option of the accounting company, by accounting adjustments of matters not properly attributable to the period, or by miscellaneous gains or losses not provided for elsewhere; and to show also the unappropriated surplus of the carrier at the date of the balance sheet.

2. **DELAYED ITEMS.**—When no provisions have been made through entries in the operating revenue, operating expense, or other income accounts for anticipating delayed items chargeable or creditable thereto, and the amount of any such item is relatively so large that its inclusion in the accounts for a single year would seriously distort those accounts, the carrier, when so authorized upon application to the Interstate Commerce Commission, shall distribute to Profit and Loss so much of the amount as may be authorized. The application to the Commission for exceptional accounting for delayed items shall give full particulars concerning each item and the reasons which, in the carrier's judgment, indicate the need for a special accounting rule.

Delayed items are items representing transactions which occurred before the current fiscal year.

TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS.

I. CREDITS.

601. CREDIT BALANCE (AT BEGINNING OF FISCAL PERIOD).

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

602. CREDIT BALANCE TRANSFERRED FROM INCOME.

This account shall show the net credit balance brought forward from the Income Account for the fiscal period.

603. PROFIT ON ROAD AND EQUIPMENT SOLD.

This account shall include the proceeds from the sale of road and equipment property in excess of the amount at which such property was carried in the property account at the time of sale.

604. DELAYED INCOME CREDITS.

This account shall include relatively large credits relating to operating revenue, operating expense, and other income accounts of previous fiscal periods.

This account shall be used only after permission of the Interstate Commerce Commission has been obtained. (See section 3 of the general instructions for the classification of operating revenues and operating expenses, section 2 of the special instructions for income accounts, and section 2 of the special instructions for this classification.)

NOTE.—Except as provided for above, delayed items relating to operating revenue, operating expense, and other income items shall be included in the appropriate revenue, expense, or other income accounts for the fiscal period in which the audit of the items occurs.

605. UNREFUNDABLE OVERCHARGES.

This account shall include the amount of revenue overcharges which are determined during the current fiscal period to be unrefundable. (See section 1 of special instructions for the classification of operating revenues.)

606. DONATIONS.

This account shall include amounts, creditable to surplus, of cash or its equivalent in estimated money value at the time of acquisition of lands or other property donated by individuals or companies for the construction or acquisition of property. It shall also include donations made by individuals and companies in connection with the construction of new lines for the purpose of compensating the carrier for loss anticipated during the early period of operation.

Any advances made by individuals or companies with absolute or conditional provision for partial or complete reimbursement shall not be considered a donation prior to the fulfillment of all conditions, and then only to the extent to which the liability for reimbursement is nullified or negatived. Prior to such determination the amounts received shall be credited in balance-sheet account No. 778, "Other unadjusted credits."

NOTE.—Donations made by States, municipalities, and other public corporations as their contributions toward the construction or acquisition of property shall be included in balance-sheet account No. 754, "Grants in aid of construction."

607. MISCELLANEOUS CREDITS.

This account shall include amounts, not provided for elsewhere, transferred from other accounts to Profit and Loss, and amounts representing increases of resources not properly assignable to the income accounts. Among the items which shall be included in this account are—

Adjustments or cancellations of balance-sheet accounts,

Cancellation of balance-sheet accounts representing unclaimed wages and vouchered accounts written off because of carrier's inability to locate the creditor,

Profit derived from the sale of investment securities,

Profit derived from the sale of property carried in balance-sheet account No. 705, "Miscellaneous physical property,"

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

Premiums on capital stock at the time of its reacquirement (see special instructions for balance-sheet accounts, section 2),

Unreleased premiums on funded debt reacquired before maturity (see special instructions for balance-sheet accounts, section 3),

Collections of old accounts previously written off.

NOTE.—Revenue overcharges when determined to be unrefundable shall be credited to account No. 605, "Unrefundable overcharges."

II. DEBITS.

611. DEBIT BALANCE (AT BEGINNING OF FISCAL PERIOD).

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

612. DEBIT BALANCE TRANSFERRED FROM INCOME.

This account shall show the net debit balance brought forward from the Income Account for the fiscal period.

613. SURPLUS APPLIED TO SINKING AND OTHER RESERVE FUNDS.

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

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

NOTE B.—Similar appropriations made from income shall be charged to income account No. 552, "Income applied to sinking and other reserve funds."

614. DIVIDEND APPROPRIATIONS OF SURPLUS.

This account shall include amounts definitely declared payable from surplus as dividends on actually outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in balance-sheet account No. 751, "Capital stock.") If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

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

NOTE A.—Interest accrued on debenture stock shall be charged to income account No. 546, "Interest on funded debt."

NOTE B.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as

collateral or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account No. 613, "Surplus applied to sinking and other reserve funds.")

NOTE C.—Similar appropriations made from income shall be charged to income account No. 553, "Dividend appropriations of income."

615. SURPLUS APPROPRIATED FOR INVESTMENT IN PHYSICAL PROPERTY.

This account shall include amounts definitely appropriated from surplus, to be applied for the construction or acquisition of new lines and extensions and of additions to and betterments of property the cost of which is includible in the road and equipment accounts or applied for the construction; acquisition, or improvement of property the cost of which is includible in balance-sheet account No. 705, "Miscellaneous physical property," and also the amount of donations in aid of construction, made by individuals and companies, not subject to distribution as dividends.

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

NOTE A.—Similar appropriations made from income shall be charged to income account No. 554, "Income appropriated for investment in physical property."

NOTE B.—The amounts charged to this account shall be concurrently credited to balance-sheet account No. 779, "Additions to property through income and surplus," to No. 782, "Miscellaneous fund reserves," or to No. 783, "Appropriated surplus not specifically invested," as may be appropriate.

616. STOCK DISCOUNT EXTINGUISHED THROUGH SURPLUS.

This account shall include amounts definitely appropriated from surplus to reduce or extinguish the amount of discount on capital stock issued by the accounting company. (See special instructions for balance-sheet accounts, section 2.)

NOTE.—Similar appropriations made from income shall be charged to income account No. 555, "Stock discount extinguished through income."

617. DEBT DISCOUNT EXTINGUISHED THROUGH SURPLUS.

This account shall include appropriations of surplus made, at the option of the accounting company, to reduce or extinguish the discount and expense on funded debt. (See income account No. 548, "Amortization of discount on funded debt," and balance-sheet account No. 725, "Discount on funded debt.")

618. MISCELLANEOUS APPROPRIATIONS OF SURPLUS.

This account shall include amounts definitely appropriated from surplus to provide a reserve for doubtful accounts and, except as provided in account No. 613, "Surplus applied to sinking and other reserve funds," for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvement of property carried in the road and equipment accounts; also other amounts appropriated from surplus and not provided for elsewhere.

NOTE.—Similar appropriations from income shall be charged to income account No. 556, "Miscellaneous appropriations of income."

619. LOSS ON RETIRED ROAD AND EQUIPMENT.

This account shall include charges to Profit and Loss as provided for in the classification of investment in road and equipment, on account of (1) road which has been abandoned, sold, or otherwise retired; and (2) equipment which has been abandoned, sold, or otherwise retired. (See general instructions, section 8, and general account II, Equipment, in the classification of investment in road and equipment.)

620. DELAYED INCOME DEBITS.

This account shall include relatively large debits relating to operating revenue, operating expense, and other income accounts of previous fiscal periods.

This account shall be used only after permission of the Interstate Commerce Commission has been obtained. (See section 3 of the general instructions for the classification of operating revenues and operating expenses, section 2 of the special instructions for the income accounts, and section 2 of the special instructions for this classification.)

NOTE A.—Except as provided above, delayed items relating to operating revenue, operating expense, and other income items shall be included in the appropriate revenue, expense, or other income account for the fiscal period in which the audit of the items occurs.

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

621. MISCELLANEOUS DEBITS.

This account shall include amounts, not provided for elsewhere, chargeable to Profit and Loss from other accounts, amounts written off in consequence of adjustments, and payments not properly chargeable to the income accounts. Among the items which shall be charged to this account are—

Adjustments or cancellations of balance-sheet accounts,

Losses or deficits not properly chargeable to Income, such as uncollectible bills (other than bills covering revenue charges) for which no reserve has been provided,

Losses resulting from the sale of investment securities,

Losses resulting from the sale, destruction, or abandonment of property carried in balance-sheet account No. 705, "Miscellaneous physical property,"

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

Adjustments of the difference between the ledger value and estimated value of land withdrawn from railway service and charged to account No. 705, "Miscellaneous physical property." (See general instructions in the classification of investment in road and equipment, section 10.)

Discounts on stock remaining unextinguished at the time of its reacquirement,

Unextinguished discounts on funded debt reacquired before maturity,

Payments of old accounts previously written off,

Penalties and fines for violation of the Act to Regulate Commerce, or other Federal laws, when not specifically provided for elsewhere.

NOTE.—Revenue charges when determined to be uncollectible shall be charged to income account No. 533, "Uncollectible railway revenues."

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SPECIAL INSTRUCTIONS.

1. **BALANCE-SHEET ACCOUNTS.**—Balance-sheet accounts are those showing the assets, liabilities, and corporate surplus or deficit of the business.

2. **DISCOUNT AND PREMIUM ON CAPITAL STOCK.**—Ledger accounts shall be provided to cover the discounts and premiums at the sale or resale of each subclass of capital stock issued or assumed by the company. The total of the net debit balances remaining in these several accounts shall be included in account No. 724, "Discount on capital stock," and the total of the net credit balances in account No. 753, "Premium on capital stock." For explanation of *subclass* see account No. 751, "Capital stock."

By the term *discount* is meant the excess of the par value of stocks actually issued or assumed over the actual money value of the consideration received for such stocks. By the term *premium* is meant the excess of the actual money value of the consideration received for stock actually issued or assumed over the par value of such stock.

The term *premium* is not intended to include amounts received representing expected dividends considered to have accrued since the last dividend period in case of stocks on which dividends are regularly paid, nor is discount, as above defined, intended to be diminished by any such amount representing expected dividends explicitly stated in the price at which the stock is issued.

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

In case the accounting company is permitted and elects to distribute all or any part of the net premium on its capital stock to its stockholders, the amount thus distributed shall be charged to the premium account.

For the purpose of this classification the premium realized at the sale of capital stock shall not be considered a profit and loss item, except upon the reacquirement of the stock sold.

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.

When stock which has been issued or assumed by the accounting company is reacquired, the difference between the price paid and the par value of the stock shall be credited to profit and loss account No. 607, "Miscellaneous credits," or charged to account No. 621, "Miscellaneous debits," 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 case the premium realized or discount suffered at the prior sale of the stock reacquired has been included in an asset account other than the premiums and discounts account,

such asset 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.

3. DISCOUNT, EXPENSE, AND PREMIUM ON FUNDED DEBT.—Ledger accounts shall be provided to cover the discounts, expense, and premiums at the sale or resale of each subclass of funded debt and of receiver's certificates issued for the benefit of or assumed by, the company. For explanation of *subclass* see account No. 755, "Funded debt unmatured."

By the term *discount* is meant the excess of the par value of funded debt securities (of whatever kind) issued or assumed, and the accrued interest thereon, over the actual cash value of the consideration received for such securities.

By the term *premium* is meant the excess of the actual cash value of the consideration received for funded debt securities (of whatever kind) issued or assumed over the par value of such securities and the accrued interest thereon.

By the term *expense* is meant all expense in connection with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording mortgages and trust deeds; cost of engraving and printing bonds, certificates of indebtedness, and other negotiable paper having a life of more than one year; fees paid trustees provided for in mortgages and trust deeds; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expense.

The total of the net debit balances remaining in these several accounts should be included in account No. 725, "Discount on funded debt," and the total of the net credit balances in account No. 772, "Premium on funded debt."

Each fiscal period there shall be charged to income account No. 548, "Amortization of discount on funded debt," a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities reckoned from the beginning of the period to the date of maturity of the debt to which the charges relate) of each of the debit balances in these accounts, and correspondingly there shall be credited to income account No. 517, "Release of premiums on funded debt," a similar proportion of each of the credit balances in these accounts. Carriers are allowed the option of extinguishing at any time, through charges to Profit and Loss, all or any portion of the debit balances remaining in any of these accounts and of deferring the extinguishment of credit balances until the maturity of the obligations represented.

When any funded debt which has been actually issued to bona fide holders for value is reacquired by the accounting company, that proportion of the balance remaining in the accounts containing discount, expense, and premium on funded debt for the subclass of the security reacquired applicable to the portion reacquired shall be credited or charged thereto, as may be appropriate, and concurrently charged or credited to Profit and Loss. Such proportion shall be based upon the ratio of the par value of the security reacquired to the par value of all the securities of the subclass actually outstanding immediately before such reacquirement.

In case, however, the premium realized or discount suffered at the prior sale of the securities reacquired has been included (in excess of the amount authorized in the text of road and equipment account No. 76, "Interest during construction") in an asset account other than the premiums and discounts account, such asset account shall be concurrently adjusted through Profit and Loss to the extent of such excess of the premium or discount previously included therein with respect to the securities reacquired.

Except as provided for in road and equipment account No. 76, "Interest during construction," no discount and expense on funded debt shall 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.

4. CONTINGENT ASSETS AND LIABILITIES.—Contingent assets and liabilities shall not be included in the body of the balance-sheet statement, but shall be shown in detail in a supplementary statement accompanying the balance-sheet statement. Contingent assets are those without value to the accounting company until the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the company, but are neither direct nor assumed obligations on the date of the balance sheet.

5. BOOK VALUE OF SECURITIES OWNED.—The accounting company is allowed the option of carrying its investments in securities other than those issued or assumed by it either at cost or at a reasonable valuation other than cost. In recognition of this option the term *ledger value* is used in the text of the accounts representing securities owned.

6. INCOME FROM SINKING FUND ASSETS.—Accrued interest on uninvested sinking fund cash on deposit in banks or trust companies, and accrued interest and other income arising from stocks, bonds, or other assets held in sinking and reserve funds shall be credited to account No. 516, "Income from sinking and other reserve funds," and when required by the mortgage or other provision to be held in the funds shall be charged, according to the character of the funds, to account No. 703, "Sinking funds," or to account No. 721, "Insurance and other funds," and concurrently, if a reserve is required, an equal amount shall be charged to income account No. 552, "Income applied to sinking and other reserve funds" and credited to account No. 773, "Insurance and casualty reserves," No. 781, "Sinking fund reserves," or No. 782, "Miscellaneous fund reserves," as the case may require.

7. CURRENT ASSETS.—In the group of accounts designated as current assets (accounts No. 708 to No. 719, inclusive) there shall not be included any item the ledger value of which is not reasonably assured by the known financial condition of the debtor. The amount of any item of a current character but of doubtful value shall be included in account No. 722, "Other deferred assets," or written off through Profit and Loss, as may be appropriate. If desirable to retain a record of the item in the balance sheet, it may be stated at a nominal value in account No. 722, "Other deferred assets," the difference between the full amount of the item and such nominal value being charged to Profit and Loss.

8. JOINT LIABILITIES.—The accounting company shall state as a liability in its balance sheet the total par value of securities jointly issued by it and others, and it shall include in account No. 722, "Other deferred assets," the portion of such liability which, under the joint arrangement, it is expected will be liquidated by the other party or parties to the joint arrangement.

TEXT PERTAINING TO GENERAL BALANCE SHEET ACCOUNTS.

DEBITS.

701. INVESTMENT IN ROAD AND EQUIPMENT.

This account shall include the accounting company's investment in road and equipment (including that held under contract for purchase) in existence at the date of the balance sheet. The accounting company's records shall be kept in such manner as to show the amount credited to this account subsequent to June 30, 1914, for property retired, the cost of which was included in the account of that date.

NOTE A.—This account shall not include any items representing titles to securities.

NOTE B.—When any equipment is acquired under an agreement which provides that the cost shall be paid in installments, the cost (its money value at time of purchase) shall be charged to the appropriate road and equipment accounts at the time of its acquisition, and included in this account in the same manner as the cost of equipment purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such equipment is more (or less) than the actual cash value of the equipment at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the equipment, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

702. IMPROVEMENTS ON LEASED RAILWAY PROPERTY.

This account shall include the accounting company's investment in additions and betterments made by it to railway property held under long-term lease or through control of the corporation owning the property and in existence at the date of the balance sheet. The accounting company's records shall be kept in such manner as to show the amount credited to this account subsequent to June 30, 1914, for property retired, the cost of which was included in the account at that date. The amounts included in this account shall be classified in the accounts provided in the classification for investment in road and equipment.

NOTE.—This account shall not include any items representing titles to securities.

703. SINKING FUNDS.

This account shall include the amount of cash, the ledger value of live securities of other companies, and other assets which are held by trustees of sinking and other funds for the purpose of redeeming outstanding obligations, including such assets so held in the hands of the accounting company's treasurer when the assets are segregated in a distinct fund; also amounts deposited with such trustees on account of mortgaged property sold the proceeds of which are to be held for the redemption of securities, and the par value of live securities issued or assumed by the accounting company and held in such funds. A separate account shall be kept for each fund. The title of each such account shall designate the obligation in support of which the fund is created.

NOTE.—In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

704. DEPOSITS IN LIEU OF MORTGAGED PROPERTY SOLD.

This account shall include funds deposited with trustees, to be held until mortgaged property sold is replaced.

NOTE.—In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

705. MISCELLANEOUS PHYSICAL PROPERTY.

This account shall include the accounting company's investments in physical property other than transportation property assignable to accounts Nos. 701 and 702, including hotels, restaurants, commercial power plants, etc., which are entirely distinct from transportation property and are not operated in connection with the transportation service of the accounting company.

ITEMS OF INVESTMENT.

Coal and other mines.	Mineral and timber lands.
Commercial power plants.	Rails and other track material leased to others.
Hotels and restaurants.	Sawmills and other manufacturing plants not operated in connection with transportation service.
Lands and buildings not used in transportation operations.	
Lands and other property acquired and held in anticipation of future use.	

706. INVESTMENTS IN AFFILIATED COMPANIES.

This account shall include the ledger value of the accounting company's investment advances to affiliated companies, also of its investment in securities issued or assumed by such companies, such securities not being held in special deposits or in special funds.

This account shall be subdivided:

(a) Stocks.

(b) Bonds.

(c) Notes, including herein not only notes that run longer than one year and all notes of affiliated companies held as investments, but also notes payable on demand or within one year from the date of issue when it is mutually understood and intended that the notes shall not be enforced as current assets.

(d) Advances.

The accounting company's record shall be kept in such manner that the ledger value of securities pledged as collateral security for any of the accounting company's funded debt or short-term loans and the ledger value of securities unpledged may be shown separately in the annual report to the Commission.

NOTE A.—Accounts with affiliated companies which are subject to current settlements, such as traffic and car-service balances, charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B.—The term *affiliated companies* includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.

2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.

3. Companies controlled by controlled companies.

4. Companies controlled by controlling companies.

By *control* is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is *not* to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

NOTE C.—The value of securities *borrowed* by the accounting company and pledged shall not be included in this account.

NOTE D.—The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in account No. 703, "Sinking funds," No. 704, "Deposits in lieu of mortgaged property sold," No. 711, "Special deposits," or No. 721, "Insurance and other funds," as may be appropriate.

707. OTHER INVESTMENTS.

This account shall include the ledger value of the accounting company's investment advances to nonaffiliated companies and to individuals, and of its investment in securities issued or assumed by such companies, such securities not being held in special deposits or in special funds; also miscellaneous investments not provided for elsewhere.

This account shall be subdivided:

(a) Stocks.

(b) Bonds.

(c) Notes, including herein not only notes that run longer than one year and all notes of nonaffiliated companies and of individuals held as investments, but also notes payable on demand or within one year from date of issue when it is mutually understood and intended that the notes shall not be enforced as current assets.

(d) Advances.

(e) Miscellaneous.

The accounting company's records shall be kept in such manner that the ledger value of securities pledged as collateral security for any of the accounting company's funded debt or short-term loans and the ledger value of securities unpledged may be shown separately in the annual report to the Commission.

NOTE A.—Accounts with nonaffiliated companies which are subject to current settlements, such as traffic and car-service balances, charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B.—The term *nonaffiliated companies* includes all companies other than those defined as affiliated in Note B of account No. 706, "Investments in affiliated companies."

NOTE C.—The value of securities *borrowed* by the accounting company and pledged shall not be included in this account.

NOTE D.—The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in account No. 703, "Sinking funds," No. 704, "Deposits in lieu of mortgaged property sold," No. 711, "Special deposits," or No. 721, "Insurance and other funds," as may be appropriate.

708. CASH.

This account shall include money, checks, sight drafts, and sight bills of exchange in the hands of the accounting company's financial officers and agents, or in transit from its agents and conductors for which such agents and conductors have received credit. It shall also include deposits with banks and trust companies subject to check. (See special instructions, section 7.)

709. DEMAND LOANS AND DEPOSITS.

This account shall include the amount of demand loans fully secured by stocks, bonds, and other marketable collateral, and of deposits with banks and trust companies when such items are subject to collection on demand. (See special instructions, section 7.)

710. TIME DRAFTS AND DEPOSITS.

This account shall include the amount of time drafts receivable and time deposits with banks and trust companies. (See special instructions, section 7.)

711. SPECIAL DEPOSITS.

This account shall include funds specially deposited (other than in sinking funds) for the payment of dividends, interest, and other debts; also money and securities deposited to insure the performance of contracts to be performed within one year from the date of the balance sheet; and other deposits of a special nature not provided for elsewhere. (See special instructions, section 7.)

NOTE A.—Securities pledged as collateral for the accounting company's funded debt or short-term loans shall be included in accordance with the character of the securities pledged in accounts Nos. 706, 707 or 729.

NOTE B.—In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

712. LOANS AND BILLS RECEIVABLE.

This account shall include the book value of all collectible obligations in the form of demand or time loans and bills receivable, or other similar evidences (except interest coupons) of money receivable within a time not exceeding one year from date of issue. (See special instructions, section 7.)

NOTE A.—This account does not include obligations which mature more than one year after date of issue, or demand or short-term notes held as investments includible in accounts Nos. 706 and 707.

NOTE B.—Demand loans fully secured by stocks, bonds, or other marketable collateral shall be included in account No. 709, "Demand loans and deposits."

713. TRAFFIC AND CAR-SERVICE BALANCES RECEIVABLE.

This account shall include the net amount receivable from other companies, against each of which there is a net debit balance in the total of the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis. (See special instructions, section 7.)

NOTE.—The amount to be entered in this account is not the net balance between this account and account No. 759, "Traffic and car-service balances payable."

714. NET BALANCE RECEIVABLE FROM AGENTS AND CONDUCTORS.

This account shall include the net balance due in current accounts from agents, from train, sleeping car, and dining car conductors, and from train collectors, train auditors, porters, and other employees and representatives charged with the collection or custody of current revenues. (See special instructions, section 7.)

NOTE.—Amounts advanced to general and special agents as working funds shall not be included in this account, but in account No. 720, "Working fund advances."

715. MISCELLANEOUS ACCOUNTS RECEIVABLE.

This account shall include amounts due in audited accounts considered good, such as those due from the United States or other Governments for the transportation of mails and Government property, and from express companies for express facilities furnished under contract; amounts due from other carriers on account

of freight claims paid; miscellaneous bills against other railway companies, corporations, firms, and individuals, and other similar items. (See special instructions, section 7.)

NOTE.—The amount to be entered in this account is not the net balance between this account and account No. 761, "Miscellaneous accounts payable."

716. MATERIAL AND SUPPLIES.

This account shall include the balances representing the cost, less depreciation, if any, of all unapplied material, such as road and shop material, articles in process of manufacture by the accounting company, fuel, stationery, and dining car and other supplies. In determining the cost of material and supplies suitable allowance shall be made for any discounts allowed in the purchase thereof.

NOTE.—Balances representing the cost of unapplied construction material and supplies located at the point of use, which have been purchased for projected new roads and extensions, are provided for in road and equipment account No. 47, "Unapplied construction material and supplies."

717. INTEREST AND DIVIDENDS RECEIVABLE.

This account shall include the amount of interest accrued to the date of the balance sheet on bonds owned and on loans made, the amount of dividends declared on stocks owned, and dividends accrued on such stocks when contracts require that the dividends be paid at stated times. (See special instructions, section 7.)

NOTE A.—No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience, anticipated provision, or otherwise.

NOTE B.—No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

718. RENTS RECEIVABLE.

This account shall include rents receivable accrued to the date of the balance sheet under leases and not includible in account No. 715, "Miscellaneous accounts receivable." It is not required that minor rents shall be accounted for upon an accrual basis. (See special instructions, section 7.)

719. OTHER CURRENT ASSETS.

This account shall include items of current assets not covered by accounts Nos. 708 to 718 inclusive.

It shall include asset items that have not yet reached the stage of audited accounts and become classable in account No. 715, and yet have been advanced beyond the stage of accounts properly classable in account No. 722. (See special instructions, section 7.)

720. WORKING FUND ADVANCES.

This account shall include amounts advanced to general and special agents, and to other officers and employees, as working funds from which certain expenditures are to be made and accounted for. It also includes advances to fast freight lines and to demurrage and other bureaus.

721. INSURANCE AND OTHER FUNDS.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value of securities issued or assumed by the accounting company and held in such funds. A separate account shall be kept for each fund.

NOTE A.—Sinking funds and special deposits for the retirement of obligations are provided for in accounts No. 703 and No. 711, respectively.

NOTE B.—In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

NOTE C.—This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

722. OTHER DEFERRED ASSETS.

This account shall include items of deferred assets not covered by accounts No. 720 and No. 721.

723. RENTS AND INSURANCE PREMIUMS PAID IN ADVANCE.

This account shall include the balances in the accounts representing prepaid rents chargeable to the appropriate rent accounts under Income as the term is consumed for which the rents are paid; also insurance premiums paid in advance of their accrual, which premiums are to be apportioned and charged, as they accrue, to appropriate accounts.

724. DISCOUNT ON CAPITAL STOCK.

This account shall include the total of the net debit balances in the discount and premium accounts for the several subclasses of capital stock. (See special instructions, section 2.)

725. DISCOUNT ON FUNDED DEBT.

This account shall include the total of the net debit balances in the discount, expense, and premium accounts for the several subclasses of funded debt. (See special instructions, section 3.)

726. PROPERTY ABANDONED CHARGEABLE TO OPERATING EXPENSES.

This account is intended as a suspense account, in which may be included amounts chargeable to Operating Expenses for fixed improvements abandoned directly in connection with improvement or betterment work which are relatively large and the inclusion of which in the carrier's accounts for a single year would seriously distort the accounts. It is to be used only after permission of the Interstate Commerce Commission has been asked and given. The carrier, in its application to the Commission, shall give full particulars concerning the property retired, the amount chargeable to Operating Expenses, and the period over which, in its judgment, the amount of such charge should be distributed.

For each item remaining at the close of the year in this account the accounting carrier shall indicate in its annual report to the Commission, with respect to each item of property abandoned, the period over which it is proposed to distribute the balance relating to the item, the date of the abandonment of the property, and the total amount originally to be charged to Operating Expenses.

727. OTHER UNADJUSTED DEBITS.

This account shall include the amount of debit balances in suspense accounts that can not be entirely cleared and disposed of until additional information is received, such as freight claims paid when found to be correct, but in advance of investigation with other carriers; interest paid in advance; debit balances in clearing accounts, such as "Shop expenses," "Store expenses," "Operations of gravel pits," and "Operations of quarries"; items credited to Operating Revenues or Operating Expenses on an estimated basis in accordance with general instructions for the classification of operating revenues and operating expenses, section 2; unextin-

guished discount on short-term notes; estimated accrued depreciation on equipment leased (see general instructions, section 2); unadjusted debit items not provided for in accounts Nos. 724, 725, and 726, and other similar items.

728. SECURITIES ISSUED OR ASSUMED—UNPLEDGED.

This account shall include the par value of securities issued by the accounting company and the par value of securities issued by other companies and assumed by the accounting company, that are held unpledged in the company's treasury or by its agents or trustees, except trustees of sinking or other similar funds.

This account shall be divided into (a) Stocks, and (b) Bonds and other evidences of funded debt, each of which divisions shall be further so subdivided that in the company's annual report to the Commission may be shown (1) amount nominally but not actually issued, and (2) amount nominally outstanding.

NOTE A.—The term *securities*, as used in this account, includes all authorized certificates of stock and evidences of indebtedness which have been signed, sealed, and, when required, certified by the registrar or by the trustees under the mortgage or contract, and are not short-term securities. By *short-term securities* are meant those which are payable on demand or which mature not more than one year from date of issue. (See also Notes B to accounts Nos. 751 and 755.)

NOTE B.—This account shall not include securities that are merely guaranteed.

NOTE C.—This account shall not include any securities held in sinking and other reserve funds.

NOTE D.—In the general balance-sheet statement the balance in this account shall be stated in the short column only.

NOTE E.—When any securities have been actually issued to bona fide holders for value, or after issue by another company have been assumed by the accounting company, and after such issue or assumption are reacquired under circumstances which require that they shall not be treated as canceled or retired, they shall be included in this account at par value; the difference between the par value and the amount paid in reacquiring such securities shall be debited (or credited, as the case may be) to Profit and Loss. If such securities are subsequently pledged, they shall be included in account No. 729, "Securities issued or assumed—Pledged." (See special instructions, sections 2 and 3.)

729. SECURITIES ISSUED OR ASSUMED—PLEDGED.

This account shall include the par value of that portion of securities pledged by the accounting company as collateral security for any of its funded debt or short-term loans, which consists of securities issued by the accounting company and securities issued by other companies, the obligation for payment of which has been assumed by the accounting company. This account shall be subdivided into (a) Stocks, and (b) Bonds and other evidences of funded debt, each of which divisions shall be further so divided that in the company's annual report to the Commission may be shown (1) the amount nominally but not actually issued, and (2) the amount nominally outstanding.

NOTE A.—The term *securities* as used in this account includes all authorized certificates of stock and evidences of indebtedness which have been signed, sealed, and, when required, certified by the registrar or by the trustees under the mortgage or contract, and are not short-term securities. By *short-term securities* are meant those which are payable on demand or which mature not more than one year from date of issue. (See also Notes B to accounts Nos. 751 and 755.)

NOTE B.—This account shall not include securities that are merely guaranteed.

NOTE C.—This account shall not include securities which have been *borrowed* by the accounting company and pledged, nor any securities held in sinking and other reserve funds.

NOTE D.—In the general balance-sheet statement the balance in this account shall be stated in the short column only.

NOTE E.—The par value of securities issued or assumed and pledged for purposes other than that of security for funded debt or short-term loans shall be shown in account No. 703, "Sinking funds"; No. 704, "Deposits in lieu of mortgaged property sold," No. 711, "Special deposits"; or No. 721, "Insurance and other funds," as may be appropriate.

NOTE F.—When any securities have been actually issued to bona fide holders for value, or after issue by another company have been assumed by the accounting company, and after such issue

or assumption are reacquired under circumstances which require that they shall not be treated as canceled or retired, they shall be included in account No. 728, "Securities issued or assumed—Unpledged," at par value; the difference between the par value and the amount paid in reacquiring such securities shall be debited (or credited, as the case may be) to Profit and Loss. If such securities are subsequently pledged, they shall be included in this account. (See special instructions, sections 2 and 3.)

CREDITS.

751. CAPITAL STOCK.

This account shall include the total par value of certificates or receipts issued to represent permanent interests in the accounting 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 (pledged or unpledged) held in the company's treasury, 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; and (2) certificates issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of stock issued, as follows:

(a) COMMON STOCK.—Stocks which have no preference in distribution of dividends.

(b) PREFERRED STOCK.—Stocks having preference in distribution of dividends.

(c) DEBENTURE STOCK.—Stocks issued under a contract to pay a specified return at specified intervals.

(d) RECEIPTS OUTSTANDING FOR INSTALLMENTS PAID.—Receipts for payments on account of subscriptions to capital stock. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of stock for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

NOTE A.—When a general levy or assessment is made against the holders of capital stock, requiring the payment of any sum for the use of the company in addition to the consideration agreed upon at the time of sale, the amount collected upon such levy or assessment shall be credited to the discount and premium account for the subclass of stock on which the assessment is made.

NOTE B.—For the purposes of the balance-sheet statement capital stock is considered to be *nominally issued* when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. It is considered to be *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 by the accounting company. All capital stock actually issued and not reacquired and held by or for the accounting company is considered to be *actually outstanding*. If reacquired by or for the accounting company under such circumstances as require it to be considered as held alive and not canceled or retired, it is considered to be *nominally outstanding*.

NOTE C.—In the general balance-sheet statement the total capital stock included in the account shall be shown in the first short column. The amount nominally but not actually issued and the amount nominally outstanding shall be shown in the second short column, and in the long column shall be shown the amount actually outstanding.

752. STOCK LIABILITY FOR CONVERSION.

This account shall include the company's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange.

753. PREMIUM ON CAPITAL STOCK.

This account shall include the total of the net credit balances in the discount and premium accounts for the several subclasses of capital stock. (See special instructions, section 2.)

754. GRANTS IN AID OF CONSTRUCTION.

This account shall include the estimated money value at time of acquisition of land and other grants received from States, municipalities, and other public corporations as their contributions toward the construction or acquisition of property the cost of which is chargeable to investment in road and equipment.

755. FUNDED DEBT UNMATURED.

There shall be included in this account the total par value of unmatured debt, maturing more than one year from date of issue, issued by the accounting company and not retired or canceled, and the total par value of similar unmatured debt of other companies, the payment of which has been assumed by the accounting company.

The amounts included in this account shall be divided so as to show the par value of (1) certificates or other evidences of funded debt (pledged and unpledged) held in the company's treasury, 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; and (2) certificates or other evidences of funded debt issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

(a) **EQUIPMENT OBLIGATIONS.**—Equipment bonds, equipment notes, or car-trust notes secured only by lien on specific equipment.

(b) **MORTGAGE BONDS.**—Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(c) **COLLATERAL TRUST BONDS.**—Bonds and notes secured by a lien on securities or other negotiable paper; and stock trust certificates that are similar in character to collateral trust bonds.

(d) **INCOME BONDS.**—Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(e) **MISCELLANEOUS OBLIGATIONS.**—All funded obligations not provided for by the other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed, and other similar obligations maturing more than one year after date of issue.

(f) **RECEIPTS OUTSTANDING FOR FUNDED DEBT.**—Receipts for payments on account of funded debt. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity. Parts of any issue agreeing in other characteristics but maturing serially may be treated as of the same subclass.

NOTE A.—Securities maturing one year or less from date of issue shall be included in account No. 757, "Nonnegotiable debt to affiliated companies," or No. 758, "Loans and bills payable," except that where an issue of securities maturing serially over a period of years contains short-term obligations such obligations may be included as funded debt. Matured funded debt shall be included in account No. 764, "Funded debt matured unpaid."

NOTE B.—For the purposes of the balance-sheet statement funded debt securities are considered to be *nominally issued* when certified by trustees and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting 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 by the accounting company. All funded debt securities actually issued and not reacquired and held by or for the accounting company are considered to be *actually outstanding*. If reacquired by or for the accounting company under such circumstances as require them to be considered as held alive and not canceled or retired, they are considered to be *nominally outstanding*.

NOTE C.—Nonnegotiable notes having a maturity of more than one year after date of issue, held by affiliated companies, shall be included in account No. 757, "Nonnegotiable debt to affiliated companies."

NOTE D.—In the general balance-sheet statement the total unmatured funded debt included in the account shall be shown in the first short column. The amount nominally but not actually issued and the amount nominally outstanding shall be shown in the second short column, and in the long column shall be shown the amount actually outstanding.

756. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a court is in possession of the property of the company and under the orders of such court issues evidences of indebtedness chargeable upon such property, the par value of such evidences shall be credited to this account.

757. NONNEGOTIABLE DEBT TO AFFILIATED COMPANIES.

This account shall include the par value of nonnegotiable notes issued 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 included in this account, when such interest is not subject to current settlements.

This account shall be divided:

(a) Notes, including herein not only nonnegotiable notes that run longer than a term of one year, but also such notes payable on demand or within one year from the date of issue when it is mutually agreed that the notes shall not be enforced as current assets by the holder.

(b) Open accounts not subject to current settlement.

(c) Interest accrued on amounts included in this account when not subject to current settlements.

NOTE A.—Accounts with affiliated companies which are subject to current settlements, such as traffic and car-service balances, charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B.—No item shall be included in this account which is not known to be the property of an affiliated company.

NOTE C.—The term *affiliated companies* includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.

2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.

3. Companies controlled by controlled companies.

4. Companies controlled by controlling companies.

By *control* is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

758. LOANS AND BILLS PAYABLE.

This account shall include the balances representing obligations outstanding in the form of loans and bills payable or other similar evidences (except interest coupons) of indebtedness payable on demand or within a time not exceeding one year from date of issue.

This account shall be kept in such form that the amounts of notes secured by collateral, payable within one year from date of issue, may be reported separately in the corporation's annual report to the Commission.

NOTE.—This account shall not include obligations which mature more than one year after date of issue, or demand or short-term notes issued to affiliated companies and includible in account No. 757, "Nonnegotiable debt to affiliated companies."

759. TRAFFIC AND CAR-SERVICE BALANCES PAYABLE.

This account shall include the net amount payable to other companies in favor of each of which there is a net credit balance in the total of the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis.

NOTE.—The amount to be entered in this account is not the balance between this account and account No. 713, "Traffic and car-service balances receivable."

760. AUDITED ACCOUNTS AND WAGES PAYABLE.

This account shall include the amount of audited vouchers or accounts and audited pay rolls unpaid on the date of the balance sheet. It shall include balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages and all other unpaid vouchered items.

761. MISCELLANEOUS ACCOUNTS PAYABLE.

This account shall include outstanding drafts drawn by station agents, outstanding drafts drawn on the company in settlement of freight claims, conductors' refund and extra-fare checks not presented for redemption, deposits of affiliated companies subject to current settlement, unrefunded overcharges, and other items of the nature of demand liabilities not covered by accounts Nos. 758, 759, 760, 762, 763, and 764.

NOTE.—The amount to be reported under this account is not the net balance between this account and account No. 715, "Miscellaneous accounts receivable."

762. INTEREST MATURED UNPAID.

This account shall include the amount of matured and unpaid interest on loans and on funded debt and receiver's certificates, issued or assumed by the accounting company.

Interest which matures on the first day following that for which the balance sheet is made shall be included in this account.

NOTE.—Interest matured unpaid on nonnegotiable debt to affiliated companies, if not subject to current settlement, shall be included in account No. 757, "Nonnegotiable debt to affiliated companies."

763. DIVIDENDS MATURED UNPAID.

This account shall include the amount of dividends payable on capital stock but unpaid, uncalled for, or unclaimed at the date of the balance sheet.

Dividends which become payable on the first day following that for which the balance sheet is made shall be included in this account.

764. FUNDED DEBT MATURED UNPAID.

This account shall include the amount of funded debt matured and unpaid without any specific agreement for extension as to time of payment, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

765. UNMATURED DIVIDENDS DECLARED.

This account shall include dividends declared on capital stock, but not payable until after the first day following the date of the balance sheet.

766. UNMATURED INTEREST ACCRUED.

This account shall include the amount of interest on loans and on funded debt and receiver's certificates issued or assumed, accrued to the date for which the balance sheet is made, but not payable until after the first day following that date.

767. UNMATURED RENTS ACCRUED.

This account shall include rents, under leases or other agreements, accrued to the date for which the balance sheet is made, but not payable until after the first day following that date. It shall also include the amount of accrued dividends on stock and accrued interest on the funded debt of other companies when such dividends and interest are payable by the accounting company as all or a portion of the rent under leases or other agreements with those companies.

768. OTHER CURRENT LIABILITIES.

This account shall include items of current liabilities not covered by accounts No. 758 to No. 767, inclusive.

769. LIABILITY FOR PROVIDENT FUNDS.

This account shall include the ledger balances representing the liability of the accounting carrier for the amount of the assets (whether contributed by the company, by the employees, or by others) in the hands of its treasurer or of trustees or managers acting for it in the administration of employees' pension, savings, relief, hospital, and other association funds.

NOTE A.—This account shall not include items representing funds in which the accounting company has no beneficial interest and which it holds purely as trustee.

NOTE B.—In stating the balance sheet in the annual reports to the Commission, the liability for provident funds which are carried in the current cash of the company shall be included under current liabilities, in account No. 761, "Miscellaneous accounts payable."

770. OTHER DEFERRED LIABILITIES.

This account shall include items of deferred liabilities not covered by account No. 769; such as retained percentages due contractors, to be paid on completion of contracts; deposits for construction of side tracks, to be refunded on the basis of an agreed percentage of the earnings from the traffic handled over the tracks; and other similar items.

771. TAX LIABILITY.

This account shall include the amount of taxes accrued and charged against income accounts No. 532, "Railway tax accruals"; No. 535, "Taxes on miscellaneous operating property"; and No. 544, "Miscellaneous tax accruals" in excess of the amount paid.

If the taxes paid are in excess of the taxes accrued, the amount of the excess shall be shown in red in this account.

772. PREMIUM ON FUNDED DEBT.

This account shall include the total of the net credit balances in the discount, expense, and premium accounts for the several subclasses of funded debt. (See special instructions, section 3.)

773. INSURANCE AND CASUALTY RESERVES.

This account shall include the net credit balance in the accounts to which are credited specific appropriations of income or surplus and such insurance premiums as are concurrently charged to Operating Expenses to cover self-carried risks on fire, fidelity, boiler, casualty, burglar, and other insurance, and to which are charged losses sustained on items protected by such insurance.

774. OPERATING RESERVES.

This account shall include the ledger balances representing reserves created by charges to Operating Expenses for maintenance of road and equipment, for personal injury, loss and damage, and other claims, and for similar purposes, such charges being made currently for the purpose of equalizing charges to operating accounts for the current accounting year. (See special instructions for operating expenses, sections 19 and 20.)

NOTE A.—Debit balances in operating reserve accounts to be cleared by future charges to operating accounts shall be shown in red in this account in the carrier's annual report to the Commission.

NOTE B.—The credit balances in reserve accounts representing appropriations of income or surplus for sinking funds, etc., shall not be included in this account.

NOTE C.—Accrued depreciation credit balances shall be included in accounts Nos. 775, 776, or 777, as may be appropriate.

775. ACCRUED DEPRECIATION—ROAD.

This account shall be credited with amounts charged to Operating Expenses or other accounts to cover the depreciation of fixed improvements, the cost of which is included in account No. 701, "Investment in road and equipment," or in account No. 702, "Improvements on leased railway property."

When any fixed property is destroyed, sold, or otherwise retired from service, the amount included in this account with respect to the property retired shall be charged hereto.

(Note carefully general instructions for the classification of investment in road and equipment, sections 7, 8, 11.)

776. ACCRUED DEPRECIATION—EQUIPMENT.

This account shall be credited with amounts charged to Operating Expenses or other accounts to cover the depreciation of the accounting company's equipment.

When any equipment is destroyed, sold, or otherwise retired from service, the amount included in this account with respect to the property retired shall be charged hereto. (See text of road and equipment general account II, Equipment.)

777. ACCRUED DEPRECIATION—MISCELLANEOUS PHYSICAL PROPERTY.

This account shall be credited with amounts charged to income or other accounts to cover the depreciation of property the cost of which is included in account No. 705, "Miscellaneous physical property."

When any miscellaneous physical property is destroyed, sold, or otherwise retired from service, the amount included in this account with respect to the property retired shall be charged hereto.

778. OTHER UNADJUSTED CREDITS.

This account shall include the amount of credit balances in suspense accounts that can not be entirely cleared and disposed of until additional information is received, such as amounts realized from the sale of damaged, unclaimed, and over freight and held pending claim; switching charges of other carriers collected and held awaiting bills from such carriers; amounts

received from the sale of mileage tickets, to be disposed of as mileage is honored by the accounting or other carriers; amounts received from sales of excess baggage scrip, to be disposed of as coupons are honored; interchangeable mileage credential ticket redemption funds; revenue overcharges subject to refund; credit balances in clearing accounts such as "Shop expenses," "Store expenses," "Operating gravel pits," and "Operating quarries"; items charged to Operating Revenues or Operating Expenses on an estimated basis in accordance with general instructions for the classification of operating revenues and operating expenses, section 2; estimated accrued depreciation on leased equipment (see general instructions, section 2); and other similar items.

779. ADDITIONS TO PROPERTY THROUGH INCOME AND SURPLUS.

This account shall include such amounts of income and surplus as have been definitely appropriated or set aside, and expended since June 30, 1907, in the acquisition of property the cost of which is included in property investment accounts other than those for securities and also the amount of donations in aid of construction made by individuals and companies and not subject to distribution as dividends. Investments in road and equipment, in improvements on leased railway property, and in miscellaneous physical property shall be shown separately in the accounting company's records.

This account may also include amounts definitely appropriated or set aside, and expended prior to June 30, 1907. If such amounts are included, the account shall be kept in such form as to show separately amounts expended to June 30, 1907, and amounts expended since that date.

NOTE.—Temporary appropriations of current funds for the acquisition of property, the cost of which is intended later to be met through an issue of securities, shall not be included in this account.

780. FUNDED DEBT RETIRED THROUGH INCOME AND SURPLUS.

This account shall include the total amount of appropriated income and surplus expended in the discharge of the principal (less the discount, if any, suffered at the time of sale) of any funded debt issued or assumed by the accounting company and retired through sinking or other funds provided from income or surplus. The account shall be kept in such form as to show separately amounts expended to June 30, 1907, and amounts expended since that date.

NOTE A.—Temporary appropriations of current funds for the payment of obligations which are intended to be replaced by new issues shall not be included in this account.

NOTE B.—Amounts of appropriated income and surplus expended in retirement of trust obligations issued for the purchase of equipment shall be included in account No. 779, "Additions to property through income and surplus."

781. SINKING FUND RESERVES.

This account shall include the net balances in accounts to which are credited definite appropriations of income and surplus whether held in general funds or specifically set aside in the hands of trustees for sinking and redemption funds. It shall also include income accretions to such funds retained therein. (See income account No. 552, "Income applied to sinking and other reserve funds.")

782. MISCELLANEOUS FUND RESERVES.

This account shall include the net balances in accounts to which are credited definite appropriations of income and surplus specifically set aside in the hands of trustees and not provided for elsewhere. It shall also include income accretions to such funds retained therein. (See income account No. 552, "Income applied to sinking and other reserve funds.")

783. APPROPRIATED SURPLUS NOT SPECIFICALLY INVESTED.

This account shall include the net balances in accounts to which are credited appropriations of income and surplus held in general funds for definite purposes not provided for elsewhere, but for which no specific investment or segregation of assets has been made.

784. PROFIT AND LOSS—BALANCE.

This account shall include the balance at the close of the fiscal period as shown in the accounts provided in the classification of profit and loss accounts.

FORM OF GENERAL BALANCE SHEET STATEMENT.

EXPLANATORY NOTE.—The classified form of general balance-sheet statement is designed to show the financial condition of the accounting company at any specified date.

ASSET SIDE.

INVESTMENTS:

- 701. Investment in road and equipment.
- 702. Improvements on leased railway property.
- 703. Sinking funds.
 - Total book assets at date. (*In short column.*)
 - Carrier's own issues at date. (*In short column.*)
 - Other assets at date. (*In long column.*)
- 704. Deposits in lieu of mortgaged property sold.
 - Total book assets at date. (*In short column.*)
 - Carrier's own issues at date. (*In short column.*)
 - Other assets at date. (*In long column.*)
- 705. Miscellaneous physical property.
- 706. Investments in affiliated companies—
 - (a) Stocks.
 - (b) Bonds.
 - (c) Notes.
 - (d) Advances.
- 707. Other investments—
 - (a) Stocks.
 - (b) Bonds.
 - (c) Notes.
 - (d) Advances.
 - (e) Miscellaneous.
 - Total.

CURRENT ASSETS:

- 708. Cash.
- 709. Demand loans and deposits.
- 710. Time drafts and deposits.
- 711. Special deposits.
 - Total book assets at date. (*In short column.*)
 - Carrier's own issues at date. (*In short column.*)
 - Other assets at date. (*In long column.*)
- 712. Loans and bills receivable.
- 713. Traffic and car-service balances receivable.
- 714. Net balance receivable from agents and conductors.
- 715. Miscellaneous accounts receivable.
- 716. Material and supplies.
- 717. Interest and dividends receivable.
- 718. Rents receivable.
- 719. Other current assets.
 - Total.

DEFERRED ASSETS:

- 720. Working fund advances.
- 721. Insurance and other funds.
 - Total book assets at date. (*In short column.*)
 - Carrier's own issues at date. (*In short column.*)
 - Other assets at date. (*In long column.*)
- 722. Other deferred assets.
 - Total.

UNADJUSTED DEBITS:

- 723. Rents and insurance premiums paid in advance.
- 724. Discount on capital stock.
- 725. Discount on funded debt.
- 726. Property abandoned chargeable to operating expenses.
- 727. Other unadjusted debits.
- 728. Securities issued or assumed—Unpledged. (*In short column only.*)
- 729. Securities issued or assumed—Pledged. (*In short column only.*)
- Total.

LIABILITY SIDE.

STOCK:

- 751. Capital stock—
 - Book liability at date. (*In short column.*)
 - Held by or for carrier at date. (*In short column.*)
 - Actually outstanding at date. (*In long column.*)
- 752. Stock liability for conversion.
- 753. Premium on capital stock.
 - Total.

GOVERNMENTAL GRANTS:

- 754. Grants in aid of construction.

LONG TERM DEBT:

- 755. Funded debt unmatured—
 - Book liability at date. (*In short column.*)
 - Held by or for carrier at date. (*In short column.*)
 - Actually outstanding at date. (*In long column.*)
- 756. Receiver's certificates.
- 757. Nonnegotiable debt to affiliated companies—
 - (a) Notes.
 - (b) Open accounts.
 - Total.

CURRENT LIABILITIES:

- 758. Loans and bills payable.
- 759. Traffic and car-service balances payable.
- 760. Audited accounts and wages payable.
- 761. Miscellaneous accounts payable.
- 762. Interest matured unpaid.
- 763. Dividends matured unpaid.
- 764. Funded debt matured unpaid.
- 765. Unmatured dividends declared.
- 766. Unmatured interest accrued.
- 767. Unmatured rents accrued.
- 768. Other current liabilities.
 - Total.

DEFERRED LIABILITIES:

- 769. Liability for provident funds.
- 770. Other deferred liabilities.
 - Total.

UNADJUSTED CREDITS :

- 771. Tax liability.
 - 772. Premium on funded debt.
 - 773. Insurance and casualty reserves.
 - 774. Operating reserves.
 - 775. Accrued depreciation—Road.
 - 776. Accrued depreciation—Equipment.
 - 777. Accrued depreciation—Miscellaneous physical property.
 - 778. Other unadjusted credits.
- Total.

CORPORATE SURPLUS :

- 779. Additions to property through income and surplus.
 - 780. Funded debt retired through income and surplus.
 - 781. Sinking fund reserves.
 - 782. Miscellaneous fund reserves.
 - 783. Appropriated surplus not specifically invested.
- Total appropriated surplus.
- 784. Profit and loss—Balance.
- Total corporate surplus.



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