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UNIFORM SYSTEM OF ACCOUNTS
FOR
ELECTRIC RAILWAYS

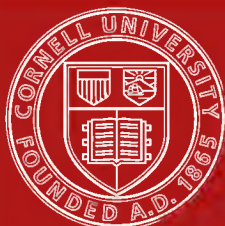
PRESCRIBED BY THE
INTERSTATE COMMERCE COMMISSION
IN ACCORDANCE WITH SECTION 20 OF THE
ACT TO REGULATE COMMERCE

ISSUE OF 1914

Effective on July 1, 1914



WASHINGTON
GOVERNMENT PRINTING OFFICE
1914



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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.*

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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 28th day of May, 1914.

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

It is ordered, That the Uniform System of Accounts for Electric Railways, with the text pertaining thereto, embodied in printed form to be hereafter known as the 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 Uniform System of Accounts for Electric Railways, with the text pertaining thereto, be, and the same is hereby, prescribed for the use of electric railways subject to the provisions of the Act to Regulate Commerce as amended, in the keeping and recording of their accounts; that each and every such carrier and each and every receiver or operating trustee of any such carrier be required to keep all 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 any such carrier or any receiver or operating trustee of any such carrier may subdivide any primary account established in the said issue (as permitted in the general instructions contained in the said issue); or may make assignment of the amount charged to any such primary account to operating divisions, to its individual lines, or to States: *Provided, however,* That such subprimary accounts set up or such assignments made by any such carrier or by any receiver or operating trustee of any such carrier do not impair the integrity of the accounts hereby prescribed.

It is further ordered, That in order that the basis of comparison with previous years be not destroyed, 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 accounts hereby prescribed, such portion or portions of its present 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 any such carrier or any receiver or operating trustee of any such carrier, in addition to the accounts hereby prescribed, may, unless otherwise ordered, keep any temporary or experimental accounts the purpose of which is to develop the efficiency of operation: *Provided, however,* That such temporary or experimental accounts shall not impair the integrity of any primary account hereby prescribed.

It is further ordered, That July 1, 1914, be, and is hereby, fixed as the date on which the said Uniform System of Accounts for Electric Railways shall become effective.

By the Commission:

[SEAL.]

GEORGE B. MCGINTY,
Secretary.

INTRODUCTORY LETTER.

INTERSTATE COMMERCE COMMISSION,
DIVISION OF CARRIERS' ACCOUNTS,
Washington, May 28, 1914.

TO ACCOUNTING OFFICERS OF ELECTRIC RAILWAYS:

This Uniform System of Accounts for Electric Railways supersedes the classifications of expenditures for road and equipment, operating expenses, and operating revenues which became effective January 1, 1909, and all conflicting instructions contained in Accounting Bulletin No. 7.

In formulating this Uniform System of Accounts for Electric Railways, containing the first revised issues of the classifications of operating expense, operating revenue, and road and equipment accounts, and also the first issues of the classifications of income, profit and loss, and general balance-sheet accounts, it has been the purpose to enlist the cooperation of representatives of electric railways and of the various State commissions. Accounting Series Circular No. 41, containing a tentative system of accounts, was submitted to the representatives of all such carriers of record in this office and to each of the State commissions for criticisms and suggestions, and careful consideration has been given to all replies received.

In the preparation of the revision of the accounting rules contained in this system of accounts for electric railways the Commission has had the cooperation of the Committee on a Standard Classification of Accounts of the American Electric Railway Accountants' Association.

Special attention is directed to the provisions for depreciation. The use of account No. 40, "Depreciation of equipment," is mandatory. Until further notice the use of accounts No. 25, "Depreciation of way and structures," and No. 50, "Depreciation of power plant buildings and equipment," is optional with the carrier.

In order that uniformity in the application of the provisions of these classifications may be secured, accounting officers are requested to submit all questions of doubtful interpretation to this office for consideration and decision.

FRED W. SWENEY,
Chief Examiner of Accounts.

OPERATING EXPENSE ACCOUNTS.

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CONDENSED SCHEDULES OF ACCOUNTS.

1. **CLASSES OF CARRIERS.**—For the purpose of effectively applying the principles of this classification of operating expenses to the accounts of all carriers, provision is made for dividing the carriers subject to the orders of the Commission into classes, as follows:

Class A. Companies having average annual operating revenues of more than \$1,000,000.

Class B. Companies having average annual operating revenues of more than \$250,000, but not in excess of \$1,000,000.

Class C. Companies having average annual operating revenues not in excess of \$250,000.

Companies of Class A are required to keep all the primary accounts as provided for in the text of this classification (see pp. 21 to 42). Companies of Class B have the option of using the classification for Class A or the classification provided for Class B carriers in the schedule here following. Companies of Class C have the option of using any one of the classifications provided for Classes A, B, and C. Carriers using the classification for Class A shall apply the account numbers prescribed. Carriers using the condensed classifications shall adopt the numbers used in the following schedules, including those hyphenated to show the merging of accounts.

2. **ACCOUNTS FOR CLASS B CARRIERS.**—For Class B carriers—those having annual revenues of more than \$250,000, but not in excess of \$1,000,000—the complete schedule of accounts by titles follows, the preceding numerals showing in each instance the primary account or accounts the contents of which are included under the title named in connection therewith.

I. WAY AND STRUCTURES:

- 1.....Superintendence of way and structures.
- 2-12.....Maintenance of track and roadway.
- 13-19.....Other maintenance of way.
- 20.....Poles and fixtures.
- 21.....Underground conduits.
- 22.....Distribution system.
- 23.....Miscellaneous electric line expenses.
- 24.....Buildings, fixtures, and grounds.
- 25.....Depreciation of way and structures.
- 26.....Other operations—Dr.
- 27.....Other operations—Cr.
- 28.....Equalization—Way and structures.

II. EQUIPMENT:

- 29.....Superintendence of equipment.
- 30-32.....Maintenance of cars.
- 33.....Electric equipment of cars.
- 34.....Maintenance of locomotives.
- 35-39.....Miscellaneous equipment expenses.
- 40.....Depreciation of equipment.
- 41.....Equipment retired.
- 42.....Other operations—Dr.
- 43.....Other operations—Cr.
- 44.....Equalization—Equipment.

III. POWER:

- 45.....Superintendence of power.
- 46.....Power plant buildings, fixtures, and grounds.
- 47.....Power plant equipment.
- 48.....Substation equipment.
- 49.....Transmission system.
- 50.....Depreciation of power plant buildings and equipment.
- 51.....Equalization—Power.
- 52.....Power plant employees.
- 53.....Fuel for power.
- 54.....Water for power.
- 55.....Lubricants for power.
- 56.....Miscellaneous power plant supplies and expenses.
- 57.....Substation employees.
- 58.....Substation supplies and expenses.
- 59.....Power purchased.
- 60.....Power exchanged—Balance.
- 61.....Power transferred—Credit.
- 62.....Other operations—Cr.

IV. CONDUCTING TRANSPORTATION:

- 63.....Superintendence of transportation.
- 64.....Passenger conductors, motormen, and trainmen.
- 65.....Freight and express conductors, motormen, and trainmen.
- 66-67.....Miscellaneous car-service employees and expenses.
- 68-69.....Station employees and expenses.
- 70-71.....Carhouse employees and expenses.
- 72-73.....Signal, interlocking, telephone, and telegraph systems.
- 74.....Operation of floating equipment.
- 75.....Operation of steam locomotives.
- 76.....Freight and express collection and delivery.
- 77.....Loss and damage.
- 78.....Other transportation expenses.

V. TRAFFIC:

- 79-82.....Traffic expense.

VI. GENERAL AND MISCELLANEOUS:

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- 86.....Law expenses.
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- 88.....Pensions and gratuities.
- 89.....Miscellaneous general expenses.
- 90.....Valuation expenses.
- 91.....Amortization of franchises.
- 92.....Injuries and damages.
- 93.....Insurance.
- 94.....Stationery and printing.
- 95.....Store expenses.
- 96.....Garage and stable expenses.
- 97.....Rent of tracks and facilities.
- 98.....Rent of equipment.
- 99.....Other operations—Dr.
- 100.....Other operations—Cr.

VII. TRANSPORTATION FOR INVESTMENT—Cr.

3. ACCOUNTS FOR CLASS C CARRIERS.—For Class C carriers—those having annual revenues not in excess of \$250,000—the complete schedule of accounts by titles is as follows, the preceding numerals, as in the foregoing schedule, showing in each case the primary account or accounts the contents of which are included under the accompanying title:

I. WAY AND STRUCTURES:

- 1.....Superintendence of way and structures.
- 2-19.....Maintenance of way.
- 20-23.....Maintenance of electric lines.
- 24.....Buildings, fixtures, and grounds.
- 25.....Depreciation of way and structures.
- 26.....Other operations—Dr.
- 27.....Other operations—Cr.
- 28.....Equalization—Way and structures.

II. EQUIPMENT:

- 29.....Superintendence of equipment.
- 30-32.....Maintenance of cars.
- 33.....Maintenance of electric equipment of cars.
- 34.....Maintenance of locomotives.
- 35-39.....Miscellaneous equipment expenses.
- 40.....Depreciation of equipment.
- 41.....Equipment retired.
- 42.....Other operations—Dr.
- 43.....Other operations—Cr.
- 44.....Equalization—Equipment.

III. POWER:

- 45.....Superintendence of power.
- 46.....Power plant buildings, fixtures, and grounds.
- 47-49.....Maintenance of power equipment.
- 50.....Depreciation of power plant buildings and equipment.
- 51.....Equalization—Power.
- 52.....Power plant employees.
- 53.....Fuel for power.
- 54-56.....Other power supplies and expenses.
- 57-58.....Substation employees, supplies, and expenses.
- 59.....Power purchased.
- 60.....Power exchanged—Balance.
- 61.....Power transferred—Credit.
- 62.....Other operations—Cr.

IV. CONDUCTING TRANSPORTATION:

- 63.....Superintendence of transportation.
- 64-65.....Conductors, motormen, and trainmen.
- 66-78.....Miscellaneous transportation expenses.

V. TRAFFIC:

- 79-82.....Traffic expenses.

VI. GENERAL AND MISCELLANEOUS:

- 83-89.....General expenses.
- 90.....Valuation expenses.
- 91.....Amortization of franchises.
- 92.....Injuries and damages.
- 93.....Insurance.
- 94.....Stationery and printing.
- 95-96.....Store, garage, and stable expenses.
- 97.....Rent of tracks and facilities.
- 98.....Rent of equipment.
- 99.....Other operations—Dr.
- 100.....Other operations—Cr.

VII. TRANSPORTATION FOR INVESTMENT—CR.

GENERAL INSTRUCTIONS.

1. **OPERATING EXPENSES DEFINED.**—The term *operating expenses* means such expenses as are necessary to the maintenance and operation of the property used in transportation service (including services incident thereto), the rendering of services, and the collection of revenues in connection therewith.

2. **AUXILIARY OPERATIONS.**—Electric railways operating facilities or rendering services other than those incident to transportation by rail (the cost of the property used in such operations being included in the road and equipment accounts) shall treat such operations or services as auxiliary operations. Carriers shall keep separate revenue and expense accounts for each auxiliary operation conducted, and shall include the aggregate of the revenues and the aggregate of the expenses of auxiliary operations in the respective accounts provided therefor in the income classification.

If, for example, the carrier conducts a general power, light, heat, or other business not incident to transportation (the cost of the property used therein being included in the accounts for investment in road and equipment) the revenues and expenses of each such operation shall be reported in income accounts No. 202, "Auxiliary operations—Revenues," and No. 214, "Auxiliary operations—Expenses," respectively.

Revenues and expenses in connection with the maintenance and operation of properties provided for in general balance-sheet account No. 404, "Miscellaneous physical property," shall be included in income account No. 205, "Net income from miscellaneous physical property," or No. 219, "Net loss on miscellaneous physical property," as may be appropriate.

3. **EXCLUSION OF AUXILIARY OPERATIONS EXPENSES.**—Expenses in connection with maintenance and operation of plant and equipment used in auxiliary operations such as the electric power, light, heat, or other departments, or the proportion of expenses chargeable thereto, shall be excluded from the railway expenses by the use of accounts designated "Other operations—Cr." Similarly, if expenses of the railway department, other than those for maintenance and operation of power plant buildings and equipment, are kept in the accounts of the power, light, or other department, the railway department's proportion of such expenses shall be charged to the various accounts in this classification provided for "Other operations—Dr." If, however, a carrier furnishes power, light, or heat only incidentally, such incidental revenues and expenses may be included in the railway operating revenues and expenses.

4. **GENERAL ACCOUNT FOR POWER.**—For the purpose of bringing together, under one general account, the cost of maintaining and operating power plant buildings and equipment, the new general account Power has been provided. All expenses for maintaining and operating power plant buildings and equipment necessary to the production of power and all expenses incident to the purchase of power shall be included in the appropriate primary accounts under this general account, irrespective of the manner in which the power is used. Carriers rendering other utility services, such as furnishing power for lighting, heating, or other commercial purpose, shall equitably apportion the cost of power, as shown by this general account, between the railway and other utility departments. The charges to the other departments shall be cleared through account No. 62, "Other operations—Cr." This segregation of the

maintenance and operation expenses incident to the production of power will permit a more accurate comparison of the expenses for maintenance of way and structures, maintenance of equipment, and transportation expenses, between carriers which produce their own power and carriers which use purchased power; and it will also afford a better comparison of the statistics of carriers which furnish only a transportation service and those which furnish other utility service, such as power, light, and heat.

5. UNAUDITED BILLS AND VOUCHERS.—When bills covering operating revenue or operating expense items are not received in time for audit, and when vouchers are not made in time for inclusion in the operating accounts for the month in which the transactions occur, the items may be estimated and in such form charged or credited to operating accounts, and credited or charged to operating reserves, the necessary adjustments being made later when the bills and vouchers are taken into the carrier's accounts.

6. DISTRIBUTION OF DELAYED ITEMS.—*Delayed items* are items representing transactions which occurred before the current year. When no provision has been made through entries in the accounts of this classification for anticipating delayed items chargeable or creditable to the accounts herein, 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.

7. SUBPRIMARY ACCOUNTS FOR STEAM OPERATIONS AND WATER LINES.—If a carrier operates a steam division, or has both electric and steam operations, and desires to keep the expenses of such operations separate, it may set up as subprimary accounts the appropriate primary accounts of the classification of operating expenses of steam roads. (See accounts Nos. 34 and 75.) If the carrier operates a water line or ferries and desires to keep the expenses of such operations separate, it may set up as subprimary accounts the appropriate primary accounts of the classification of operating expenses of carriers by water. (See accounts Nos. 35 and 74.)

8. SALVAGE AND VALUE OF MATERIAL REMOVED.—As used in these classifications, the terms *salvage* and *value of material removed* include the value to the carrier of material recovered or removed in the processes of repairing, renewing, replacing, or abandoning roadway, structures, and equipment. If the material recovered or removed is again used or expected to be used by the carrier, the salvage value shall be based upon fair prices for the particular kinds and grades of material. If the material is sold, the net amount received from the sale represents the salvage.

9. INSURANCE RECOVERED.—Insurance recovered on property damaged or destroyed shall be credited to the account to which the cost of the repair or replacement is charged. To avoid unduly affecting the charges to Operating Expenses, relatively large amounts of insurance recovered upon damaged or destroyed property which is repaired or replaced may be credited to a suspense account, to which the cost of the repair or replacement shall then be charged to the extent of the insurance credited thereto. If the property destroyed is not replaced, the insurance shall be treated as salvage and deducted from the amount chargeable to Profit and Loss Account when the property is written out of the road and equipment accounts. Insurance recovered in connection with personal injuries shall be credited to account No. 92, "Injuries and damages." Recoveries under fidelity bonds shall be credited to the account charged with the loss.

10. PROPERTY RETIRED AND REPLACED.—When property is abandoned, demolished, or otherwise retired from service, and replaced, the ledger value (estimated if not known) of the property retired shall be credited to the proper road and equipment

account; account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein with respect to such property; proper account shall be taken of salvage and insurance; and the remainder, together with the expense incident to the abandonment, shall be charged to the appropriate operating expense accounts. The cost of the new property shall be charged to the proper road and equipment account.

11. DISTRIBUTION OF CHARGES FOR PROPERTY RETIRED AND REPLACED.—In case the amount chargeable to Operating Expenses for property retired and replaced is relatively large and its inclusion would seriously distort the expense accounts for a single year the carrier, if so authorized by the Commission, may charge the amount thereof to balance-sheet account No. 419, "Property abandoned chargeable to Operating Expenses," and distribute it thereafter in accordance with the provisions of that account to the operating expenses of succeeding years.

12. PROPERTY RETIRED AND NOT REPLACED.—When property other than equipment (which is provided for by account No. 41, "Equipment retired") is abandoned, demolished, or otherwise retired from service and not replaced, the ledger value of the property retired shall be credited to the proper road and equipment account; account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein with respect to such property; proper account shall be taken of salvage and insurance; and the remainder, together with the expenses incident to the retirement, shall then be charged to Profit and Loss.

13. COST OF WORK.—The cost of work chargeable to the maintenance accounts includes other carriers' freight charges, inspection, contract work, assessments for maintenance, and cost of privileges in connection with the work specified in the text of the several accounts.

14. DEPRECIATION.—Depreciation accounts in which to include monthly charges to cover depreciation of way and structures, equipment, power plant buildings, and power plant equipment are provided in order that carriers may create reserves which will meet or reduce the amounts otherwise chargeable to Operating Expenses or to Profit and Loss Account to cover the cost of the renewal or retirement of property. Such depreciation charges should be upon a basis determined to be equitable according to the carrier's experience and best sources of information as to the actual accruals of current loss from depreciation. Depreciation charges with respect to property or equipment shall cease when the difference between the ledger value (estimated if not known) and the estimated scrap value shall have been credited to the depreciation reserve account. A statement of the bases used by the carrier for computing these charges shall be included in its annual report to the Commission.

Commencing July 1, 1914, carriers shall accrue depreciation on equipment (included in accounts Nos. 530 to 535), but the accrual of depreciation on way and structures, power plant buildings, and power plant and substation equipment is left optional with the carrier until such time as the Commission shall direct otherwise.

When equipment (included in accounts Nos. 530 to 535) is retired from service and proper charges for depreciation have not been made during its life, the ledger value of such equipment, less salvage and depreciation accrued to the date of retirement, shall be charged as follows: That proportion of the actual loss from depreciation equitably assignable to the period prior to July 1, 1914, shall be charged to Profit and Loss and the remainder shall be charged to operating expense account No. 41, "Equipment retired."

TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS.

I. WAY AND STRUCTURES.

1. SUPERINTENDENCE OF WAY AND STRUCTURES.

This account shall include salaries and office and other expenses of officers and their assistants when directly in charge of maintenance of way and structures, including chief engineer, engineer of maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, and office and field forces; cost of repairing drafting and engineering instruments; cost of supplies used by employees whose salaries are charged to this account; and office rent, cost of repairing rented offices, cost of repairing furniture, and miscellaneous office expenses, when separate offices not in general office buildings are maintained for officers whose salaries are charged to this account.

NOTE A.—When employees designated above are engaged in work not chargeable to Way and Structures, their salaries and expenses shall be charged to the specific work on which engaged.

NOTE B.—When employees designated above have supervision over other departments also, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C.—It is not intended that any portion of the expenses of general offices shall be charged to this account. The office expenses of employees designated above who have offices in general office buildings shall be included in the appropriate primary accounts under General and Miscellaneous.

2. BALLAST.

This account shall include expenses incident to the purchase and production of ballast used for maintenance; purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights and privileges; cost of tracks and electric line in gravel pits; expenses of sinking test holes, stripping, blasting, and loading; and other expenses in connection with production of ballast.

NOTE A.—In case of ballast produced, a clearing account may be opened in order to determine the unit of cost which is to be used in arriving at the monthly charge to Operating Expenses on account of ballast used.

NOTE B.—The cost of labor delivering, unloading, and putting ballast into track shall be charged to account No. 8, "Track and roadway labor."

3. TIES.

This account shall include the cost of cross, switch, bridge, and other ties used in repairing all tracks.

NOTE A.—The cost of labor for unloading, distributing, and putting ties in track, and the cost of picking up and concentrating or disposing of the ties removed, shall be charged to account No. 8, "Track and roadway labor."

NOTE B.—The excess cost of metal or concrete ties applied in place of wooden ties over the cost of replacing wooden ties shall be charged to road and equipment account No. 506, "Ties."

4. RAILS.

This account shall include the cost of rails used in repairing main and repair tracks, sidings and spurs, and tracks in tunnels, station yards, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses; and on transfer tables and turntables. Rails in plain curves shall be charged to this account and not to account No. 6, "Special work."

To this account shall be credited the value of material removed.

NOTE A.—The cost of labor for unloading, distributing, and laying rails in track, and the cost of picking up and concentrating the rails removed, shall be charged to account No. 8, "Track and roadway labor."

NOTE B.—The excess cost of heavier or improved rails applied for renewals over the original cost of rails removed shall be charged to road and equipment account No. 507, "Rails, rail fastenings, and joints."

NOTE C.—Guard rails used in connection with the renewal of special work shall be charged to account No. 6, "Special work."

5. RAIL FASTENINGS AND JOINTS.

This account shall include the cost of rail fastenings and joints, such as fish-plates, braces, tie plates, tie-rods, nuts, bolts, spikes, and welded joints, used for repairs of all tracks.

To this account shall be credited the value of material removed.

NOTE A.—The cost of labor unloading, distributing, and applying rail fastenings and joints and the cost of picking up and concentrating rail fastenings and joints removed shall be charged to account No. 8, "Track and roadway labor."

NOTE B.—The entire cost (exclusive of carrier's own labor) of welded joints installed under contract shall be charged to this account.

NOTE C.—The excess cost of heavier or improved rail fastenings and joints used for renewals over the original cost of fastenings and joints removed shall be charged to road and equipment account No. 507, "Rails, rail fastenings, and joints."

6. SPECIAL WORK.

This account shall include the cost of material used in repairing special work, including steam and street railroad crossings, crossovers, curves, frogs, run-offs, switches, contacts and wiring for automatic switches, switch stands and locks, switch mates, and turnouts.

To this account shall be credited the value of material removed.

NOTE.—The cost of labor in connection with this work shall be charged to account No. 8, "Track and roadway labor."

7. UNDERGROUND CONSTRUCTION.

This account is to be used only by railways operated by underground electric contact system or by cable. It shall include the cost of material used in repairing yokes, concrete work, manhole frames and covers, slot rails, drain pipes, pulleys, and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

To this account shall be credited the value of material removed.

NOTE A.—The cost of labor in connection with this work shall be charged to account No. 8, "Track and roadway labor."

NOTE B.—The cost of repairing and renewing track rails, track-rail fastenings and joints, electric contact rails and insulators, and cables of cable railways shall not be charged to this account.

8. TRACK AND ROADWAY LABOR.

This account shall include the cost of labor used in unloading, distributing, and placing ballast; relaying ties; repairing and relaying rails, rail fastenings and joints, special work, and underground construction; also labor used in grading, aligning, surfacing, and gauging tracks; repairing sewer and drain tiles and drain-

age catch-basins; cleaning and repairing tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track; clearing track of weeds; removing sand, débris, and flood water from tracks; trimming trees along tracks; and other miscellaneous track and roadway labor, including wages of blacksmiths and helpers in track shops.

9. MISCELLANEOUS TRACK AND ROADWAY EXPENSES.

This account shall include the cost of roadway tools when chargeable to Operating Expenses; material used in repairing tools, velocipedes, hand and push cars, implements, flags, lanterns, etc., used when repairing track and roadway; materials used in weeding tracks and right of way; materials used in removing flood water from tracks; coal and supplies for track shops; material used in repair of right-of-way ditches; material for repairing catch basins for drainage purposes; and material used in repairing retaining walls, riprap, piling, piers, dikes, or other means for protecting banks; also any other material, supplies, and incidental expenses that are not properly chargeable to any of the other accounts covering maintenance of track and roadway.

To this account shall be credited the value of material removed.

10. PAVING.

This account shall include the cost of labor and material used in repairing granite, wood, brick, macadam, asphaltum, and other paving; also cost of hauling and distributing material and of removing old material.

Repairs of street paving required by municipalities in connection with roadway and track and assessments for maintenance of paving; also payments for permission to open pavement, and cost of tearing up and replacing paving in connection with repairs shall be charged to this account.

To this account shall be credited the value of material removed.

11. CLEANING AND SANDING TRACK.

This account shall include the cost of labor and material used in watering, sprinkling, and oiling roadway; in cleaning, greasing, and sanding tracks; and in cleaning conduits of underground electric or cable systems; also cost of sand and of hauling, drying, and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; and cost of other supplies and expenses incident to the work.

NOTE A.—Repairs of sprinkler and sand cars used in connection with this work shall be charged to account No. 32, "Service equipment." Repairs of harness and wagons used in connection with this work shall be charged to account No. 38, "Vehicles and horses."

NOTE B.—Cost of sprinkling rendered necessary by repairs or construction of track or paving shall be charged to the proper maintenance or construction account.

12. REMOVAL OF SNOW AND ICE.

This account shall include the cost of labor and material used in removal of snow and ice from tracks, whether done by the company or otherwise, including cost of tools, cost of salt and delivering same in carhouses or bins, wages of men engaged in salting track and in operating snow plows, sweepers, scrapers, etc., and other supplies and expenses incident to this work.

This account shall also include the wages of trainmen operating cars solely for the purpose of keeping line open, the cost of removing water caused by melting snow, cost of placing and removing portable snow fences, and rent of ground on which to place snow fences.

NOTE.—Repairs of salt cars, snow plows, sweepers, scrapers, and miscellaneous snow equipment used in connection with this work shall be charged to account No. 32, "Service equipment." Repairs of harness and wagons used in connection with this work shall be charged to account No. 38, "Vehicles and horses."

13. TUNNELS AND SUBWAYS.

This account shall include the cost of labor and material used in repairing tunnels and subways; cost of cleaning, painting, and whitewashing; and cost of maintenance of lighting, ventilating, and drainage systems.

To this account shall be credited the value of material removed.

NOTE.—This account shall not include repairs of roadway, tracks, or electric feeder and contact lines through tunnels.

14. ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railway system, and shall include the cost of labor and material used in repairing elevated structures and their foundations.

To this account shall be credited the value of material removed.

15. BRIDGES, TRESTLES, AND CULVERTS.

This account shall include the cost of labor and material used in repairing bridges, trestles, and culverts (both substructure and superstructure), their piers, abutments, masonry, and drain pipes, and the retaining walls, riprapping, and dikes necessary to protect or strengthen them against ice, water, or drift; cost of altering and bracing bridges and trestles during progress of filling; cost of removing old bridges in connection with construction of new bridges; and cost of constructing and removing temporary or false work used in repairing bridges and culverts; also cost of guards on bridges, framing ties for bridges; bridge signs or number boards; cleaning of channels under bridges and cleaning of culverts; pay of bridge foremen, and cost of supplies used by them; pay of bridge inspectors and expenses incident to bridge inspection.

The cost of replacing bridges, trestles, and culverts destroyed by fire or washouts shall be charged to this account; also repairs made necessary by washouts.

To this account shall be credited the value of material removed.

Any structure carrying the carrier's tracks over other tracks, or over a stream, highway, or canal should be considered a bridge or a culvert.

NOTE.—The cost of maintaining structures carrying other tracks, canals, highways, etc., over the accounting carrier's tracks shall be charged to account No. 16, "Crossings, fences, and signs."

16. CROSSINGS, FENCES, AND SIGNS.

This account shall include the cost of labor and material used in repairing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot, wagon, or cattle crossings; drainage and excavations for undergrade crossings; crossing gates and warning signals; and payments and assessments for street repairs or repairs of sewers at crossings.

This account shall also include cost of material used and labor expended in repairing right-of-way fences, snow and sand fences, cattle guards, wing fences, aprons, and hedges; and mile, section, warning, and other roadway signs.

To this account shall be credited the value of material removed.

NOTE.—Street repairs or repairs of sewers within the limits of shop grounds or immediately adjacent to station buildings shall be charged to account No. 24, "Buildings, fixtures, and grounds."

17. SIGNAL AND INTERLOCKING APPARATUS.

This account shall include the cost of labor and material used in repairing buildings and apparatus of interlocking systems, semaphore, block, and other signal systems, including air compressors, levers, boilers, dynamos, engines, and other appliances used in connection therewith; also the cost of labor and material used in repairing targets and lamps, and switch lights at sidings.

To this account shall be credited the value of material removed.

NOTE A.—This account shall not include the cost of track material proper required in connection with interlockers, such as switches, special track fastenings, split rails, and frogs, the cost of which shall be charged to proper maintenance of way accounts.

NOTE B.—Rent of appliances for signal and interlocking systems shall be charged to account No. 72, "Operation of signal and interlocking apparatus."

NOTE C.—No charge shall be made to this account for setting and repairing poles and fixtures used primarily for telegraph, telephone, or transmission systems when such poles and fixtures incidentally support signal wires.

18. TELEPHONE AND TELEGRAPH LINES.

This account shall include the cost of labor and material used in repairing telephone and telegraph systems owned by the company, or for which it is responsible, including conduits, poles, cross arms, insulators, wires, cables, cable boxes, booths, instruments, battery jars, switchboards, and other appurtenances of such telephone and telegraph systems.

To this account shall be credited the value of material removed.

NOTE A.—Rent of telephone and telegraph systems shall be charged to account No. 73, "Operation of telephone and telegraph lines," or to account No. 89, "Miscellaneous general expenses."

NOTE B.—If telephone or telegraph wires are carried on poles and fixtures or in conduits used for other purposes, the cost of maintaining such poles and fixtures or conduits shall be charged to account No. 20, "Poles and fixtures," No. 21, "Underground conduits," or No. 49, "Transmission system."

19. MISCELLANEOUS WAY EXPENSES.

This account shall include all expenses in connection with maintenance of way not properly chargeable to other accounts.

20. POLES AND FIXTURES.

This account shall include the cost of labor and material used in setting and repairing poles and cross arms; insulating pins, brackets, and other pole fixtures; braces and other supports for holding the poles in position; and structures maintained primarily for supporting overhead electric construction. The cost of renumbering poles shall be charged to this account.

To this account shall be credited the value of material removed.

NOTE A.—The cost of labor and material used in repairing poles and fixtures used primarily for carrying transmission lines shall be included in account No. 49, "Transmission system."

NOTE B.—The cost of insulators shall not be charged to this account, but to account No. 22, "Distribution system," or No. 49, "Transmission system."

21. UNDERGROUND CONDUITS.

This account shall include the cost of labor and material used in repairing conduits required for underground wires and cables, including manholes, sewer connections, and sewer traps.

To this account shall be credited the value of material removed.

NOTE.—The cost of labor and material used in repairing underground conduits used primarily for carrying transmission lines shall be included in account No. 49, "Transmission system."

22. DISTRIBUTION SYSTEM.

This account shall include the cost of labor and material used in repairing the distribution system, as follows:

(a) Overhead feeders for transmitting low-tension power from power stations and substations, including insulators and connections.

(b) Underground feeders for transmitting low-tension power from power stations and substations, including insulators and connections.

(c) Track bonding, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

(d) Overhead trolley, including cost of trolley, guard, span, strain, supplementary, and other wires, and all catenary construction used in connection with the overhead trolley system.

(e) Third rail, including cost of third rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail construction.

(f) Underground contact rails, including cost of contact rails and appliances in underground contact systems, and appurtenant braces, supports, and insulating devices.

To this account shall be credited the value of material removed.

When a company does an incidental power, light, or heat business, the cost of repairing transformers, meters, and wiring used in connection with the delivery of power sold shall be included in this account.

NOTE.—When the electric current generated or received is changed by means of rotary converters, motor generator sets, or static transformers (substation apparatus), that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When the electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including feeders, trolley wire, booster circuits, and supplementary return, if any, shall be classed wholly as distribution system. Tie lines between generating stations and substations shall follow the same rule as other lines.

23. MISCELLANEOUS ELECTRIC LINE EXPENSES.

This account shall include all expenses in connection with maintenance of electric line not properly chargeable to other accounts.

NOTE.—This account shall not include miscellaneous expenses in connection with the transmission system. Such expenses shall be charged to account No. 49, "Transmission system."

24. BUILDINGS, FIXTURES, AND GROUNDS.

This account shall include the cost of labor and material used in repairing car-houses, shops, general offices, stations, waiting rooms, platforms, docks, wharves, and all other buildings and structures (except power plant and substation buildings and towers or buildings used exclusively for signal and interlocking apparatus) used in the operation of the road.

This account shall also include the cost of repairing fixtures; maintaining walks, driveways (including those at unloading tracks), and grounds; cost of flowers and shrubs, and labor planting and caring for same; and the cost of mowing lawns about buildings and structures above named.

The term *buildings, fixtures, and grounds*, in addition to embracing the buildings proper, includes permanent fixtures; permanent foundations for machinery and apparatus; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators, with fixtures and appurtenances; platforms; hose and appliances for protecting buildings against fire; fences, walls, sidewalks, and pavements (except paving in tracks) within the limit of grounds or immediately adjacent to buildings or yards.

To this account shall be credited the value of material removed.

NOTE A.—Expenses incident to the maintenance of power plant and substation buildings and grounds shall be charged to account No. 46, "Power plant buildings, fixtures, and grounds." Expenses incident to the maintenance of towers or buildings used exclusively for signal or interlocking apparatus shall be charged to account No. 17, "Signal and interlocking apparatus."

NOTE B.—The cost of repairs of track and electric line in buildings, yards, and grounds shall be charged to the foregoing accounts (Nos. 1 to 23, inclusive) appropriate for such repairs.

NOTE C.—This account is intended to include the cost of repairs of owned buildings or buildings held under long-term leases. The cost of repairs of buildings rented from month to month shall be charged to the account to which the rent is charged.

25. DEPRECIATION OF WAY AND STRUCTURES.

This account shall include charges covering the current loss from depreciation of way and structures. (See general instructions, section 14.)

NOTE—Depreciation of power plant and substation buildings shall be included in account No. 50, "Depreciation of power plant buildings and equipment."

26. OTHER OPERATIONS—DR.

This account shall include debits representing the proportion of operating expenses chargeable to maintenance of way and structures of the railway department, but the distributed charges for which have been made to the primary accounts of another coordinate department, such as electric power, light, or heat, within the same company.

27. OTHER OPERATIONS—CR.

This account shall include credits representing the proportion of operating expenses included under the general account Way and Structures chargeable to the accounts of another coordinate department, such as an electric power, light, or heat department within the same company, the distributed charges for which have been made to the primary accounts of the railway department.

28. EQUALIZATION—WAY AND STRUCTURES.

This account, the use of which is optional, is provided for the convenience of those carriers desiring to have each month's operating expenses reflect, by general account totals, an equitable monthly proportion of the estimated or authorized maintenance expenses for the year, and at the same time to show the actual expenditures by primary accounts.

If the total actual monthly expenditures shown by the preceding primary accounts in this general account do not aggregate an equitable monthly proportion of the estimated annual cost of maintaining way and structures, an amount sufficient to make up such monthly proportion may be charged to this account. If the total actual expenditures are more than an equitable monthly proportion of the annual estimate, the difference may be credited to this account. The amount included in this account should be entered as a debit or a credit, and concurrently a credit, or debit, should be made to a ledger account styled "Equalization reserve."

The account "Equalization reserve" shall be cleared annually unless at the end of the year there remains a credit balance due to the noncompletion of maintenance work because of adverse labor conditions, nonreceipt of material, or similar reasons, in which case such part of the balance as is applicable to unfinished work may be carried over to the following year. In case a balance applicable to maintenance of way and structures is carried over, the carrier shall indicate in its annual report to the Commission the amounts constituting such balance and the reasons therefor. Under no circumstances shall a debit balance be carried over the year.

II. EQUIPMENT.**29. SUPERINTENDENCE OF EQUIPMENT.**

This account shall include the salaries and office and other expenses of officers and their assistants when directly in charge of equipment other than power plant and substation equipment, including superintendent of rolling stock, master car builder, master mechanic, and their office forces; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing

rented offices, cost of repairing furniture, and miscellaneous office expenses, when separate offices not in general office buildings are maintained for officers whose salaries are charged to this account.

NOTE A.—When employees designated above are engaged in work not chargeable to Equipment, their salaries and expenses shall be charged to the specific work on which engaged.

NOTE B.—When employees designated above have supervision over other departments also, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C.—It is not intended that any portion of the expenses of general offices shall be charged to this account. The office expenses of employees designated above who have offices in general office buildings shall be included in the appropriate primary accounts under the general account General and Miscellaneous.

NOTE D.—Expenses incident to the superintendence of power plant or substation equipment shall be included in account No. 45, "Superintendence of power," under the general account Power.

30. PASSENGER AND COMBINATION CARS.

This account shall include the cost of labor and material used in repairing passenger and combination cars, including parlor, chair, sleeping, and dining cars.

To this account shall be charged the cost of repairing the following fixtures and appliances: Fare registers and fare boxes, electric bells and wiring, electric car heaters and wiring, electric lighting and wiring, air-brake equipment and wiring, motors for air governors and pumps, trolley catchers, snow plows attached to cars, couplers, headlight parts, adjustable signs attached to cars; also the cost of shifting trucks from one car to another.

The term *car* includes body and trucks and all fixtures and appliances inside of or attached to the car body or trucks, except the electric motive equipment of the car. The term *combination car* includes all cars that are used in part for carrying passengers.

To this account shall be credited the value of material removed.

NOTE.—Portable signs, incandescent lamps, and other supplies for cars shall be charged to account No. 67, "Miscellaneous car-service expenses."

31. FREIGHT, EXPRESS, AND MAIL CARS.

This account shall include the cost of labor and material used in repairing freight, express, and mail cars from the operation of which revenue is derived.

To this account shall be charged the cost of repairing the following fixtures and appliances: Electric bells and wiring, electric car heaters and wiring, electric lighting and wiring, air-brake equipment and wiring, motors for air governors and pumps, trolley catchers, snow plows attached to cars, couplers, headlight parts, adjustable signs attached to cars; also the cost of shifting trucks from one car to another.

The term *car* includes body and trucks and all fixtures and appliances inside of or attached to the car body or trucks, except the electric motive equipment of the car.

To this account shall be credited the value of material removed.

NOTE.—Portable signs, incandescent lamps, and other supplies for cars shall be charged to account No. 67, "Miscellaneous car-service expenses."

32. SERVICE EQUIPMENT.

This account shall include the cost of labor and material used in repairing service cars, including sprinkler cars, sand cars, salt cars, supply cars, maintenance of way and line cars, snow plows, sweepers, scrapers, and other service equipment.

To this account shall be charged the cost of repairing fixtures and appliances on service cars, such as cranes, pile drivers, welding and bonding apparatus, electric bells and wiring, electric car heaters and wiring, electric lighting and wiring,

air-brake equipment and wiring, motors for air governors and pumps, trolley catchers, snow plows attached to cars, couplers, headlight parts; also the cost of shifting trucks from one car to another.

The term *car* includes body and trucks and all fixtures and appliances attached to the car body or trucks, except the electric motive equipment of the car.

To this account shall be credited the value of material removed.

NOTE.—Portable signs, incandescent lamps, and other supplies for service cars shall be charged to account No. 67, "Miscellaneous car-service expenses."

33. ELECTRIC EQUIPMENT OF CARS.

This account shall include the cost of labor and material used in repairing the electric motive equipment and electric motive wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment from one car to another shall be charged to this account.

To this account shall be credited the value of material removed.

NOTE A.—Incandescent lamps and other supplies for cars shall be charged to account No. 67, "Miscellaneous car-service expenses."

NOTE B.—This account shall not include the cost of repairing the following fixtures and appliances on passenger, combination, freight, express, mail, or service cars, or locomotives: Electric bells and wiring, electric heaters and wiring, electric lighting and wiring, air-brake equipment and wiring, motors for air governors and pumps, trolley catchers, snow plows attached to cars, couplers, headlight parts, adjustable signs attached to cars, etc. Such expenses shall be charged to accounts Nos. 30, 31, 32, or 34, as may be appropriate.

NOTE C.—Electric motive equipment includes trolley poles, wheels, sliding bows, third-rail shoes, etc.

34. LOCOMOTIVES.

This account shall include the cost of labor and material used in repairing locomotives.

To this account shall be charged the cost of repairing electric motive equipment of locomotives and the following fixtures and appliances: Electric bells and wiring; electric heaters and wiring; electric lighting and wiring; air-brake equipment and wiring; motors for air governors and pumps; trolley parts, retrievers, and catchers; snow plows attached to locomotives; couplers; headlight parts; adjustable signs attached to locomotives; also the cost of shifting trucks or electric motive equipment from one locomotive to another.

The term *locomotive* includes body and trucks and all fixtures and appliances inside of or attached to the body or trucks, including the electric motive equipment of locomotives.

Carriers operating steam locomotives shall include the cost of repairing same in this account, using a subaccount if desired.

To this account shall be credited the value of material removed.

NOTE.—Portable signs, incandescent lamps, and other supplies for locomotives shall be charged to account No. 67, "Miscellaneous car-service expenses."

35. FLOATING EQUIPMENT.

This account shall include the cost of labor and material used in repairing ferryboats, transfer boats, tugboats, barges, lighters, car floats, and other floating equipment, including repairs of machinery, furniture, fixtures, and other appurtenances thereto.

NOTE A.—If the carrier desires, expenses includible in this account may be kept separate by the use of subaccounts.

NOTE B.—The cost of operating floating equipment, when not used in auxiliary operations, shall be charged to account No. 74, "Operation of floating equipment."

NOTE C.—The cost of repairing and renewing floating equipment used in auxiliary operations shall be charged to income account No. 214, "Auxiliary operations—Expenses."

36. SHOP EQUIPMENT.

This account shall include the cost of labor and material used in repairing machinery and tools (except hand tools) in shops and carhouses, such as engines and boilers, shafting and belting, cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, planers, lathes, shapers, drill presses, wheel grinders, and wheel presses; machinery for compressing and storing compressed air, and fixtures for using same; and tools used in connection with power-driven machinery.

To this account shall be credited the value of material removed.

NOTE.—The cost of repairing hand tools shall be charged to account No. 37, "Shop expenses."

37. SHOP EXPENSES.

This account shall include expenses for heating and lighting shops; miscellaneous expenses of such shops, including fuel, water, and ice; cost of oil, grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small tools used by mechanics, and wages of employees making and repairing same; wages of stationary engineers and firemen; and pay of watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

NOTE.—The cost of labor and material used in a track shop shall be charged to accounts No. 8, "Track and roadway labor," and No. 9, "Miscellaneous track and roadway expenses," as may be appropriate.

38. VEHICLES AND HORSES.

This account shall include the cost of labor and material used in repairing emergency, tower, repair, and other service wagons, automobiles, motorcycles, sleds, sleighs, omnibuses, and other vehicles, and harness; and cost of horses purchased to replace others lost by death or worn out in service, when no reserve has been provided for their replacement by charges to Operating Expenses.

To this account shall be credited the value of material removed.

39. MISCELLANEOUS EQUIPMENT EXPENSES.

This account shall include all expenses in connection with maintenance of equipment which are not properly chargeable to other equipment accounts.

40. DEPRECIATION OF EQUIPMENT.

This account shall include uniform monthly charges representing the depreciation of equipment. These charges shall be based upon the percentage of the original cost (estimated if not known), record value, or purchase price of such equipment determined to be equitable from the carrier's experience and best sources of information as to the average current loss from depreciation.

A statement of the basis used by the accounting carrier for computing the charges hereto shall be included in its annual report to the Interstate Commerce Commission.

Depreciation charges with respect to any unit of equipment shall cease when the difference between the ledger value and the estimated scrap value shall have been credited to the accrued depreciation account.

Amounts included in this account shall be distributed and reported under the appropriate subaccounts named below:

- (a) Passenger and combination cars.
- (b) Freight, express, and mail cars.
- (c) Service equipment.
- (d) Electric equipment of cars.
- (e) Locomotives.
- (f) Floating equipment.

NOTE A.—All charges to this account shall be concurrently credited to balance-sheet account No. 443, "Accrued depreciation—Road and equipment."

NOTE B.—When any unit of equipment is retired the difference between its ledger value (less salvage) and the amount previously taken up in the accrued depreciation account for such unit shall be adjusted in the month in which the retirement occurs as follows: The proportion of the actual loss from depreciation assignable to the period prior to July 1, 1914, shall be charged to Profit and Loss and the remainder shall be charged to account No. 41, "Equipment retired."

41. EQUIPMENT RETIRED.

This account shall include the original cost (estimated if not known) or record value of equipment abandoned, destroyed, sold, or otherwise retired from service, less salvage, and less the reserve for accrued depreciation on such equipment to the date of retirement. Amounts included in this account shall be distributed and reported under the appropriate subaccounts named below:

- (a) Passenger and combination cars.
- (b) Freight, express, and mail cars.
- (c) Service equipment.
- (d) Electric equipment of cars.
- (e) Locomotives.
- (f) Floating equipment.

NOTE A.—If equipment is sold for more than its original cost or record value, the amount of the profit shall be credited to Profit and Loss account.

NOTE B.—See Note B of account No. 40.

42. OTHER OPERATIONS—DR.

This account shall include debits representing the proportion of operating expenses chargeable to maintenance of equipment of the railway department, but the distributed charges for which have been made to the primary accounts of another coordinate department, such as an electric power, light, or heat department within the same company.

43. OTHER OPERATIONS—CR.

This account shall include credits representing the proportion of operating expenses included under the general account Equipment chargeable to the accounts of another coordinate department, such as an electric power, light, or heat department, within the same company, the distributed charges for which have been made to the primary accounts of the railway department.

44. EQUALIZATION—EQUIPMENT.

This account, the use of which is optional, is provided for the convenience of those carriers desiring to have each month's operating expenses reflect, by general account totals, an equitable monthly proportion of the estimated or authorized maintenance expenses for the year, and, at the same time, to show the actual expenditures by primary accounts.

If the total actual monthly expenditures shown by the preceding primary accounts in this general account do not aggregate an equitable monthly proportion of the estimated annual cost of maintaining equipment, an amount sufficient to make up such monthly proportion may be charged to this account.

If the total actual expenditures are more than an equitable monthly proportion of the annual estimate, the difference may be credited to this account. The amount included in this account should be entered as a debit or a credit, and concurrently a credit, or debit, should be made to a ledger account styled "Equalization reserve."

The account "Equalization reserve" shall be cleared annually unless at the end of the year there remains a credit balance due to the noncompletion of maintenance work because of adverse labor conditions, nonreceipt of material, or similar reasons, in which case such part of the balance as is applicable to unfinished work may be carried over to the following year. In case a balance applicable to maintenance of equipment is carried over, the carrier shall indicate in its annual report to the Commission the amounts constituting such balance and the reasons therefor. Under no circumstances shall a debit balance be carried over the year.

III. POWER.

45. SUPERINTENDENCE OF POWER.

This account shall include the salaries and the office and other expenses of officers and their assistants, when directly in charge of, or engaged in, the maintenance and operation of power plants and substations; cost of supplies used by employees whose salaries are chargeable to this account; office rent and cost of repairing rented offices; cost of repairing furniture and miscellaneous office expenses when separate offices, not in general office buildings, are maintained for officers whose salaries are charged to this account.

NOTE A.—When employees designated above are engaged in work not chargeable to primary accounts under general account Power, their salaries and expenses shall be charged to the specific work on which engaged.

NOTE B.—When employees designated above have supervision over other departments also, their salaries and expenses shall be apportioned equitably among the departments over which they have supervision.

46. POWER PLANT BUILDINGS, FIXTURES, AND GROUNDS.

This account shall include the cost of labor and material used in repairing power plant and substation buildings and fixtures; used in the generation, transmission, or distribution of power; cost of maintaining walks, driveways, and grounds connected with such buildings; and all incidental expenses connected with the maintenance of power plant and substation buildings. The cost of labor and material used in repairing wells, dams, reservoirs, canals, and pipe lines used in connection with hydraulic or other generating plants shall also be included in this account.

To this account shall be credited the value of material removed.

The term *power plant buildings, fixtures, and grounds* embraces not only the buildings proper, but also permanent fixtures; foundations, except those special to particular machines and apparatus; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators, with fixtures and appurtenances; platforms; coal pockets and trestles; hose and appliances for protecting buildings against fire; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to buildings or yards, except paving in tracks.

NOTE A.—If the carrier so desires, the expenses of hydraulic generating plants may be kept separate from those of steam generating plants by the use of subprimary accounts.

NOTE B.—If desired, the expenses of maintaining substation buildings, fixtures, and grounds may be kept separate by the use of a subprimary account.

47. POWER PLANT EQUIPMENT.

This account shall include the cost of labor and material used in repairing steam, water-power, gas-engine, or electric-plant equipment, including turbines,

other engines, and engine parts; special foundations and settings, appliances, and fixtures; belts, belt tighteners, and fixtures; lubricators and oiling devices; shafting, clutches, cranes, hoists, and other engine-room appliances; boilers, boiler fittings, and appliances; furnaces, economizers, mechanical draft machinery, pumps, feed-water heaters, purifiers, tanks, condensers, coal and ash conveying machinery, mechanical stokers, and other boiler-room appliances; piping and steam fittings, including valves, separators, water and sewer connections, and water meters; generators and generator parts, switchboards, cables, feeder terminals, and wiring in connection with same; hoosters, rheostats, circuit breakers, voltmeters, ammeters, and other electric equipment; packing and carbon rings; and repair parts of machine tools in power plants.

Repairs of cable used in operating cable or incline railways shall be charged to this account.

The cost of maintaining power plant equipment of a lighting plant operated in connection with an electric railway shall be included in this account.

To this account shall be credited the value of material removed.

48. SUBSTATION EQUIPMENT.

This account shall include the cost of labor and material used in repairing substation apparatus, including specially provided foundations and settings, storage batteries, transformers, rotary converters, oil switches, switchboards, switchboard appliances, and wiring in connection with same.

To this account shall be credited the value of material removed.

49. TRANSMISSION SYSTEM.

This account shall include the cost of labor and material used in repairing the transmission system, including cables, wires, insulators, and insulating material; also cost of changing route of line or removing line when no replacement is made, and cost of repairing poles, pole fixtures, and underground conduits used primarily for carrying transmission lines.

To this account shall be credited the value of material removed.

NOTE.—When the electric current generated or received is changed by means of rotary converters, motor generator sets, or static transformers (substation apparatus), that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When the electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including feeders, trolley wire, booster circuits, and supplementary return, if any, shall be classed wholly as distribution system. The lines between generating stations and substations shall follow the same rules as other lines.

50. DEPRECIATION OF POWER PLANT BUILDINGS AND EQUIPMENT.

This account shall include charges covering the current loss from depreciation on power plant and substation buildings and equipment, and on transmission system. (See general instructions, section 14.)

51. EQUALIZATION—POWER.

This account, the use of which is optional, is provided for the convenience of those carriers desiring to have each month's operating expenses reflect, by general account totals, an equitable monthly proportion of the estimated or authorized maintenance expense for the year, and, at the same time, to show the actual expenditures by primary accounts.

If the total actual monthly expenditures shown by the preceding primary accounts in this general account do not aggregate an equitable monthly proportion of the estimated annual cost of maintaining power plant and substation buildings, equipment, and transmission system, an amount sufficient to make up such monthly proportion may be charged to this account. If the actual expendi-

tures are more than an equitable monthly proportion of the annual estimate the difference may be credited to this account. The amount included in this account should be entered as a debit or a credit, and concurrently a credit, or debit, should be made to a ledger account styled "Equalization reserve."

The account "Equalization reserve" shall be cleared annually unless at the end of the year there remains a credit balance due to the noncompletion of maintenance work because of adverse labor conditions, nonreceipt of material, or similar reasons, in which case such part of the balance as is applicable to unfinished work may be carried over to the following year. In case a balance applicable to maintenance of power plant and substation buildings and equipment and of transmission system is carried over, the carrier shall indicate in its annual report to the Commission the amounts constituting such balance and the reasons therefor. Under no circumstances shall a debit balance be carried over the year.

52. POWER PLANT EMPLOYEES.

This account shall include the cost of labor in power plants, except labor employed in making repairs.

NOTE.—Wages of substation employees shall be charged to account No. 57, "Substation employees."

53. FUEL FOR POWER.

This account shall include the cost of coal, oil, gas, and other fuel used at power plants, including cost of transportation of such fuel; also cost of gasoline or other fuel used in operating motor service cars.

54. WATER FOR POWER.

This account shall include the cost of water used to produce steam or to operate a water-power plant, including cost of pumping; water rents and rent of ponds, streams, and pipe lines; also boiler compound, and other like expenses.

55. LUBRICANTS FOR POWER.

This account shall include the cost of lubricants for power plants, such as oil and grease.

NOTE.—Lubricants for substations shall be charged to account No. 58, "Substation supplies and expenses."

56. MISCELLANEOUS POWER PLANT SUPPLIES AND EXPENSES

This account shall include the cost of waste, carbon brushes, fuses, lamps, hand tools, and other supplies and expenses of power plants.

57. SUBSTATION EMPLOYEES.

This account shall include the cost of labor in substations, except labor employed in making repairs.

58. SUBSTATION SUPPLIES AND EXPENSES.

This account shall include the cost of substation supplies and expenses, such as lubricants, waste, carbon brushes, fuses, lamps, hand tools, water, and other similar items.

59. POWER PURCHASED.

This account shall include the cost of power purchased from other companies.

NOTE.—In this connection see account No. 60, "Power exchanged—Balance."

60. POWER EXCHANGED—BALANCE.

If a company actually exchanges power with another company, it shall charge to this account the value of the power received from the other company, and shall credit to this account the value of the power it delivers to the other company, and the amount shown herein shall be the net debit or credit balance.

61. POWER TRANSFERRED—CREDIT.

This account may be credited, and the appropriate operating expense accounts charged, with that proportion of the total of the accounts under the general account Power which the power used for lighting, heating, or for other purposes in offices, carhouses, shops, storerooms, stables, stations, towers, tunnels, signal systems, operating bridges, etc., bears to the total power generated.

The use of this account is optional with the carrier; if used, the working papers showing details of the basis for computing credits hereto and charges to operating expense accounts shall be retained.

62. OTHER OPERATIONS—CR.

This account shall include credits representing the proportion of operating expenses, included under the general account Power, chargeable to the accounts of another coordinate department, such as an electric power, light, or heat department within the same company, for power furnished.

NOTE.—The proportion of expenses, included in the primary accounts under the general account General and Miscellaneous, chargeable to other coordinate departments shall be included in account No. 100, "Other operations—Cr."

IV. CONDUCTING TRANSPORTATION.**63. SUPERINTENDENCE OF TRANSPORTATION.**

This account shall include the salaries and the office and other expenses of officers and assistants when directly in charge of transportation, including superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation; wages of clerks furnishing tickets and supplies to motormen and conductors, and receiving and arranging conductors' remittances for transmittal to general offices; and cost of supplies used by employees whose salaries are charged to this account.

To this account shall also be charged office rent, cost of repairing rented offices, cost of repairing furniture, and miscellaneous office expenses when separate offices not in general office buildings are maintained for officers whose salaries are charged to this account; rent of offices used for receiving conductors' collections, rent of instruction rooms; cost of uniforms and badges furnished inspectors and car starters whose wages are charged to this account; and cost of checking traffic for schedule purposes.

NOTE A.—Cost of secret-service inspection shall be charged to account No. 67, "Miscellaneous car-service expenses."

NOTE B.—No portion of the expenses of general offices shall be charged to this account.

NOTE C.—When employees designated above are engaged in work not chargeable to Conducting Transportation, their salaries and expenses shall be charged to the specific work on which engaged.

NOTE D.—When employees designated above have supervision over other departments also, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

64. PASSENGER CONDUCTORS, MOTORMEN, AND TRAINMEN.

This account shall include the wages of conductors, motormen, and other trainmen engaged in passenger service, including wages paid for time during which they are required to be on duty and to hold themselves in readiness for active service.

65. FREIGHT AND EXPRESS CONDUCTORS, MOTORMEN, AND TRAINMEN.

This account shall include the wages of conductors, motormen, and other trainmen engaged in freight, express, and mail service, including wages paid for time during which they are required to be on duty and to hold themselves in readiness for active service.

66. MISCELLANEOUS CAR-SERVICE EMPLOYEES.

This account shall include the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other car-service employees when not provided for elsewhere.

67. MISCELLANEOUS CAR-SERVICE EXPENSES.

This account shall include miscellaneous expenses for cars, locomotives, and electric equipment of cars and locomotives, such as lubricants and waste, incandescent lamps, oil, and other supplies for lighting, globes and carbons for headlights, supplies for cleaning, fuel for heating, switch rods or hooks for throwing switches, tools, and other materials and supplies, except such as are used for repairs.

This account shall include also the cost of secret-service inspection; conductors' books and punches; rent of fare registers; car-service employees' badges and uniforms; refilling of fire extinguishers in cars; portable signs on cars for guidance of passengers; meals furnished trainmen; temporary grain doors; and other car-service supplies and expenses.

NOTE.—Portable signs on cars for this purpose of attracting traffic shall be charged to account No. 80, "Advertising."

68. STATION EMPLOYEES.

This account shall include the wages of stationmasters; freight, express, ticket, baggage, and other station agents; announcers, station gatemen, chopper men, and platform men; janitors, porters, watchmen, and other station employees; warehousemen, freight house foremen, weighmasters, truckmen, checkmen, billing clerks, cashiers, and other express and freight house employees.

The cost of unloading freight at stations or sidings, when borne by the carrier, shall be charged to this account.

NOTE.—When a station employee is engaged in various duties and his wages can be readily apportioned among the accounts affected, such apportionment should be made.

69. STATION EXPENSES.

This account shall include the cost of heating and lighting stations, waiting rooms, freight houses, and other station buildings; rent of station buildings; cost of repairing rented waiting rooms, and of repairing furniture and fare boxes at stations; local telephone service; cost of tools and implements for handling freight and baggage, station employees' uniforms and badges, water, and ice; and all other station expenses.

70. CARHOUSE EMPLOYEES.

This account shall include the wages of carhouse foremen; car, motor, and brake inspectors; watchmen, car placers, car shifters, car cleaners, lamp and headlight tenders, car oilers, car-stove firemen, trolley oilers, and other carhouse employees not engaged in making repairs.

NOTE.—The cost of labor used in shifting trucks and electric equipment shall be charged to accounts Nos. 30, 31, 32, 33, or 34, as may be appropriate.

71. CARHOUSE EXPENSES.

This account shall include the cost of fuel, light, water, ice, and other carhouse supplies and expenses.

72. OPERATION OF SIGNAL AND INTERLOCKING APPARATUS.

This account shall include the wages of employees engaged in operating signal and interlocking apparatus covering the movement of cars, such as tower men, signalmen, lever men, and lamp men; cost of supplies used in operating

signal and interlocking apparatus; cost of fuel, water, light, and supplies for signal offices; rent of appliances for signal and interlocker systems; cost of cleaning, filling, and lighting switch lamps, and supplies for same.

NOTE.—When an employe is engaged in various duties and his wages can be readily apportioned among the accounts affected, such apportionment should be made.

73. OPERATION OF TELEPHONE AND TELEGRAPH LINES.

This account shall include the wages of telephone and telegraph operators, cost of chemicals and other supplies for telephone and telegraph service, payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation. The rent of telephone or telegraph lines used primarily for the operation of cars shall be included in this account.

NOTE.—Repairs of telephone and telegraph lines shall not be charged to this account, but to account No. 18, "Telephone and telegraph lines." The cost of telephone service for general purposes shall be charged to account No. 89, "Miscellaneous general expenses," and when for local service at stations to account No. 69, "Station expenses."

74. OPERATION OF FLOATING EQUIPMENT.

This account shall include the cost of operating floating equipment used in connection with the carrier's rail transportation operations and terminal transfer operations. To this account shall be charged the salaries and wages of employes engaged in the superintendence and operation of ferryboats, transfer boats, tugboats, barges, lighters, car floats, and other floating equipment; the cost of fuel and supplies for such equipment and all other expenses incident to their operation.

NOTE.—The cost of maintaining floating equipment, if used in connection with the carrier's rail transportation operations, shall be charged to account No. 35, "Floating equipment." The cost of maintaining and operating floating equipment used in auxiliary operations shall be charged to income account No. 214, "Auxiliary operations—Expenses."

75. OPERATION OF STEAM LOCOMOTIVES.

To this account shall be charged the cost of operating steam locomotives, including wages of engineers and firemen, fuel, water, lubricants, and other supplies and expenses in connection with such operation. (See general instructions, section 7.)

NOTE A.—Repairs to steam locomotives shall not be charged to this account, but to account No. 34, "Locomotives."

NOTE B.—If the carrier desires, the expenses includible in this account may be kept separate by the use of subaccounts.

76. FREIGHT AND EXPRESS COLLECTION AND DELIVERY.

This account shall include the wages of chauffeurs, drivers, and helpers employed on wagons and other vehicles which are used for the collection and delivery of freight and express matter, amounts paid for handling freight and express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of freight and express matter, not properly includible in accounts No. 38, "Vehicles and horses," and No. 96, "Garage and stable expenses."

77. LOSS AND DAMAGE.

This account shall include expenses incurred for loss, damage, delays, and destruction of freight, express matter, and baggage intrusted to a carrier for transportation, and expenses directly incident thereto, including freight and express charges paid other carriers on lost, destroyed, damaged, or delayed freight, express matter, and baggage.

78. OTHER TRANSPORTATION EXPENSES.

This account shall include all expenses in connection with conducting transportation not properly chargeable to other accounts, such as expenses in connection with weighing, inspection, and demurrage bureaus, wages of crews on emergency vehicles, cost of getting derailed cars on track, and cost of removing wreckage.

V. TRAFFIC.**79. SUPERINTENDENCE AND SOLICITATION.**

This account shall include the salaries and the office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers; general freight, express, passenger, and ticket agents; commercial, city, district, and excursion agents; and their clerks and assistants; also the cost of supplies used by employees whose salaries are charged to this account, office rent and cost of repairing rented offices and furniture, and miscellaneous office expenses, when separate offices not in general office buildings are maintained for officers whose salaries are charged to this account.

NOTE A.—It is not intended that any portion of expenses of general offices shall be charged to this account. The office expenses of employees designated above who have offices in general office buildings shall be included in the appropriate primary accounts under the general account General and Miscellaneous.

NOTE B.—When employees designated above are engaged in work not chargeable to Traffic, their salaries and expenses shall be charged to the specific work on which engaged.

NOTE C.—When employees designated above have supervision over other departments also, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

80. ADVERTISING.

This account shall include the salaries and expenses of advertising agents; cost of printing, publishing, and distributing time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; signs on cars advertising special events; portable signs for attracting traffic; bulletin boards, cards, cases, display cards, and photographs; postage and express charges on advertising matter; cost of bill posting; donations made for traffic purposes and for entertaining conventions; and similar expenses.

81. PARKS, RESORTS, AND ATTRACTIONS.

This account shall include the cost of maintaining and operating amusement parks, resorts, and other like attractions when such expense is incurred primarily for the purpose of inducing travel upon the line of the carrier.

To this account shall be credited all income from admittance fees, sale of privileges, etc.

NOTE.—When any such park, resort, or other attraction, the cost of which is included in the account for investment in road and equipment, is maintained and operated for any other purpose than that of inducing travel upon the line of the carrier it shall be considered as an auxiliary operation and its revenues and expenses included in income accounts No. 202, "Auxiliary operations—Revenue," and No. 214, "Auxiliary operations—Expenses," respectively.

82. MISCELLANEOUS TRAFFIC EXPENSES.

This account shall include expenses of traffic associations, including membership fees, and traffic expenses not properly chargeable to other accounts.

VI. GENERAL AND MISCELLANEOUS.**83. SALARIES AND EXPENSES OF GENERAL OFFICERS.**

This account shall include the salaries and the traveling and other expenses of the chairman of the board, president, vice president, treasurer, secretary,

comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends over the entire system or all departments; also receiver's fees, and payments to engineering corporations for supervising and managing operations of the company.

84. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

This account shall include the salaries and the traveling and other expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

The salaries of clerks engaged exclusively in handling the accounts of the maintenance of way, mechanical, store, and other departments, when employed in the general accounting office, shall be charged to this account.

85. GENERAL OFFICE SUPPLIES AND EXPENSES.

This account shall include the cost of office supplies, repairs of office furniture and of mechanical calculators, typewriters, duplicating machines, and other office appliances; wages of janitors, porters, and messengers; rent and cost of repairing rented offices; and miscellaneous expenses of general offices.

NOTE A.—Office expenses of departmental officers shall be charged to the accounts to which their salaries are charged.

NOTE B.—If general offices are in buildings owned by the carrier or held under long-term lease, the cost of repairs shall be included in account No. 24, "Buildings, fixtures, and grounds."

86. LAW EXPENSES.

This account shall include all law expenses except those incurred in the defense and settlement of damage claims. It includes salaries and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; fees and retainers for services of attorneys not regular employees; cost of law books; cost of printing briefs, legal forms, testimony, reports, etc.; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions; law expenses of receivers; and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor, counsel, or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, shall be apportioned between this account and account No. 92, "Injuries and damages."

87. RELIEF DEPARTMENT EXPENSES.

This account shall include salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

88. PENSIONS AND GRATUITIES.

This account shall include pensions and gratuities paid to retired or incapacitated employees, or heirs of employees, and expenses in connection therewith; also cost of life and benefit insurance on employees.

89. MISCELLANEOUS GENERAL EXPENSES.

This account shall include miscellaneous expenses connected with the general management not provided for otherwise, such as cost of telephone service and telegrams, cost of "safety first" or "prevention of accidents" campaigns, subscriptions to newspapers and periodicals, books for company library, fees and expenses paid to directors and trustees, dues and fees for railway associations, cost of free entertainments for employees, fees for filing annual state reports; and also gratuities, subscriptions, and donations, not provided for in account No. 80, "Advertising"; No. 87, "Relief department expenses"; and No. 88, "Pensions and gratuities."

90. VALUATION EXPENSES.

This account shall include expenses incident to the ascertainment (in accordance with the Act to Regulate Commerce as amended March 1, 1913, or with other Federal or State requirements) of the value of property owned or used by the accounting carrier, such expenses including the pay and the office, traveling, and other expenses of officers specially employed or assigned to such work, and of their assistants, clerks, and attendants, and the cost of stationery and printing, and of engineering supplies consumed.

NOTE.—No charge shall be made to this account for the salaries of officers or of their clerks and attendants for incidental services in connection with valuation work, but special office, clerical, traveling, and incidental expenses incurred by these officers on account of such work shall be included as a part of the cost of the work.

91. AMORTIZATION OF FRANCHISES.

This account shall include each month a monthly proportion of the amount paid for limited franchises.

The amount charged to this account shall be based upon a plan determined by the accounting company, the purpose and effect of such plan being to accumulate by charges equitably distributed throughout the life of any franchise, a reserve that will, at the expiration of its life, equal the amount paid therefor.

NOTE A.—Amounts charged to this account shall be concurrently credited to balance-sheet account No. 444, "Reserve for amortization of franchises."

NOTE B.—See road and equipment account No. 545, "Franchises."

92. INJURIES AND DAMAGES.

This account shall include expenditures on account of persons killed or injured and property damaged; compensation paid employees injured while in performance of their duties; salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims; salaries, fees, and expenses of surgeons and doctors; medical and surgical supplies, nursing and hospital attendance; fees and expenses of coroners and undertakers; and fees of witnesses and others.

To this account shall be charged also law expenses incurred in connection with the defense or settlement of damage claims, including the compensation of general solicitor or counsel; salaries, fees, and expenses of attorneys, fees of court stenographers; cost of law books; cost of appeal bonds; cost of printing briefs, and court and other records; court costs, expenses connected with taking depositions, and other like expenses connected with the settlement of claims for injuries and damages.

The cost of repairing another company's tracks and equipment as the result of collisions, derailments, etc., shall be included in this account.

If desired, the carrier may charge to this account monthly and credit to a reserve account, a proportion of the total amount estimated to be necessary to expend during the year for injury and damage claims and the actual disbursements above designated shall then be charged against said reserve account. The charges to this account shall be adjusted at the close of the fiscal year to actual expenses unless a balance remains representing liability for unsettled claims.

NOTE A.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work shall be apportioned between this account and account No. 86, "Law expenses."

NOTE B.—This account shall not include the expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods intrusted for transportation. (See account No. 77, "Loss and damage.")

NOTE C.—The cost of repairs to a company's own tracks and equipment, necessitated by collisions, derailments, etc., shall be charged to the appropriate maintenance accounts.

NOTE D.—For their own information carriers may distribute items included in this account, but such distribution shall not affect the reports to the Interstate Commerce Commission. Reports to the Commission shall show the total of the items chargeable to this account, as required by the text.

93. INSURANCE.

This account shall include premiums paid for fire, fidelity, boiler, casualty, burglary, workmen's compensation, and other insurance; also amounts set aside as an insurance reserve by a company carrying its own insurance in whole or in part.

NOTE A.—Insurance on supplies and materials in transit shall not be charged to this account, but shall be considered as part of the cost of such supplies and materials.

NOTE B.—For their own information carriers may distribute items included in this account, but such distribution shall not affect the reports to the Interstate Commerce Commission. Reports to the Commission shall show the total of the items chargeable to this account as required by their text.

94. STATIONERY AND PRINTING.

This account shall include expenditures for stationery and printing, postage, and stationery supplies, except as provided for elsewhere. The cost of printing tickets, transfers, cash fare receipts, baggage checks, hat checks, milk checks, and waybills shall be charged to this account.

NOTE A.—The cost of printing briefs and other legal papers shall be charged to account No. 86, "Law expenses," or No. 92, "Injuries and damages." The cost of printing signs, posters, and other advertising matter shall be charged to account No. 80, "Advertising."

NOTE B.—The cost of repairing mechanical calculators, typewriters, duplicating machines, and other office appliances, if for use of general offices, shall be charged to account No. 85, "General office supplies and expenses," and if for the use of departmental offices, to the accounts to which the expenses of such offices are chargeable.

NOTE C.—For their own information carriers may distribute items included in this account, but such distribution shall not affect the reports to the Interstate Commerce Commission. Reports to the Commission shall show the total of the items chargeable to this account as required by the text.

95. STORE EXPENSES.

This account shall include the salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and cost of handling scrap material in store.

NOTE.—For their own information carriers may distribute items included in this account, but such distribution shall not affect the reports to the Interstate Commerce Commission. Reports to the Commission shall show the total of the items chargeable to this account as required by the text.

96. GARAGE AND STABLE EXPENSES.

This account shall include the salaries and wages of drivers, chauffeurs, stablemen, garagemen, and other employees in garages and stables; cost of feed, keep, and shoeing of horses; veterinary and other stable expenses; fuel, gasoline, and all other materials and supplies for garages and stables.

This account shall include the stable expenses of all horses, regardless of where they are used. Amounts received from sale of manure shall be credited to this account.

NOTE A.—The cost of replacing horses lost by death or worn out in service (unless a reserve has been created for their replacement by charges to Operating Expenses) and repairs of harness and vehicles shall be charged to account No. 38, "Vehicles and horses."

NOTE B.—For their own information carriers may distribute items included in this account, but such distribution shall not affect the reports to the Interstate Commerce Commission. Reports to the Commission shall show the total of the items chargeable to this account as required by the text.

NOTE C.—This account shall not include wages of chauffeurs, drivers, and helpers, and other expenses incident to the collection and delivery of freight and express matter provided for in account No. 76, "Freight and express collection and delivery."

97. RENT OF TRACKS AND FACILITIES.

This account shall include amounts paid for rent or use of tracks, electric lines, terminals, and bridges, whether a fixed charge per month or per year,

a proportion of interest on valuation, a proportion of expenses incurred in maintaining and operating such properties, an amount based on car mileage, a charge per car or passenger, or any other arrangement, when such property is used jointly by the accounting and other carriers.

NOTE.—Rent of leased line no longer operated by the lessor company is not considered an operating expense, and therefore shall not be charged to this account, but treated as a deduction from income under account No. 216, "Rent for leased roads."

98. RENT OF EQUIPMENT.

This account shall include payments to other companies for rent or use of their cars, electric equipment of cars, and other rail equipment, on whatever basis such rent may be determined.

This account shall include the gross amount paid for rent of equipment and not the net balance between the amounts paid and received for rent of equipment.

99. OTHER OPERATIONS—DR.

This account shall include debits representing the proportion of operating expenses chargeable to general and miscellaneous expenses of the railway department, but the distributed charges for which have been made to the primary accounts of another coordinate department, such as an electric power, light, or heat department within the same company.

100. OTHER OPERATIONS—CR.

This account shall include credits representing the proportion of operating expenses included under the general account General and Miscellaneous chargeable to the accounts of another coordinate department, such as an electric power, light, or heat department within the same company, the distributed charges for which have been made to the primary accounts of the railway department.

VII. TRANSPORTATION FOR INVESTMENT—CR.

This account shall include credits representing the cost (estimated if not known) of transporting men engaged in and material to be used for new construction and for additions and betterments when such expenses have been charged to the foregoing accounts and a proportion thereof is properly includible as a part of the cost of construction.

NOTE A.—Credits to this account shall be concurrently charged to the appropriate property investment accounts.

NOTE B.—A detailed analysis of this account will be required to be made in the carrier's annual report to the Commission.

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GENERAL INSTRUCTIONS.

1. ACCOUNTS FOR OPERATING REVENUES.—The accounts provided for operating revenues are designed to show amounts of money which the carrier becomes entitled to receive from transportation by rail and from services incident thereto.

No charge shall be made against the accounts of this classification for amounts representing tariff charges which for any cause are uncollected, the service for which the charge is made having been properly performed and individuals or companies being liable for the charges.

Uncollectible charges against individuals and companies, representing tariff charges for transportation service rendered for which such individuals and companies are liable, shall be charged to income account No. 225, "Miscellaneous debits." This includes items such as charges where credit has been extended and the debtor becomes insolvent, and also uncollectible undercharges discovered after the service has been rendered.

2. AUXILIARY OPERATIONS.—If a carrier conducts a general power, light, heat, or other business not incident to transportation, the entire revenue of each of such operations shall be stated separately in subaccounts under income account No. 202, "Auxiliary operations—Revenues." (See general instructions for operating expenses, sections 2 and 3.)

3. DISTRIBUTION OF DELAYED ITEMS.—*Delayed items* are items representing transactions which occurred before the current year. When no provision has been made through entries in the accounts of this classification for anticipating delayed items creditable to the accounts herein, and the amount of any such item is relatively so large that its inclusion in the accounts for a single year would unduly affect those accounts for that year, when so authorized upon application to the Interstate Commerce Commission, the carrier 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 the item, and the reasons which, in the carrier's judgment, indicate the need for a special accounting rule.

TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS.

I. REVENUE FROM TRANSPORTATION.

101. PASSENGER REVENUE.

This account shall include amounts earned for the transportation of passengers. To it shall be credited the carrier's proportion of receipts from the sale of tickets and transfers and from the collection of cash fares.

To this account shall be charged amounts paid for fares refunded and for tickets and transfers redeemed; also amounts paid for transferring passengers and baggage between stations, except in cases where the transfer of both passengers and baggage is provided for in the division of the through rate.

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts derived from sales of mileage tickets and mileage credentials, and subject to refund, shall not be credited to this account.

NOTE B.—Receipts from mileage books when sold shall be credited to an open account, which account shall be charged and this account credited as the mileage is honored for transportation. A similar practice may be followed in connection with the sale of strip, coupon, and other tickets.

102. BAGGAGE REVENUE.

This account shall include amounts earned for the transportation of baggage in excess of free authorized allowances; and for transportation of packages, articles, dogs, etc., as baggage.

To this account shall be charged all baggage refunds.

103. PARLOR, SLEEPING, DINING, AND SPECIAL CAR REVENUE.

This account shall include amounts earned for seat accommodations furnished in parlor, observation, chair, and other special passenger cars, including revenue from cars chartered for special passenger service, from berth and seat accommodations furnished in sleeping cars, and from meals, beverages, cigars, tobacco, and other articles sold on dining, sleeping, and special cars.

To this account shall be charged the cost of provisions, beverages, cigars, tobacco, and other articles sold on dining, sleeping, and special cars. To this account shall be charged also amounts previously credited thereto representing refunds of fares for accommodations, refunds of overcharges resulting from the use of erroneous rates, and other authorized refunds.

104. MAIL REVENUE.

This account shall include amounts earned for the transportation of mails and for the use of railway mail cars, for use of special facilities, and from bonuses for special mail transportation.

To this account shall be charged fines and penalties imposed by the Government, when not collected from agents or employees.

105. EXPRESS REVENUE.

This account shall include amounts earned for transportation of express matter and for use of facilities on cars and at stations incident to such transportation, but not including the separate rents of offices at stations.

When a railway company transacts an express business through its regular railway organization, the earnings therefrom shall be credited to this account. The revenue from express traffic handled under contract with an express company, regardless of the arrangement or basis upon which the compensation is fixed, shall be credited to this account.

The term *express* is intended to cover matter handled at a higher rate than for freight on account of quicker service or collection and delivery.

NOTE.—Rent receivable for rooms at stations used by others in connection with express service shall be credited to account No. 117, "Rent of buildings and other property."

106. MILK REVENUE.

This account shall include amounts earned for the transportation of milk and cream.

To this account shall be charged refunds and overcharges on milk and cream so carried.

107. FREIGHT REVENUE.

This account shall include amounts earned for the transportation of freight, other than milk and cream.

To this account shall be charged overcharges paid, resulting from the use of erroneous rates, weights, or classification; amounts paid under tariff authority for switching, drayage, and cartage; authorized allowances; uncollected earnings on freight destroyed in transit, and on short and lost freight.

NOTE A.—Other carriers' proportions of revenue paid by the carrier on freight lost or destroyed in transit shall be charged to operating expense account No. 77, "Loss and damage."

NOTE B.—Uncollectible undercharges and uncollectible freight charges discovered after the service has been rendered shall be charged to income account No. 225, "Miscellaneous debits." (See general instructions, section 1.)

108. SWITCHING REVENUE.

This account shall include amounts earned for switching service. To this account shall be charged all overcharges on such switching service.

109. MISCELLANEOUS TRANSPORTATION REVENUE.

This account shall include all amounts earned from transportation and not provided for elsewhere.

II. REVENUE FROM OTHER RAILWAY OPERATIONS.

110. STATION AND CAR PRIVILEGES.

This account shall include revenues from weighing, vending, and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news stands at stations and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations; and from similar sources.

111. PARCEL ROOM RECEIPTS.

This account shall include revenues from the operation of parcel rooms.

112. STORAGE.

This account shall include revenues from storage of freight and baggage.

To this account shall be charged authorized refunds of amounts received for such storage.

113. DEMURRAGE.

This account shall include revenue from penalties for delay in loading or unloading cars.

To this account shall be charged authorized refunds of amounts received as such penalties.

114. TELEPHONE AND TELEGRAPH SERVICE.

This account shall include revenues from commercial telephone and telegraph business transacted by it, when the expense of transacting such business can not be separated from the expense of conducting the railway service; also amounts received from telephone and telegraph companies, whether as proportion of earnings or otherwise, for the privilege of transacting a commercial telephone or telegraph business in offices along the carrier's lines, when the carrier furnishes some service of employees whose wages are included in its operating expenses.

NOTE.—When a telephone or telegraph company rents the telephone or telegraph line of the carrier and pays all expenses incident to its maintenance and operation, the rent received by the carrier shall be credited to account No. 204, "Miscellaneous rent income."

115. RENT OF TRACKS AND FACILITIES.

This account shall include amounts received as rent for use of tracks, electric lines, terminals, bridges, and other facilities whether a fixed charge per month or per year, a proportion of interest on valuation, a proportion of expenses incurred in maintaining and operating such properties, an amount based on car mileage, a charge per car or passenger, or any other arrangement, when such property is used jointly by the accounting and other carriers.

NOTE.—Income from leased lines not operated by the lessor shall be included in account No. 203, "Income from lease of road."

116. RENT OF EQUIPMENT.

This account shall include amounts received as rent for use of cars, electric equipment of cars, and other equipment, on whatever basis such rent may be determined.

This account shall include the gross amount received for rent of equipment and not the net balance between the amounts received and paid for rent of equipment.

117. RENT OF BUILDINGS AND OTHER PROPERTY.

This account shall include rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations. Receipts from other companies for privilege of attaching wires to the carrier's poles shall also be credited to this account.

NOTE.—Income from rent of real estate, purchased or conducted as an outside investment, shall be included in account No. 205, "Net income from miscellaneous physical property," or No. 219, "Net loss on miscellaneous physical property."

118. POWER.

This account shall include all amounts earned for power sold if a carrier does not conduct a general power, light, or heat business.

NOTE.—If a carrier conducts a general power, light, or heat business, such business shall be considered an auxiliary operation, and the revenues earned therefrom shall be credited to a separate account. The expenses of conducting such auxiliary operations shall be excluded from the operating expenses of the railway by means of the several accounts entitled "Other operations—Cr." The revenues and expenses of these operations shall be included in income accounts No. 202, "Auxiliary operations—Revenues," and No. 214, "Auxiliary operations—Expenses." (See section 2 of the general instructions for operating expenses.)

119. MISCELLANEOUS.

This account shall include all revenues derived from operations other than transportation and not includible in the foregoing revenue accounts.

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FORM OF INCOME STATEMENT.

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

I. OPERATING INCOME:

- 201. Railway operating revenues.
- 213. Railway operating expenses.
 - Net revenue (or deficit)—Railway operations.
- 202. Auxiliary operations—Revenues.
- 214. Auxiliary operations—Expenses.
 - Net revenue (or deficit)—Auxiliary operations.
 - Net operating revenue (or deficit).
- 215. Taxes assignable to railway operations.
 - Operating income (or loss).

II. NONOPERATING INCOME:

- 203. Income from lease of road.
- 204. Miscellaneous rent income.
- 205. Net income from miscellaneous physical property.
- 206. Dividend income.
- 207. Income from funded securities.
- 208. Income from unfunded securities and accounts.
- 209. Income from sinking fund and other reserves.
- 210. Release of premiums on funded debt.
- 211. Contributions from others.
- 212. Miscellaneous income.
 - Total nonoperating income.
 - Gross income (or loss).

III. DEDUCTIONS FROM GROSS INCOME:

- 216. Rent for leased roads.
- 217. Miscellaneous rents.
- 218. Miscellaneous taxes.
- 219. Net loss on miscellaneous physical property.
- 220. Interest on funded debt.
- 221. Interest on unfunded debt.
- 222. Amortization of discount on funded debt.
- 223. Income transferred to other companies.
- 224. Maintenance of organization—Lessor companies.
- 225. Miscellaneous debits.
 - Total deductions from gross income.
 - Net income (or loss) transferred to credit (or debit) of Profit and Loss.

GENERAL INSTRUCTIONS.

1. **INCOME ACCOUNTS DEFINED.**—Income accounts are accounts designed to show the total amount of money that a company receives or becomes entitled to receive from its transportation and other operations during a stated period, the returns upon investments accrued during the period, the disbursements and the obligations incurred that affect the amounts so received or accrued, the disposition or allocation of the income accrued, and the net balance of income (or loss) carried to the Profit and Loss Account.

Where the title and definition of an income 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 carried in the ledger, but in such case the titles of the subaccounts in the ledger shall give a reference by number or title, or both, to the account prescribed herein of which they are subdivisions.

2. **DELAYED ITEMS.**—*Delayed items* are items representing transactions which occurred before the current year. 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 for that year, 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 shall file, in its application to the Commission, the full particulars concerning each item and the reasons which in its judgment indicate the need for a special accounting rule.

3. **AUXILIARY OPERATIONS.**—See general instructions for operating expenses, section 2.

4. **INCOME FROM SINKING AND RESERVE FUNDS.**—Accrued interest on uninvested sinking fund cash on deposit in banks or trust companies and accrued interest and other income from stocks, bonds, or other assets held in sinking and reserve funds shall be credited to account No. 209, "Income from sinking fund and other reserves," and if mortgage or other provisions respecting the funds require that such interest and other income shall be retained in the funds in the hands of trustees, the amounts of interest and other income shall be charged to the funds. Concurrently, a journal entry shall be made, charging account No. 309, "Appropriations of surplus to sinking fund and other reserves," and crediting account No. 449, "Sinking fund reserves," or No. 450, "Miscellaneous fund reserves," as may be appropriate.

TEXT PERTAINING TO INCOME ACCOUNTS.

CREDITS.

201. RAILWAY OPERATING REVENUES.

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

202. AUXILIARY OPERATIONS—REVENUES.

This account shall include the total revenues derived from auxiliary operations.

If a carrier conducts a general power, light, heat, or other business, not incident to transportation operations, the entire revenues from each of such operations shall be stated separately in subaccounts under this account. (See general instructions for operating expenses, section 2.)

203. INCOME FROM LEASE OF ROAD.

This account shall include the amount receivable by the carrier for the exclusive use of road, tracks, or bridges (including equipment and other railway property, if covered by the contract) owned or controlled, but not operated, by the accounting company, and held by another company under lease or other agreement, whether such amounts are payable directly to the accounting company or are 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.

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. 215, "Taxes assignable to railway operations."

NOTE B.—If property the rent of which is chargeable to account No. 216, "Rent for leased roads," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

204. MISCELLANEOUS RENT INCOME.

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

To this account shall be charged the cost of maintenance of the property rented, and 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.

If property, the rent of which is charged to account No. 217, "Miscellaneous rents," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE A.—If the expenses of the property leased can not be separated from the expenses of property used in the company's operations, the rents shall be credited to revenue account No. 117, "Rent of buildings and other property."

NOTE B.—Taxes assumed by the accounting company on property the rent of which is credited to this account, shall be charged to account No. 215, "Taxes assignable to railway operations."

NOTE C.—The rent of property carried in balance-sheet account No. 404, "Miscellaneous physical property," shall be included in account No. 205, "Net income from miscellaneous physical property," or No. 219, "Net loss on miscellaneous physical property," as may be appropriate.

NOTE D.—Rent and other income from real estate acquired for road and equipment shall be credited to account No. 550, "Miscellaneous," until the completion or coming into service of the property.

205. NET INCOME FROM MISCELLANEOUS PHYSICAL PROPERTY.

This account shall be credited with the revenues or income from physical property carried in balance-sheet account No. 404, "Miscellaneous physical property," and shall be charged with the cost of maintaining and operating the property, with taxes assessed directly upon such property and with incidental and other expenses in connection therewith, such as cost of negotiating contracts, advertising for tenants, insurance, water rates or rents, conveyancers' fees, and collectors' commissions.

NOTE.—If the net balance is a debit, it shall be shown under account No. 219, "Net loss on miscellaneous physical property."

206. DIVIDEND INCOME.

This account shall include dividends declared on railway and other stocks the income from which is payable to 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. 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 held in its treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral.

NOTE B.—Dividends on stocks of other companies held in sinking or other reserve funds shall be credited to account No. 209, "Income from sinking fund and other reserves."

207. INCOME FROM FUNDED SECURITIES.

This account shall include interest on funded securities of railway and other companies, the income from which is payable to the accounting company, whether such securities are owned by the accounting company and held in its treasury, deposited in trust, or controlled through lease or otherwise. Interest accrued shall not be credited unless its payment is reasonably assured. In other cases the credit to this account shall be based upon the interest actually collected.

At the option of the accounting company there may be included 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.

NOTE A.—Amounts credited or charged for the purpose of extinguishing discount or premium shall be concurrently charged or credited to the account in which the cost of the securities is carried.

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

NOTE D.—Interest on funded securities of other companies held in sinking or other reserve funds shall be included in account No. 209, "Income from sinking fund and other reserves."

NOTE E.—Interest accruing after maturity on any securities not in sinking or other reserve funds shall be included in account No. 208, "Income from unfunded securities and accounts."

208. 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 debt of other companies; interest on bank balances and on open accounts, and other analogous items.

NOTE A.—Interest on assets held in sinking and other reserve funds shall be included in accounts No. 209, "Income from sinking fund and other reserves."

NOTE B.—Discounts on bills for material and supplies purchased shall be credited to the accounts to which the original invoices were charged.

209. INCOME FROM SINKING FUND AND OTHER RESERVES.

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

NOTE A.—Amounts credited or charged for the purpose of extinguishing discount or premium shall be concurrently charged or credited to the account in which the cost of the securities is carried.

NOTE B.—Credits to fund reserve accounts representing income on reserve funds shall be concurrently charged to account No. 309, "Appropriations of surplus to sinking fund and other reserves," and credited to balance-sheet account No. 449, "Sinking fund reserves," or No. 450, "Miscellaneous fund reserves."

210. RELEASE OF PREMIUMS ON FUNDED DEBT.

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

NOTE.—The amounts credited to this account shall be concurrently charged to the accounts in which the respective premiums are carried.

211. CONTRIBUTIONS FROM OTHERS.

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 is incurred for subsequent reimbursement.

NOTE A.—The amount payable shall be charged by the contributing company to account No. 223, "Income transferred to other companies."

NOTE B.—This account shall not include advances covered by balance-sheet account No. 429, "Nonnegotiable debt to affiliated companies."

212. MISCELLANEOUS INCOME.

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

DEBITS.**213. RAILWAY OPERATING EXPENSES.**

This account shall include the total expenses of railway operations as shown in the accounts provided in the classification of operating expenses of electric railways.

214. AUXILIARY OPERATIONS—EXPENSES.

This account shall include the total expenses incurred in auxiliary operations. If a carrier conducts a general power, light, heat, or other business not incident to transportation, the entire expenses of each of such operations shall be stated separately, in subaccounts under this account. (See section 2 of general instructions for operating expenses.)

215. TAXES ASSIGNABLE TO RAILWAY OPERATIONS.

This account shall include Federal, State, county, municipal, school, and other district taxes relating to railway property, operations (including auxiliary operations), and privileges, whether the assessment is based on the valuation of property, on the amount of stocks and bonds issued or outstanding with respect to

such property, on the gross or net income or earnings (including Federal income tax), on dividends declared, on the number of passengers or the amount of freight carried, on the length of line operated or owned, on the rolling stock, or otherwise.

This account shall be charged each month with the amount of taxes accruing during the month. When it is not possible to determine the actual accruals, the amount of the annual taxes shall be estimated and one-twelfth of the estimated amount shall be charged to this account monthly. The monthly charges shall be adjusted from time to time during the year as the actual tax levies become known, so as to include, as nearly as may be practicable, the total amount of the taxes in the accounts of the fiscal year to which they apply.

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

NOTE A.—Taxes assessed directly on property covered by balance-sheet account No. 404, "Miscellaneous physical property," shall be included in account No. 205, "Net income from miscellaneous physical property," or in account No. 219, "Net loss on miscellaneous physical property," as may be appropriate. If such property is so intimately connected with railway or auxiliary operations that the taxes can not be segregated, the entire amount shall be included in this account.

NOTE B.—Special assessments for street and other improvements and special benefit taxes, such as water-main taxes, drainage taxes, and the like, shall be included in operating expense or road and equipment accounts, as may be appropriate.

NOTE C.—Taxes accrued on new lines under construction or on property acquired for the extension of existing lines shall be charged to road and equipment account No. 549, "Taxes," until the lines are opened for commercial operation or the property acquired becomes available for service.

NOTE D.—Income taxes levied upon bondholders and assumed by the company under terms of the mortgage shall be charged to account No. 225, "Miscellaneous debits."

216. RENT FOR LEASED ROADS.

This account shall include amounts payable as rent for road, 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 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.

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. 215, "Taxes assignable to railway operations."

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. 203, "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 charged to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account No. 203, "Income from lease of road."

217. MISCELLANEOUS RENTS.

This account shall include rents accrued on property held by the accounting company under lease or other agreement, when such rents are not properly chargeable to account No. 216, "Rent for leased roads," or to Operating Expenses.

NOTE A.—This account shall not include rents provided for in the classification of operating expenses. Rent of property used in auxiliary operations shall be charged to account No. 214, "Auxiliary operations—Expenses."

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. 204, "Miscellaneous rent income."

218. MISCELLANEOUS TAXES.

This account shall include all accruals for taxes other than those provided for in accounts Nos. 205, 215, and 219, such as taxes on securities owned, taxes on income from securities owned, and analogous tax items.

219. NET LOSS ON MISCELLANEOUS PHYSICAL PROPERTY.

This account shall be charged with the expense of maintaining and operating physical property the cost of which is included in balance-sheet account No. 404, "Miscellaneous physical property," with taxes assessed directly upon such property, and with incidental and other expenses in connection therewith, such as cost of negotiating contracts, advertising for tenants, insurance, water rates or rents, conveyancers' fees, and collectors' commissions.

To this account shall be credited the revenues or income from such property.

NOTE.—If the net balance is a credit, it shall be shown under account No. 205, "Net income from miscellaneous physical property."

220. INTEREST ON FUNDED DEBT.

This account shall include the current accruals of interest on all classes of funded debt, as defined in balance-sheet account No. 427, "Funded debt unmat-ured," issued or assumed by the accounting company; and interest on receiver's certificates issued for a term of more than one year.

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 held in its treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral. (See account No. 309, "Appropriations of surplus to sinking fund and other reserves.")

NOTE B.—When funded debt is incurred for new lines and extensions, or for addition and betterment purposes, the accruals of interest on such funded debt to the date of completion or coming into service of the property so acquired shall be included in road and equipment account No. 547, "Interest during construction."

221. 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; and other analogous items, including discount on short-term notes payable.

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 road and equipment account No. 547, "Interest during construction."

222. AMORTIZATION OF DISCOUNT ON FUNDED DEBT.

This account shall be charged during each fiscal period with the proportion of the unextinguished 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 throughout 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 shall not be either greater or less than the proportion applicable to that period, so long as any portion of the discount and expense remains unextinguished. (See general instructions for balance-sheet accounts, section 3.)

NOTE.—The accounting company may, at its option, charge to profit and loss account No. 313, "Debt discount extinguished through surplus," all or any portion of the discount and expense on funded debt remaining at any time unextinguished

223. 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 and without obligation for reimbursement.

NOTE A.—The amount receivable by the other company shall be credited by it to account No. 211, "Contributions from others."

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

224. MAINTENANCE OF ORGANIZATION—LESSOR COMPANIES.

This account shall be used by lessor companies only, and shall include the cost of maintaining the organization of lessor companies, such as salaries of officers, clerks, and attendants, office expenses, law expenses, cost of stationery and printing, and cost of supplies.

225. MISCELLANEOUS DEBITS.

This account shall include all items not provided for elsewhere and properly chargeable to Income Account, such as income taxes levied upon bondholders and assumed by the company under terms of mortgages, commissions, and expenses for paying interest coupons, and uncollectible freight charges for which service has been rendered.

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GENERAL INSTRUCTIONS.

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

Where the title and definition of a profit and loss 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 carried in the ledger, but in such case the titles of the subaccounts in the ledger shall give a reference by number or title, or both, to the account prescribed herein of which they are subdivisions.

2. **DELAYED ITEMS.**—*Delayed items* are items representing transactions which occurred before the current fiscal year. 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 for that year, 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.

TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS.

CREDITS.

301. 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.

302. CREDIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

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

303. PROFIT ON ROAD AND EQUIPMENT SOLD.

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

304. 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 6 of the general instructions for the classification of operating expenses, section 3 of the general instructions for operating revenues, section 2 of the general instructions for income accounts, and section 2 of the general instructions for profit and loss accounts.)

NOTE A.—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 item 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.

305. DONATIONS.

This account shall include amounts 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 sustained 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 negated. Prior to such determination the amounts received shall be credited in account No. 446, "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. 426, "Grants in aid of construction."

306. 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 of the fiscal period for which the accounts are stated. 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. 404, "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 section 2 of general instructions for balance-sheet accounts),

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

Collection of old accounts previously written off.

DEBITS.

307. 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.

308. DEBIT BALANCE TRANSFERRED FROM INCOME ACCOUNT.

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

309. APPROPRIATIONS OF SURPLUS TO SINKING FUND AND OTHER RESERVES.

This account shall include amounts of appropriations of surplus for sinking fund and other reserves, and allotments of surplus or payments of definite amounts from surplus into sinking fund and other reserves under terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments; and accretions to such funds representing interest or other returns on the assets therein.

NOTE.—The amounts charged to this account shall be concurrently credited to balance-sheet account No. 449, "Sinking fund reserves," or No. 450, "Miscellaneous fund reserves."

310. DIVIDEND APPROPRIATIONS OF SURPLUS.

This account shall include amounts declared payable as dividends on actually outstanding capital stock issued or assumed by the accounting company.

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

If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

NOTE.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in the treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral. (See account No. 309, "Appropriations of surplus to sinking fund and other reserves.")

311. APPROPRIATIONS OF SURPLUS FOR INVESTMENT IN PHYSICAL PROPERTY.

This account shall include amounts appropriated from surplus, for the construction or acquisition of new lines and extensions or for additions to and betterments of property the cost of which is includible in the road and equipment accounts, including amounts appropriated for retirement of equipment-trust obligations; and amounts applied for the construction or acquisition of property the cost of which is includible in balance-sheet account No. 404, "Miscellaneous physical property;" also the amount of donations in aid of construction, made by individuals and companies, and not subject to distribution as dividends.

These amounts shall be subdivided so as to show (a) amounts expended during preceding fiscal periods, (b) amounts expended during the current fiscal period, and (c) amounts held in reserve.

NOTE.—The amounts charged to this account shall be concurrently credited to balance-sheet account No. 447, "Additions to property through surplus," or to account No. 449, "Sinking fund reserves," or No. 450, "Miscellaneous fund reserves."

312. STOCK DISCOUNT EXTINGUISHED THROUGH SURPLUS.

This account shall include amounts appropriated from surplus to reduce or extinguish the amount of discount on capital stock issued by the accounting company. (See balance-sheet account No. 417, "Discount on capital stock," and general instructions for balance-sheet accounts, section 2).

313. 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. 222, "Amortization of discount on funded debt," balance-sheet account No. 418, "Discount on funded debt," and general instructions for balance-sheet accounts, section 3).

314. MISCELLANEOUS APPROPRIATIONS OF SURPLUS.

Except as provided in account No. 309, "Appropriations of surplus to sinking fund and other reserves," this account shall include amounts appropriated from surplus to provide a reserve for doubtful accounts and 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 the cost of which is included in the road and equipment accounts; also other amounts appropriated from surplus and not provided for elsewhere.

315. LOSS ON ROAD AND EQUIPMENT RETIRED.

This account shall include charges to Profit and Loss, as provided for in the classification of accounts for road and equipment, on account of property which has been abandoned, sold, or otherwise retired, and not replaced.

316. 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 6 of the general instructions for the classification of operating expenses, section 3 of the general instructions for operating revenues, section 2 of the general instructions for the income accounts, and section 2 of the general instructions for profit and loss accounts.)

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 item 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.

317. MISCELLANEOUS DEBITS.

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

Adjustments or cancellations of balance-sheet accounts,

Losses or deficits not properly chargeable to Income and for which no reserve has been provided,

Losses resulting from sale of investment securities,

Losses resulting from sale, destruction, or abandonment of property carried in balance-sheet account No. 404, "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,

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

Unextinguished discounts on funded debt reacquired before maturity.

Penalties and fines for violations of law, when not provided for elsewhere.

GENERAL BALANCE SHEET ACCOUNTS.

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FORM OF GENERAL BALANCE SHEET STATEMENT.

ASSET SIDE.

INVESTMENTS:

- 401. Road and equipment.
- 402. 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.*)
- 403. 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.*)
- 404. Miscellaneous physical property.
- 405. Investments in affiliated companies—
 - (a) Stocks.
 - (b) Bonds.
 - (c) Notes.
 - (d) Advances.
- 406. Other investments—
 - (a) Stocks.
 - (b) Bonds.
 - (c) Notes.
 - (d) Advances.
 - (e) Miscellaneous.
 - Total.

CURRENT ASSETS:

- 407. Cash.
- 408. 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.*)
- 409. Loans and notes receivable.
- 410. Miscellaneous accounts receivable.
- 411. Material and supplies.
- 412. Interest, dividends, and rents receivable.
- 413. Other current assets.
 - Total.

DEFERRED ASSETS:

- 414. 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.*)
- 415. Other deferred assets.
 - Total.

UNADJUSTED DEBITS:

- 416. Rents and insurance premiums paid in advance.
- 417. Discount on capital stock.
- 418. Discount on funded debt.
- 419. Property abandoned chargeable to Operating Expenses.

UNADJUSTED DEBITS—Continued.

420. Other unadjusted debits.

421. Securities issued or assumed—Unpledged. (*In short column.*)422. Securities issued or assumed—Pledged. (*In short column.*)

Total.

LIABILITY SIDE.

STOCK:

423. 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.*)

424. Stock liability for conversion.

425. Premium on capital stock.

Total.

GOVERNMENTAL GRANTS:

426. Grants in aid of construction.

LONG-TERM DEBT:

427. 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.*)

428. Receiver's certificates.

429. Nonnegotiable debt to affiliated companies—

(a) Notes.

(b) Open accounts.

Total.

CURRENT LIABILITIES:

430. Loans and notes payable.

431. Audited accounts and wages payable.

432. Miscellaneous accounts payable.

433. Matured interest, dividends, and rents unpaid.

434. Matured funded debt unpaid.

435. Accrued interest, dividends, and rents payable.

436. Other current liabilities.

Total.

DEFERRED LIABILITIES:

437. Liability for provident funds.

438. Other deferred liabilities.

Total.

UNADJUSTED CREDITS:

439. Tax liability.

440. Premium on funded debt.

441. Insurance and casualty reserves.

442. Operating reserves.

443. Accrued depreciation—Road and equipment.

444. Reserve for amortization of franchises.

445. Accrued depreciation—Miscellaneous physical property.

446. Other unadjusted credits.

Total.

CORPORATE SURPLUS:

447. Additions to property through surplus.

448. Funded debt retired through surplus.

449. Sinking fund reserves.

450. Miscellaneous fund reserves.

451. Profit and loss—Balance.

Total.

GENERAL INSTRUCTIONS.

1. **BALANCE-SHEET ACCOUNTS.**—The term *balance-sheet accounts* is used to designate those titles under which the ledger accounts are combined and summarized to show the assets, liabilities, and corporate surplus or deficit of the business.

Where the title and definition of a balance-sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be kept under such a title to include the balances from the accounts usually carried in the ledger, but in such case the titles of the subaccounts in the ledger shall give a reference by number or title, or both, to the account prescribed herein of which they are subdivisions.

2. **DISCOUNT AND PREMIUM ON CAPITAL STOCK.**—Ledger accounts shall be provided to cover the discounts and premiums on each class 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. 417, "Discount on capital stock," and the total of the net credit balances in account No. 425, "Premium on capital stock."

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

Entries in these accounts representing discounts shall be carried therein until offset (1) by premiums realized on subsequent sales of the same class of stock, (2) by assessments levied on the stockholders, (3) by appropriations of 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 class 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 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. 306, "Miscellaneous credits," or charged to account No. 317, "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 or discount realized at the prior sale of the stock reacquired has been included in an asset account other than the premium and discount 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 of each class of funded debt (including receiver's certificates) issued or assumed by the company. The total of the net debit balances remaining in these several accounts shall be included in account No. 418, "Discount on funded debt," and the total of the net credit balances in account No. 440, "Premium on funded debt."

By the term *discount* is meant the excess of the par value of funded debt securities 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 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 initial 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 commercial paper having a life of more than one year; fees paid trustees acting under mortgages and trust deeds; fee 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.

Each month there shall be charged to income account "Amortization of discount on funded debt," a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities) of each of the debit balances in these accounts, and correspondingly there shall be credited to income account "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, a proportion of the balance remaining in the accounts covering discount, expense, and premium on funded debt of the class of security reacquired shall be credited or charged, as may be appropriate, 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 same class actually outstanding immediately before such reacquirement.

In case, however, the premium or discount realized at the prior sale of the securities reacquired has been included (in excess of the proportion authorized in the text of road and equipment account No. 547, "Interest during construction,") in an asset account other than the premium and discount 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 securities reacquired.

Except as provided in account No. 547, "Interest during construction," no discount 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 represent possible sources of value contingent upon 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 at the date of the balance sheet.

TEXT PERTAINING TO GENERAL BALANCE SHEET ACCOUNTS.

DEBITS.

401. ROAD AND EQUIPMENT.

This account shall include the balances representing the cost or book value of the carrier's investment in property devoted to transportation operations, in operations incident thereto, and in auxiliary operations, as such investment was shown on the books on December 31, 1908, and the cost of such property constructed or acquired since that date, less deductions for property abandoned, sold, or otherwise retired.

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

402. 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; also amounts deposited with such trustees on account of mortgaged property sold, the proceeds of which are to be held for the redemption of the 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.

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.

403. DEPOSITS IN LIEU OF MORTGAGED PROPERTY SOLD.

This account shall include amounts realized from the sale of mortgaged property which are held by trustees until such property 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.

404. MISCELLANEOUS PHYSICAL PROPERTY.

This account shall include the accounting company's investments in physical property other than investments properly classable in account No. 401, "Road and equipment." It shall include such items as investments in manufacturing, gas and water plants, mineral and timber lands, buildings not used in transportation or auxiliary operations but held for rent, rails and other materials leased to others, and other property not a part of the accounting company's plant for the maintenance and operation of its transportation and auxiliary operations property.

NOTE.—The income derived from or the loss sustained in connection with the maintenance and operation of miscellaneous physical property shall be included in income account No. 205, "Net income from miscellaneous physical property," or No. 210, "Net loss on miscellaneous physical property," as may be appropriate.

405. 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 as follows:

(a) Stocks.

(b) Bonds.

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

(d) Advances.

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 shall be shown separately in the annual report to the Commission.

NOTE A.—Accounts with affiliated companies which are subject to current settlement, 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 *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.

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. 402, "Sinking funds," No. 408, "Special deposits," or No. 414, "Insurance and other funds," as may be appropriate.

406. 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 as follows:

(a) Stocks.

(b) Bonds.

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

(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 shall 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. 405.

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. 402, "Sinking funds," No. 408, "Special deposits," or No. 414, "Insurance and other funds," as may be appropriate.

407. CASH.

This account shall include current funds in the hands of financial officers and financial agents, cash in transit for which agents and conductors receive current receipt, and deposits in banks or with trust companies available for use on demand.

NOTE.—This account shall not include funds deposited for the purpose of paying declared dividends or bond interest coupons; all such amounts shall be shown in account No. 408, "Special deposits."

408. SPECIAL DEPOSITS.

This account shall include amounts realized from the sale of securities and held by trustees for disbursement when the purposes for which the securities are sold are accomplished; deposits to pay declared dividends or matured interest coupons; special deposits (other than in sinking funds) for the payment of debts; money and securities deposited to insure the performance of contracts; and other deposits of a special nature not provided for elsewhere.

NOTE.—In stating this account on 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.

409. LOANS AND NOTES RECEIVABLE.

This account shall include the book value of all collectible obligations in the form of loans and notes receivable or other similar evidences of money receivable on demand or within one year from date of issue.

NOTE.—This account does not include time loans which mature more than one year after the date of issue or demand or short-term notes considered as investments, which shall be included in accounts No. 405, "Investments in affiliated companies," or No. 406, "Other investments."

410. MISCELLANEOUS ACCOUNTS RECEIVABLE.

This account shall include amounts owed by other companies against each of which there is a net debit balance in the accounts representing interline freight, passenger, express, and baggage revenues and charges for equipment interchanged on a per diem or a mileage basis; also audited accounts considered good, such as those due from the United States or other Governments for the transportation of mails and Government property; miscellaneous bills against other railway companies; bills against corporations, firms, and individuals; net balances due from agents, conductors, and other employees and representatives responsible for the collection or custody of current revenue; and similar items.

NOTE A.—The amount to be reported under this account is not the net balance between this account and account No. 432, "Miscellaneous accounts payable."

NOTE B.—Amounts advanced to general and special agents as working funds shall be included in account No. 415, "Other deferred assets." Investment advances to affiliated companies shall be included in account No. 405, "Investments in affiliated companies."

411. MATERIAL AND SUPPLIES.

This account shall include the balances representing the cost, less depreciation, if any, of all material and supplies not charged out in the accounting company's accounts, such as road and shop material, articles in process of manufacture, fuel, stationery, and other supplies. Freight and express charges paid on material and supplies shall be included in the value of same.

The scrap value (estimated if not known) of articles retired from service shall be included in this account.

NOTE.—Discounts on bills for materials and supplies purchased shall be credited to the accounts to which the original invoices were charged.

412. INTEREST, DIVIDENDS, AND RENTS RECEIVABLE.

This account shall include the amount of interest accrued to the date of the balance sheet on funded and unfunded securities owned, loans, open accounts, mortgages, and deposits; dividends declared on stock owned and dividends accrued on stocks when contracts require that the dividends be paid at stated times; and rents accrued under leases.

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.

413. OTHER CURRENT ASSETS.

This account shall include items of current assets not covered by accounts Nos. 407 to 412, inclusive. It shall include asset items that have not reached the stage of audited accounts and become classable in account No. 410, "Miscellaneous accounts receivable," and yet have advanced beyond the stage of accounts properly classable in account No. 415, "Other deferred assets," such as amounts advanced to agents and others as working funds from which certain expenditures are to be made and accounted for, and similar items.

414. INSURANCE AND OTHER FUNDS.

This account shall include the amount of cash and the cost or ledger value of securities of other companies and other assets in depreciation, 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 provided for each fund.

NOTE A.—Special deposits and sinking funds for the retirement of obligations are provided for in accounts Nos. 408 and 402, respectively.

NOTE B.—In stating this account on the balance sheet in the annual reports to the Commission, the total amount of the funds and the par value of the 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 and assumed) shall be shown in the long column.

415. OTHER DEFERRED ASSETS.

This account shall include items of deferred assets not properly includible in account No. 414, "Insurance and other funds."

416. RENTS AND INSURANCE PREMIUMS PAID IN ADVANCE.

This account shall include the balances in the accounts representing rents and insurance premiums paid in advance, which are to be apportioned and charged, as they accrue, to the appropriate accounts.

417. DISCOUNT ON CAPITAL STOCK.

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

418. 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 classes of funded debt. (See general instructions, section 3.)

419. PROPERTY ABANDONED CHARGEABLE TO OPERATING EXPENSES.

This account is intended as a suspense account in which may be included relatively large amounts chargeable to Operating Expenses for property abandoned directly in connection with improvements, and the inclusion of which in the carrier's accounts for a single year would seriously distort those accounts for that year. 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 the 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 carrier shall indicate in its annual report to the Commission, with respect to each item of property abandoned, the period over which the balance relating to the item will be distributed, the date of the abandonment of the property, and the total amount originally to be charged to Operating Expenses.

420. 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.

It shall include such matters as interline claims paid in advance of investigation with other carriers; charges for work done or materials furnished for which bills have not been rendered to others; items awaiting adjustment between accounts, such as the cost of work done in advance of receipt of proper authority or appropriation; amounts to be spread over a stated term and not provided for in accounts Nos. 417, 418, and 419; and other similar items.

421. SECURITIES ISSUED OR ASSUMED—UNPLEGGED.

This account shall include the par value of that portion of securities owned and held in the treasury by the accounting company 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 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 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. 423 and 427.)

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. 422, "Securities issued or assumed—Pledged."

422. SECURITIES ISSUED OR ASSUMED—PLEDGED.

This account shall include the par value of that portion of securities owned by the accounting company and pledged by it 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) 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 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 No. 423 and No. 427.)

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. 402, "Sinking funds"; No. 408, "Special deposits"; or No. 414, "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 at par value in account No. 421, "Securities issued or assumed—Unpledged"; 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.

CREDITS.

423. 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 issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control; and (2) certificates, 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.

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 the distribution of dividends.

(b) **PREFERRED STOCK.**—Stocks having preference in the 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.

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 class of stock on which the assessment is made

NOTE B.—For the purposes of the balance-sheet statement, capital stock is considered *nominally issued* when certificates are signed and sealed and placed with the proper officer for sale and delivery or pledged or otherwise 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 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 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.

424. STOCK LIABILITY FOR CONVERSION.

This account shall include the accounting 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.

425. PREMIUM ON CAPITAL STOCK.

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

426. 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 road and equipment accounts.

NOTE.—Grants or donations made by companies or individuals shall be credited to profit and loss account No. 305, "Donations."

427. FUNDED DEBT UNMATURED.

This account shall include the total par value of unmatured funded 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 unmatured funded 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 (1) the par value of 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; and (2) the par value of certificates or other evidences of funded debt, pledged and unpledged, held in the company's treasury, held by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but never actually issued.

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

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

(b) **COLLATERAL TRUST BONDS.**—Bonds and notes having a date of maturity of more than one year after date of issue, secured by a lien on securities or other commercial paper; also stock trust certificates that are similar in character to collateral trust bonds.

(c) **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.

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

(e) MISCELLANEOUS OBLIGATIONS.—All funded obligations not provided for by the other subdivisions of this account, including 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 payment on account of funded debt securities. When the securities are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the securities are issued.

No two issues of funded debt shall be considered as of the same class unless agreeing in (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity, except that parts of any funded debt issue agreeing in other characteristics, but maturing serially, may be treated as of the same class.

NOTE A.—Securities maturing one year or less from date of issue shall be included in account No. 430, "Loans and notes payable." Matured funded debt shall be included in account No. 434, "Matured funded debt 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 the 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.—In the general balance-sheet statement the total funded debt unmatured 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.

428. RECEIVER'S CERTIFICATES.

This account shall include the par value of evidences of indebtedness issued by receivers acting under the orders of a court, when in possession of the property of the company.

429. 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 subdivided as follows:

(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 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.—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.

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.

430. LOANS AND NOTES PAYABLE.

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

NOTE.—Secured notes and time loans payable more than one year from date of issue shall be included in account No. 427, "Funded debt unmatured."

431. 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; also balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages and all other unpaid vouchered items.

432. MISCELLANEOUS ACCOUNTS PAYABLE.

This account shall include the net amount owed 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 mileage basis; also unpaid and outstanding drafts drawn by station agents, and other items of the nature of demand liabilities, not covered by accounts Nos. 430, 431, 433, and 434.

NOTE.—The amount to be reported under this account is not the net balance between this account and account No. 410, "Miscellaneous accounts receivable."

433. MATURED INTEREST, DIVIDENDS, AND RENTS UNPAID.

This account shall include the amount of matured and unpaid interest on loans and funded debt of the accounting company, on debt of other companies assumed by the accounting company, and on receiver's certificates; the amount of dividends payable on capital stock, but unpaid, uncalled for, or unclaimed at the date of the balance sheet; unpaid dividends on the stock and unpaid interest on the funded debt of other companies when such are payable by the accounting company as all or a portion of the rent due under terms of leases or otherwise; and all other rents due and payable for property held under leases.

Items above indicated which mature on the first day following that for which the balance sheet is made shall be included in this account.

434. MATURED FUNDED DEBT UNPAID.

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

435. ACCRUED INTEREST, DIVIDENDS, AND RENTS PAYABLE.

This account shall include the amount of interest on loans, funded debt, and receiver's certificates issued or assumed, dividends declared on capital stock, and rents under leases, accrued to the date for which the balance sheet is made but not payable until after the first day following that date. There shall be included also as rents accrued the amount of accrued dividends on the 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 from those companies.

436. OTHER CURRENT LIABILITIES.

This account shall include items of current liabilities not covered by accounts Nos. 430 to 435, inclusive.

437. LIABILITY FOR PROVIDENT FUNDS.

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

438. OTHER DEFERRED LIABILITIES.

This account shall include items of deferred liabilities not covered by account No. 437, such as retained percentages due contractors, to be paid on completion of contracts; amounts deposited with the accounting company to cover the cost of employees' outfits; deposits made by customers and others under contract when such deposits are returnable; and other similar items.

439. TAX LIABILITY.

This account shall include the amount of all taxes accrued to the date of the balance sheet and unpaid. When the accounting company leases property and under the terms of the lease agrees to assume and make direct payment of the taxes that may be levied upon or assessed against such property, the taxes accrued on such property shall be included in this account. If the taxes paid are in excess of the taxes accrued, the amount of the excess shall be shown in red.

440. 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 classes of funded debt. (See general instructions, section 3.)

441. INSURANCE AND CASUALTY RESERVES.

This account shall include the net credit balance in the accounts to which are credited specific appropriations of 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.

442. OPERATING RESERVES.

This account shall include the balances representing reserves created by charges to Operating Revenues or to Operating Expenses to provide for overcharge, personal injury, loss and damage, and other claims, for equalization, and for similar purposes, such charges being made currently for the purpose of equalizing charges to operating accounts for the current accounting year. (See general instructions for operating expenses, section 5.)

NOTE.—The credit balances in reserve accounts representing appropriations of surplus for sinking funds, etc., shall not be included in this account. (See accounts Nos. 449 and 450.) Reserves for depreciation of railway property shall be included in account No. 443, "Accrued depreciation—Road and equipment," and No. 445, "Accrued depreciation—Miscellaneous physical property," and reserves for amortization of franchises in account No. 444, "Reserve for amortization of franchises."

443. ACCRUED DEPRECIATION—ROAD AND EQUIPMENT.

To this account shall be credited amounts charged to operating expense or other accounts to cover the depreciation on property and equipment the cost of which is included in account No. 401, "Road and equipment."

To this account shall be charged only such amounts as have been previously credited hereto with respect to any property or equipment destroyed, sold, or otherwise retired from service.

444. RESERVE FOR AMORTIZATION OF FRANCHISES.

To this account shall be credited amounts charged to Operating Expenses or surplus in order to provide for the amortization or extinguishment of limited franchises.

NOTE.—See Note B of account No. 545, "Franchises."

445. ACCRUED DEPRECIATION—MISCELLANEOUS PHYSICAL PROPERTY.

To this account shall be credited amounts charged to Income to cover the depreciation of property the cost of which is included in account No. 404, "Miscellaneous physical property."

To this account shall be charged only such amounts as have been previously credited hereto with respect to any such property destroyed, sold, or otherwise retired from service.

446. 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; amounts in suspense for prepaid ticket orders, unredeemed or unused tickets, and mileage coupons; and other similar items.

447. ADDITIONS TO PROPERTY THROUGH SURPLUS.

This account shall include such amounts of surplus as have been definitely appropriated or set aside, and expended since December 31, 1908, in the construction or acquisition of property the cost of which is included in property investment accounts other than those for securities, including amounts expended in the retirement of trust obligations for the purchase of equipment; also the amount of donations in aid of construction made by individuals and companies when not subject to distribution as dividends. Investments in road and equipment 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 December 31, 1908. If such amounts are included, the account shall be divided into (a) Expended to December 31, 1908, and (b) Expended since December 31, 1908.

NOTE.—Temporary appropriations 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.

448. FUNDED DEBT RETIRED THROUGH SURPLUS.

This account shall include the total amount of appropriated surplus expended in the discharge of the principal (less the discount, if any, suffered at the time of sale) of any funded debt, except trust obligations for the purchase of equipment, issued or assumed by the accounting company and retired through sinking or other funds provided from surplus.

This account may include also amounts definitely appropriated or set aside and expended prior to December 31, 1908. If such amounts are included, the account shall be divided into (a) Expended to December 31, 1908, and (b) Expended since December 31, 1908.

NOTE A.—Temporary appropriations 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 surplus expended in retirement of trust obligations issued for the purchase of equipment shall be included in account No. 447, "Additions to property through surplus."

449. SINKING FUND RESERVES.

This account shall include the unexpended balances in accounts to which are credited definite appropriations of 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.

450. MISCELLANEOUS FUND RESERVES.

This account shall include the net balances in accounts to which are credited definite appropriations of surplus, whether held in general funds or specifically set aside in the hands of trustees and not provided for elsewhere. It shall also include income accretions to such funds retained therein.

451. PROFIT AND LOSS—BALANCE.

This account shall include the balance at the close of the fiscal period as shown in the Profit and Loss Account.

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GENERAL INSTRUCTIONS.

1. APPLICATION OF THIS CLASSIFICATION.—The accounts prescribed in this classification contain the rules in accordance with which shall be classified the investment of electric railway companies in property used by them in transportation operations, in operations incident thereto, or in auxiliary operations.

These accounts shall include all expenditures for original road and equipment and for additions and betterments thereto, regardless of the way in which the funds for the construction or acquisition have been provided. Such expenditures shall not be charged to Operating Expenses, Income, Profit and Loss, or to special funds in such manner as to exclude from the property accounts any expenditure for road and equipment or for additions and betterments thereto.

These accounts shall also include the necessary credits to represent the original cost of property or equipment abandoned, destroyed, sold, or otherwise retired from service. Wherever the term *original cost* is referred to in this classification and such cost can not be ascertained, an estimate of the original cost shall be used.

If the total cost of additions and betterments to any class of equipment or any class of structures, under a general plan, considered as a whole, is less than \$200, the option may be exercised of charging the amount expended to the appropriate account in Operating Expenses. This is not to be construed as authorizing the parceling of expenditures in order to bring them within this limit.

2. ADDITIONS AND BETTERMENTS DEFINED.—*Additions* are structures, facilities, equipment, and other properties added to those in service at the beginning of operations and not taking the place of any property for like purpose previously held by the accounting company.

Betterments are physical changes in roadway, structures, facilities, or equipment, the object of which is to make the properties affected more useful or of greater capacity than they were at the time of their installation or acquisition. These accounts shall include only such portion of the cost of betterments as will, when added to the original cost of the property bettered, give the value of the property in its bettered condition. The remainder of the cost of the change shall be classed as a repair and charged to the appropriate operating expense accounts. When it is necessary substantially to reconstruct or to replace a major portion of any unit of property or any important section of a continuous structure, the cost of the property removed or replaced shall be credited to the appropriate account in this classification and the new property shall be charged thereto.

3. BASIS OF CHARGES.—The charges to the accounts of this classification on account of expenditures for the acquisition of property and for improvements shall be based upon the actual cost of the property and the improvements. When the consideration given for the purchase of property or for the improvement of property chargeable to the accounts of this classification is anything other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts and the actual consideration shall be described in the record with sufficient particularity to identify it.

The charges for material included in the accounts of this classification shall be upon the basis of the net cost thereof, including transportation charges paid by the accounting carrier. The estimated cost of transporting material, when used for construction, addition, and betterment purposes, in revenue cars over the accounting carrier's own line may be included in the cost of material. If such charges are made, the amount thereof shall be credited to operating expense general account "Transportation for investment—Cr." If materials and supplies are passed through storehouses, their cost entered in these accounts may include a suitable proportion of store expenses.

The cost of tools purchased for exclusive use in connection with construction work shall be included in the accounts to which the cost of the work is charged. Upon completion of the work the amount realized from the sale of such tools or their appraised value, if retained upon completion of the work for which purchased, shall be credited to the accounts originally charged with their cost.

4. **PROPERTY RETIRED AND REPLACED.**—When property other than land, the cost of which has been charged to the accounts of this classification, is abandoned, demolished, or otherwise retired from service for the purpose of or by reason of its replacement with property for like purpose, the appropriate accounts of this classification shall be credited with the amounts at which such property stands charged therein at the time of such retirement. Concurrently, balance-sheet account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein, if any, with respect to the property retired; proper account shall be taken of salvage and insurance, and the remainder, together with expenses incident to the abandonment, shall be charged to the appropriate operating expense account. If, however, the property retired and replaced with property of like purpose is of minor importance, and is replaced without betterment, the cost of the replacement shall be charged to operating expense accounts and no adjustment made in the road and equipment accounts.

The provisions of this section are applicable in accounting (at the time of retirement) for the cost of property abandoned, even though the new property has been actually installed previously to the date of the demolition of the old property.

5. **PROPERTY RETIRED AND NOT REPLACED.**—When property other than land and equipment (see sections 7 and 8), the cost of which has been charged to the accounts of this classification, is abandoned, demolished, or otherwise retired from service, and not replaced, the appropriate accounts of this classification shall be credited with the amounts at which such property stands charged therein at the time of such destruction or retirement. Concurrently, balance-sheet account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein, if any, with respect to such property destroyed or otherwise retired; proper account shall be taken of salvage and insurance; and the remainder, together with expenses incident to the abandonment, shall be charged to Profit and Loss Account.

6. **ADJUSTMENTS FOR CONVERTED PROPERTY.**—When a building, structure, or unit of equipment is so converted as to require that the amount of investment in such property be transferred from one account in this classification to another, the account in which the property was originally carried shall be credited with the amount at which such property stands charged therein at the time of its conversion. This amount, less depreciation, salvage recovered in the conversion, and cost of any part abandoned, and increased by the cost of improvements, shall be charged to the account in this classification appropriate for the cost of the property in its converted form. The charge for the converted property in no case shall exceed the cost (at current market prices of labor and material) of new property of equal capacity and equal expectation of life in service, less a suitable allowance on account of the second hand portions remaining therein.

7. **LAND SOLD OR RECLASSIFIED.**—If any land the cost of which has been included in the accounts of this classification is sold, the appropriate account shall be credited with the amount at which such property stands charged therein at the time of the disposal, and the difference between the amount thus credited and the amount received from the sale or disposal of the property shall be included in Profit and Loss.

When the use of land in transportation service or in operations incident thereto is discontinued and the land is retained in possession by the carrier, the appropriate account in this classification shall be credited with the amount at which such land stands charged therein and concurrently this amount shall be charged to balance-sheet account No. 404, "Miscellaneous physical property."

8. **EQUIPMENT RETIRED.**—The instructions for accounting for equipment retired are contained under the general account Equipment (p. 102).

9. **EQUIPMENT COSTS PAID IN INSTALLMENTS.**—When any equipment is acquired under a so-called trust agreement or any agreement which provides that the cost shall be paid in installments, the cost (its cash value at time of purchase) shall be charged to the accounts in this classification at the time of its acquisition in the same manner as the cost of equipment purchased outright. The discount or premium, if any, on securities issued in payment or in part payment for such equipment shall be debited or credited to the proper discount or premium accounts in accordance with general balance-sheet instructions, section 3.

10. **SALVAGE FROM EQUIPMENT, TOOLS, ETC.**—When the cost of any work equipment, machinery, tools, or material and supplies obtained for use in construction work has been charged to accounts in this classification and the entire value thereof has not been consumed in the work, the residual value of such work equipment, machinery, tools, or material and supplies shall be credited upon the completion of the work to the accounts to which originally charged, and concurrently charged to the material and supply account or other appropriate account.

11. **INCIDENTAL SERVICES OF EMPLOYEES.**—No charge shall be made against road and equipment accounts for the salaries of officers and employees who perform incidental services in connection with construction or addition and betterment work, although traveling and incidental expenses incurred by officers and employees on account of such work may be included in the account to which the cost of the work is chargeable. When officers or employees give all or a substantial proportion of their time to construction or to addition or betterment work the whole or an equitable proportion of their salaries and their traveling and incidental expenses in connection with such work shall be included in the cost of the work.

TEXT PERTAINING TO ROAD AND EQUIPMENT ACCOUNTS.

I. WAY AND STRUCTURES.

501. ENGINEERING AND SUPERINTENDENCE.

This account shall include expenditures for services and expenses of engineers, draftsmen, and superintendents employed on preliminary and construction work, or in making additions or betterments to the accounting carrier's road; also expenses incident to engineering and superintendence not assignable to other accounts.

NOTE A.—When employees designated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged. When any of the expenses above designated can be charged directly to the account for which incurred, they shall be so charged.

NOTE B.—Expenditures for tentative or preliminary surveys and tests shall be carried in a suspense account until it is determined whether or not to continue the work. If the project is continued, such expenditures shall then be transferred to this account, and if abandoned, to operating expense, income, or profit and loss accounts, as may be appropriate.

502. RIGHT OF WAY.

This account shall include the cost of land acquired for roadway; expenses of appraisals, or juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc.; payments for abutting damages and legal services in suits connected therewith; assessments levied by public authorities or amounts payable for the construction or the improvement of roads, streets, sidewalks, curbs, gutters, sewers, ditches, etc. (except paving). To this account shall also be charged the cost of moving other companies' poles for proper clearance.

To this account shall be credited proceeds from the sale of timber or other property purchased with right of way.

The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, shall, upon completion of the road, be credited to this account and charged to account No. 503, "Other land used in electric railway operations," or account No. 404, "Miscellaneous physical property," as may be appropriate. If such property is sold upon or prior to the completion of the road, the proceeds of sale thereof shall be credited to this account.

NOTE.—The \$200 minimum does not apply to items chargeable to this account. (See general instructions, section 1.)

503. OTHER LAND USED IN ELECTRIC RAILWAY OPERATIONS.

This account shall include the cost of land acquired for use directly in connection with the operation of the road, but not acquired for roadway, including all expenses incurred in connection with such acquisition.

NOTE A.—The \$200 minimum does not apply to items chargeable to this account. (See general instructions, section 1.)

NOTE B.—Proceeds from sale of timber or of improvements purchased with land charged to this account shall be credited hereto.

504. GRADING.

This account shall include the cost of clearing and grading roadway, whether by excavations or embankments; ditching roadway and making ditches for waterways; also cost of retaining walls and other masonry or riprap for the protection of embankments, cuts, and slopes.

This account shall include such items as the cost of steam shovels and tools used in grading, less credit for inventory or selling value upon completion of grading.

When a bridge or trestle or a portion thereof is filled, the cost of filling and the estimated cost of temporary trestling required for the purpose of filling shall be charged to this account.

505. BALLAST.

This account shall include the cost of ballast, whether of broken stone, slag, gravel, concrete, or other material; cost of transportation and handling (except final distribution); also the cost of ballast applied in excess of that required to restore the ballast to its original height and width; and the excess cost of improved ballast used in renewals over the original cost of the ballast removed.

NOTE A.—If ballast produced is chargeable partly to construction and partly to maintenance, a clearing account may be opened in order to determine the unit of cost which is to be used in arriving at the amounts chargeable to construction and maintenance.

NOTE B.—The cost of labor expended in spreading and putting ballast under track shall be charged to account No. 510, "Track and roadway labor."

506. TIES.

This account shall include the cost of cross, switch, bridge, and other track ties used in the construction of tracks, and the cost of additional ties subsequently laid in such tracks; cost of transportation and handling (except final distribution); the pay and expenses of employees engaged in obtaining, purchasing, treating, framing, and inspecting ties for construction purposes; also the excess cost of improved ties over the original cost of ties removed and replaced.

NOTE.—The cost of labor for unloading, distributing, and placing ties in tracks shall be charged to account No. 510, "Track and roadway labor."

507. RAILS, RAIL FASTENINGS, AND JOINTS.

This account shall include the cost of rails (including guard rails), rail fastenings, and joints used in construction of tracks; the cost of transportation, inspection, and handling (except final distribution); and the excess cost of heavier or improved type or quality of rails, rail fastenings, and joints over the original cost of rails, rail fastenings, and joints removed and replaced.

NOTE A.—Guard rails used in connection with special work shall be charged to account No. 508, "Special work."

NOTE B.—The cost of labor for unloading, distributing, and placing rails, rail fastenings, and joints in track shall be charged to account No. 510, "Track and roadway labor."

508. SPECIAL WORK.

This account shall include the cost of special work, including steam and street railroad crossings, crossovers, curves, frogs, run-offs, switches, switch mates, and turnouts; guard rails used in connection with special work; also the excess cost of heavier or improved type of special work over the original cost of such work removed and replaced. To this account shall also be charged the cost of transportation, inspection, and handling (except final distribution).

The terms *crossovers*, *curves*, and *turnouts* cover only those portions of track which are made to order.

NOTE A.—This account is not intended to cover the cost of ties, rails, rail fastenings, and joints. These items shall be charged to accounts provided for such expenditures. Plain curves shall be treated as rails.

NOTE B.—The cost of labor for unloading, distributing, and placing special work in track shall be charged to account No. 510, "Track and roadway labor."

509. UNDERGROUND CONSTRUCTION.

This account is to be used only by railways operated by underground electric contact system, or by those operated by cable traction.

This account shall include the cost of underground construction, including cost of excavating for underground construction, and cost of yokes, concrete work, manhole frames and covers, slot rails, drain pipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. To this account shall be charged also the cost of transportation, inspection, and handling (except final distribution).

NOTE A.—The cost of track rails, track rail fastenings and joints, electric contact rails and insulators, and cables of cable railways, shall not be charged to this account.

NOTE B.—The cost of labor unloading, distributing, and placing the materials described above shall be charged to account No. 510, "Track and roadway labor."

510. TRACK AND ROADWAY LABOR.

This account shall include the cost of labor expended in distributing, laying, and adjusting ties, rails, ballast, frogs, switches, special work, and other track material and appurtenances used in the construction of tracks. The cost of laying and surfacing tracks through tunnels and on bridges and trestles shall be included in this account.

NOTE A.—The cost of distributing and adjusting ties, rails, ballast, frogs, switches, and other track material for replacements shall be charged to Operating Expenses.

NOTE B.—The cost of transporting ballast and unloading at delivery point shall be charged to account No. 505, "Ballast."

511. PAVING.

This account shall include the cost of labor and material (including macadam) for paving about tracks and special work, and for crosswalks incident to track construction; also the excess cost of improved paving over the original cost of paving removed and replaced. This account shall also include assessments levied by public authorities or amounts payable under franchise requirements for new or improved paving. The cost of replacing paving taken up on account of construction shall also be charged to this account.

512. ROADWAY MACHINERY AND TOOLS.

This account shall include the cost of the initial outfit of roadway machinery and tools provided for the maintenance of roadway and structures at the time the road is opened for commercial traffic, the cost of additional roadway machinery and tools acquired subsequently, and also the excess cost of roadway machinery and tools over the original cost of such property abandoned or retired and replaced.

NOTE A.—When an important addition and betterment project or the construction of a new line necessitates the purchase of roadway machinery and tools to be used exclusively thereon, the cost shall be included in the accounts to which the cost of the work is charged. The amount realized from any subsequent sale, or the appraised value of the machinery and tools retained after the completion of the work for which they were purchased, is to be credited to the accounts charged with the cost thereof. The appraised value of such machinery and tools shall be debited to this account and thereafter considered as the cost of such property.

NOTE B.—The cost of hand and other small portable roadway machinery and tools, of which no specific record is kept, shall be charged, when they are acquired, to an appropriate material and supplies account, from which they shall be charged, as issued, to the appropriate road and equipment, operating expense, or other accounts.

NOTE C.—The cost of machinery and tools for the equipment of shops shall be included in account No. 536, "Shop equipment," as provided therein.

513. TUNNELS AND SUBWAYS.

This account shall include the cost of labor and material used in the construction of tunnels and subways; the cost of apparatus for ventilating and lighting, and safety devices (except guard rails and signals) in tunnels and subways; also

the excess cost of enlarged tunnels and subways over the original cost of those replaced, and the excess cost of lining tunnels over the original cost of the lining removed and replaced.

NOTE.—The cost of undergrade crossings shall be charged to account No. 516, "Crossings, fences, and signs."

514. ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railway system. It shall include the cost of labor and material used in the construction of elevated structures and foundations; also the excess cost of elevated structures and foundations over the original cost of such property removed and replaced.

NOTE A.—Ties and rails used on elevated structures shall be charged to accounts No. 506, "Ties," and No. 507, "Rails, rail fastenings, and joints."

NOTE B.—The cost of station and other structures built on elevated lines shall not be included in this account, but in the accounts appropriate for such structures.

515. BRIDGES, TRESTLES, AND CULVERTS.

This account shall include the cost of labor and material used in the construction of bridges and trestles erected to carry tracks over streams, ravines, marshes, streets, or other railways, and culverts, both substructure and superstructure. It shall include cost of abutments, piers, supports, draw and pier protection; wing dams and cribs for regulating the current of a stream; ice breakers for breaking up jams; machinery to operate drawbridges; guards, masonry ends, and wing walls for culverts; pipe culverts for drainage systems; cost of inspection and transportation of material; cost of tests; labor and material used in painting structures; also the excess cost of new bridges, trestles, culverts and appurtenances or parts thereof over the original cost of such property removed and replaced.

NOTE A.—The cost of structures necessary for carrying the carrier's tracks over other tracks, or over a stream, highway, or canal, shall be included in this account. The cost of structures necessary for carrying other tracks, canals, highways, etc., over the carrier's tracks shall be charged to account No. 516, "Crossings, fences, and signs."

NOTE B.—Ties and rails used on bridges, trestles, and culverts shall be charged to accounts No. 506, "Ties," and No. 507, "Rails, rail fastenings, and joints."

NOTE C.—When a part of the entire structure of a bridge or trestle is converted, by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to this account. In case the bridge or trestle is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be charged to account No. 504, "Grading." The ledger value of the structure, or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account No. 504, shall be charged to Operating Expenses.

516. CROSSINGS, FENCES, AND SIGNS.

This account shall include the cost of labor and material used in constructing street, road, and farm crossings at grade; overhead bridges and viaducts for use of others; roadways of undergrade footways, wagon roads, or cattle crossings; crossing gates, cabins, and towers containing apparatus for operating gates; warning signals; planking at crossings, and drainage for undergrade crossings; payments and assessments for street repairs during construction period or for sewers at crossings; right-of-way fences, snow and sand fences, cattle guards, wing fences, aprons, and hedges; mile, section, warning, and other roadway signs; and the excess cost of crossings, fences, cattle guards, and signs over the original cost of such property removed and replaced.

NOTE.—The cost of structures carrying other tracks, canals, highways, etc., over a carrier's tracks shall be included in this account. A structure carrying the carrier's tracks over other tracks, or over a stream, highway, or canal, shall be considered a bridge, trestle, or culvert and its cost shall be included in account No. 515, "Bridges, trestles, and culverts."

517. SIGNALS AND INTERLOCKING APPARATUS.

This account shall include the cost of labor and material used in constructing signals and interlocking apparatus, including towers and other buildings incident thereto; also the excess cost of enlarged or improved interlockers or other signal apparatus over the original cost of such apparatus removed and replaced.

518. TELEPHONE AND TELEGRAPH LINES.

This account shall include the cost of labor and material used in constructing telephone and telegraph lines, including cost of conduits, poles, cables, wires, booths, and instruments; cost of all tools used for construction, and cost of transportation of men and material for this work; also the excess cost of enlarged or improved telephone and telegraph lines over the original cost of lines removed and replaced.

NOTE.—If telephone or telegraph wires are carried on poles and fixtures or in conduits primarily used for other purposes, the cost of such poles and fixtures or conduits shall be charged to accounts No. 519, "Poles and fixtures," No. 520, "Underground conduits," or No. 544, "Transmission system," as may be appropriate.

519. POLES AND FIXTURES.

This account shall include the cost of labor and material used in connection with the construction of pole lines or structures, including poles, cross arms, insulating pins, brackets, and other pole fixtures; braces and other supports for holding the poles in position; structures for supporting the overhead electric construction; and first cost of numbering poles; also the excess cost of poles and fixtures over the original cost of such property removed and replaced. (See note under account No. 518, "Telephone and telegraph lines.")

520. UNDERGROUND CONDUITS.

This account shall include the cost of labor and material used in constructing conduits for underground wires and cables, including manholes, sewer connections, sewer traps, and all fixtures; also the excess cost of new or improved conduits and parts over the original cost of such property removed and replaced. (See note under account No. 518, "Telephone and telegraph lines.")

521. DISTRIBUTION SYSTEM.

This account shall include the cost of labor and material used in constructing the distribution system, including overhead and underground feeders for transmitting low-tension power from power stations and substations, with insulators and connections; track bonding, including track bonds and cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplementary, and other wires, and all catenary construction used in connection with the overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails, and appliances used in underground contact system, including braces, supports, and insulating devices; also the excess cost of improved distribution lines and appliances over the original cost of such property removed and replaced.

NOTE.—When the electric current generated or received is changed by means of rotary converters, motor generator sets, or static transformers, that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When the electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including feeders, trolley wire, booster circuits, and supplementary return, if any, shall be classed wholly as distribution system. Tie lines between generating stations and substations shall follow the same rule as other lines.

522. GENERAL OFFICE BUILDINGS.

This account shall include the cost of buildings devoted to general office purposes and their permanent fixtures; architects' fees; and expense of grading, improving, and fencing grounds; also the excess cost of general office buildings over the original cost of such property removed and replaced.

523. SHOPS AND CARHOUSES.

This account shall include the cost of labor and material used in erecting buildings to be used as shops, car sheds, carhouses, oil houses, sand houses, and storehouses, including foundations, except those special to particular machines and apparatus, pits, transfer tables, turntables, and built-in scales; heating and lighting apparatus; water, gas, and sewer pipes and connections; architects' fees; preparing grounds before and clearing grounds after construction; painting; transportation and incidental expenditures; also the excess cost of new or improved shops and carhouses or parts thereof over the original cost of such property removed and replaced.

NOTE.—The cost of foundations special to particular machines or apparatus shall be included in the accounts to which the cost of such machines or apparatus is chargeable.

524. STATIONS, MISCELLANEOUS BUILDINGS, AND STRUCTURES.

This account shall include the cost of labor and material used on stations, waiting rooms, and other buildings not provided for elsewhere in this classification, including excavation, foundations, and drainage; water, gas, and sewer pipes and connections; grading, improving, and fencing grounds; heating and lighting apparatus and fixtures, and all other material and fixtures used to complete the buildings; cost of track scales and cattle chutes; also the excess cost of new or improved stations, waiting rooms, and miscellaneous buildings and structures over the original cost of such property removed and replaced.

525. WHARVES AND DOCKS.

This account shall include the cost of wharves, docks, dry docks, slips, float bridges, and other landings for vessels, including necessary dredging and the cost of float-bridge or ferry-bridge machinery and other appurtenances on docks and wharves; piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of wharves and docks; also the excess cost of improved wharves, docks, slips, float bridges, inclines, and other landings installed for vessels over the original cost of such property abandoned or removed and replaced.

NOTE A.—The cost of restoring the condition of wharves and of the land upon which they are situated after betterment work shall be charged to Operating Expenses or assigned to auxiliary operations expenses.

NOTE B.—The cost of land on which additional wharves are built and cost of riparian or water rights for wharves and docks shall be charged to account No. 503, "Other land used in electric railway operations."

526. PARK AND RESORT PROPERTY.

This account shall include the cost of amusement parks or resorts; including the excess cost of improved park and resort property over the original cost of such property retired or removed and replaced.

NOTE.—The cost of land used for such purposes shall be charged to account No. 503, "Other land used in electric railway operations."

527. COST OF ROAD PURCHASED.

This account shall include the cash cost of any road or portion thereof purchased. Where the contract of purchase includes not only road, but also equipment, securities, and other assets, the appraised value of such equipment,

securities, and other assets shall be deducted from the total cash cost, and the remainder of the cash cost shall be charged to this account. Where the consideration given for the property purchased is other than cash, such consideration shall be valued on a current cash basis. If the consideration includes the assumption of liabilities, such liabilities shall be included in the determination of the cost at their cash value at the time the contract is made.

This account shall be used only as a clearing account in which temporarily to carry the cost of road purchased until such time as a plan for distributing such cost to the primary accounts appropriate for the property is approved by the Commission.

NOTE A.—The appraised value of any equipment thus acquired shall be charged to the appropriate equipment accounts. The value, at the time of purchase, of any securities or other assets acquired shall be included in the accounts appropriate for such assets. The par value of any liabilities assumed shall be included in the appropriate liability accounts, and the necessary adjustments between the cash value charged to the property accounts and the par value shall be made in the appropriate premium or discount account.

NOTE B.—The carrier shall be prepared to furnish the Commission, upon demand, a full report of the contract of acquisition of each road, or portion thereof, purchased, and a statement showing in detail the consideration given therefor. It should procure, in connection with the acquisition of any such road and equipment, all existing records, memoranda, and accounts in possession or control of the grantor, relating to the construction and improvements of such road and equipment, and shall preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them. Where the records, memoranda, and accounts are so intimately involved with other records, memoranda, and accounts of the grantor as to make their transfer impracticable or inadvisable, certified copies of them shall be procured and retained by the grantee. The verity of the copies should be certified by the custodian of the originals.

528. RECONSTRUCTION OF ROAD PURCHASED.

When a road is purchased and the fixed improvements acquired are in such a physical condition that it is necessary substantially to rebuild the road in order to bring it up to the standard required by the carrier, the cost of such rebuilding shall be charged to this account.

NOTE A.—A comprehensive statement of the estimated amount necessary to reconstruct a road in accordance with the above provision shall be made to the Commission as soon as the estimate is made.

NOTE B.—When the work of reconstruction of road purchased is completed the cost thereof shall be credited to this account and charged to other primary accounts of this classification appropriate for the expenditures made.

529. OTHER EXPENDITURES—WAY AND STRUCTURES.

This account shall include items which can not properly be included in any of the foregoing accounts as a part of the cost of any specific work, such as the cost of transportation of men, materials, supplies, and equipment over the accounting company's own line; rent and repairs of equipment used in original construction or additions and betterments; and analogous items.

II. EQUIPMENT.

To the appropriate accounts under this general account shall be charged the cost of all equipment not includible under general account Power, such as locomotives; passenger, baggage, express, freight, mail, work, and nonrevenue cars; floating and other equipment; the necessary appurtenances and fixtures first to equip for service; the cost of inspection, setting up, and trying out; the cost of transportation over foreign lines; and cost of additional devices, appliances, and apparatus applied to equipment, such as electric headlights, power brakes, vestibules, heating and lighting apparatus, and the like; also the excess cost of improved appliances and parts over the original cost of such appliances and parts removed. The cost of removing the old appliances and applying the new appliances shall be charged to Operating Expenses.

To this account shall be credited the ledger value of equipment destroyed, sold, or otherwise permanently retired from service. The amount of this credit shall be concurrently charged as follows: Proper account shall be taken of any salvage; account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein with respect to the equipment retired, the amount of depreciation prior to July 1, 1914, not previously written off shall be charged to Profit and Loss and the remainder shall be charged to operating expense account No. 41, "Equipment retired."

530. PASSENGER AND COMBINATION CARS.

This account shall include the cost of passenger, baggage, sleeping, dining, parlor, chair, and combination passenger-service cars from the operation of which revenue is derived; also the excess cost of improved fixtures and appliances over the original cost of such property retired or removed and replaced.

The term *car* includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric motive equipment of the car. The term *combination car* includes all cars that are used in part for carrying passengers.

531. FREIGHT, EXPRESS, AND MAIL CARS.

This account shall include the cost of freight, express, and mail cars from the operation of which revenue is derived; also the excess cost of improved fixtures and appliances over the original cost of such property retired or removed and replaced.

The term *car* includes body and trucks and all fixtures and appliances inside of or attached to the car body or trucks, except the electric motive equipment of the car.

532. SERVICE EQUIPMENT.

This account shall include the cost of water cars, sprinkler cars, sand cars, salt cars, supply cars, and maintenance of way and line cars; snow plows, sweepers, scrapers, and miscellaneous snow-handling equipment; and pile drivers, rail grinders, cranes, welding and bonding apparatus, and similar equipment, where permanently mounted on cars; also the excess cost of improved fixtures and appliances over the original cost of such property retired or removed and replaced.

533. ELECTRIC EQUIPMENT OF CARS.

This account shall include the cost of electric motive equipment and wiring of cars, whether revenue or work cars, including cost of labor, material, tools, freight, hauling of material, and other expense incident to this work; also the excess cost of improved fixtures and appliances over the original cost of such property retired and replaced.

By *electric equipment of cars* is meant the electric motive equipment and the wiring for such equipment.

534. LOCOMOTIVES.

This account shall include the cost of locomotives, including appurtenances, fixtures, and electric equipment necessary to fit them for service, and cost of labor, material, tools, freight, hauling of material, and other expense incident thereto; also the excess cost of improved fixtures, appliances, or parts over the original cost of such property retired or removed and replaced.

To this account shall be charged the cost of steam or other locomotives and tenders, including all appurtenances and fixtures necessary to equip them for service.

535. FLOATING EQUIPMENT.

This account shall include the cost of marine or floating equipment of all kinds, including appurtenances, furniture, and fixtures necessary to equip them

for service; cost of inspection and transportation; also the excess cost of new or improved floating equipment or appurtenances over the original cost of such property removed and replaced

536. SHOP EQUIPMENT.

This account shall include the cost of installing machinery and tools used in shops or carhouses, including specially provided foundations and settings. It includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, portable scales, conduits, and fixtures for conveying compressed air, and other machinery and tools necessary to first equip shops (except as provided for in account No. 538); also the excess cost of improved or enlarged machinery and tools over the original cost of such property retired and replaced.

537. FURNITURE.

This account shall include the cost of movable furniture and fittings for general offices, shops, power plant and substation buildings, stations, waiting rooms, etc., such as desks, tables, chairs, carpets, cases, movable partitions, railings, and shelves; typewriters, addressing machines, adding machines, and other office devices; stoves, portable gas and electric fixtures, and other office fittings (except fixtures considered a part of the building). This account shall also include the excess cost of furniture and fittings over the original cost of such property removed and replaced.

538. MISCELLANEOUS EQUIPMENT.

This account shall include the cost of equipment of general stables, including horses, harness, drays, wagons, automobiles, and other vehicles; equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.; also the excess cost of new or improved equipment over the original cost of such property retired or removed and replaced.

III. POWER.

539. POWER PLANT BUILDINGS.

This account shall include the cost of labor and material used in erecting buildings to be used as power-generating plants, including excavation; foundations, except those special to particular machines and apparatus; drainage, gas, and water pipes and connections; fixtures, when built into and constituting a part of the building; architects' fees; grading, improving, and fencing grounds; coal trestles and pockets; and wells, artificial lakes, ponds, or pipe lines to supply water for steam plant; also the excess cost of improved or enlarged power plant buildings over the original cost of such property removed and replaced.

When a lighting business is conducted in connection with the operation of an electric railway the entire cost of power plant buildings shall be included in this account.

NOTE.—The cost of foundations special to particular machines or apparatus shall be included in the accounts to which the cost of such machines or apparatus is chargeable.

540. SUBSTATION BUILDINGS.

This account shall include the cost of buildings to be used as power substations or storage battery buildings, including excavations; foundations, except those special to particular machines and apparatus; drainage, gas, and water pipes and connections; fixtures, when built into and constituting a part of the building; architects' fees; and expense of grading, improving, and fencing grounds; also the excess cost of improved or enlarged substation buildings over the original cost of such property removed and replaced.

When a lighting business is conducted in connection with an electric railway, the entire cost of substation buildings shall be charged to this account.

NOTE.—The cost of foundations special to particular machines or apparatus shall be included in the accounts to which the cost of such machines or apparatus is chargeable.

541. DAMS, CANALS, AND PIPE LINES.

This account shall include the cost of dams, canals, aqueducts, pipe lines, and penstocks devoted to the utilization of water power and the delivery of the water into the inlet valve of the turbine or water wheel; also that of all wasteways. This includes all gates, valves, and other accessories of such dams; sluices, forebays, grids, walls, buildings, fences, etc., for the operation and protection of such canals and pipe lines; trestles and other supporting structures; and viaducts, bridges, footbridges, etc., necessitated by such canals, aqueducts, and pipe lines; also the excess cost of improved or enlarged dams, canals, and pipe lines or parts thereof over the original cost of such property abandoned or removed and replaced.

542. POWER PLANT EQUIPMENT.

This account shall include the cost of labor and material used in equipping plants for generating power; including cost of engines, boilers, pumps, condensers, and equipment for generating steam power; dynamos, generators, wiring and appliances, and other equipment for generating electric current; special foundations and settings; traveling cranes; switchboards and fixtures and appliances connected therewith; also the excess cost of improved or enlarged equipment and appurtenances over the original cost of such property removed and replaced. The cost of cables and of machinery for the propulsion of cables used in the operation of cable or incline railways shall be charged to this account.

When a lighting business is conducted in connection with an electric railway, the cost of machinery and equipment necessary for the generation of power for lighting shall be included in this account.

NOTE.—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

543. SUBSTATION EQUIPMENT.

This account shall include the cost of labor and material used in equipping power substations; including cost of boilers, storage batteries, transformers, rotary converters, specially provided foundations and settings, switchboards and fixtures and appliances connected therewith, and equipment for portable substations; also the excess cost of improved or enlarged equipment and appurtenances over the original cost of such property removed and replaced.

NOTE.—The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

544. TRANSMISSION SYSTEM.

This account shall include the cost of labor and material used in constructing transmission system, including cost of poles, fixtures, and conduits used primarily for carrying transmission lines; cables, wires, insulators, and insulating material; cost of cutting and trimming trees for transmission lines and cost of constructing roads or footways for patrolling such lines; also the excess cost of improved transmission lines and appliances installed over the original cost of such property removed and replaced.

NOTE.—When the electric current generated or received is changed by means of rotary converters, motor generator sets, or static transformers, that portion of the line or outside conductor system carrying current of other than the operating kind or voltage shall be classed as transmission system. When the electric current is generated or received and used substantially unchanged in voltage and kind, the line or outside conductor system, including feeders, trolley wire, booster circuits, and supplementary return, if any, shall be classed wholly as distribution system. Tie lines between generating stations and substations shall follow the same rule as other lines.

IV. GENERAL AND MISCELLANEOUS.

The primary accounts in this general account are provided to include expenditures made by a carrier in connection with the construction or acquisition of new lines or additions and betterments to its physical property, but which cannot properly be included in any of the foregoing accounts as a part of the cost of any specific work.

545. FRANCHISES.

This account shall include actual amounts paid to a State or to a political subdivision thereof in consideration of franchises running in perpetuity or for a specified term of more than one year and necessary to the conduct of the carrier's operations. Similar payments for perpetual or limited franchises covering additional territory shall also be charged to this account.

NOTE A.—Payments made periodically in the nature of taxes, percentages of revenues, etc., shall be included in income account No. 215, "Taxes assignable to railway operations."

NOTE B.—Balance-sheet account No. 444, "Reserve for amortization of franchises," has been provided, to which may be credited monthly and charged to operating expense account No. 91, "Amortization of franchises," a monthly proportion of annual amounts which, written off proportionately over the life of limited franchises, will create a reserve sufficient, at time of expiration of franchises, to offset the amount charged to this account for such franchises. Upon expiration of a franchise, account No. 444, "Reserve for amortization of franchises," shall be debited and this account shall be credited with the amount paid therefor.

546. LAW EXPENDITURES.

This account shall include law expenditures incurred on account of construction, including pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and the expenses of their offices; cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators upon disputed questions; payments of special fees, notarial fees, and witness' fees not elsewhere provided for; expenses connected with taking depositions, and court costs and expenses.

Expenses in connection with the conduct of suits and not otherwise provided for shall be included in this account.

NOTE A.—Expenditures above designated, when chargeable directly to the account for which incurred, shall not be charged to this account.

NOTE B.—Law expenditures in connection with the organization of the company shall be charged to account No. 550, "Miscellaneous."

547. INTEREST DURING CONSTRUCTION.

When any bonds, notes, or other evidences of indebtedness are sold or any interest-bearing debt is incurred for acquisition or construction of original road and equipment, extensions, additions, and betterments, the interest accruing on the part of the debt representing cost of property chargeable to road and equipment accounts (less interest, if any, allowed by depositaries on unexpended balances) after such funds become available for use and before the receipt or the completion or coming into service of the property so acquired shall be charged to this account.

When such securities are sold at a premium the proportion of such premium assignable to the time between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall include also such proportion of the discount and expense on funded debt issued for construction or addition and betterment purposes as is equitably assignable to the period between the date of the actual issuance of securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest during the construction period on the carrier's own funds used temporarily during such period for construction purposes.

NOTE.—If any securities which have been issued or assumed by the carrier are sold or exchanged by or for the carrier for a consideration the actual money value or which at the time of such sale or exchange is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities plus the accrued interest shall be deemed discount, and in no case (except as provided in the third paragraph of this account) shall discounts be included as part of the cost of anything charged to any account prescribed in this classification.

548. INJURIES AND DAMAGES.

This account shall include all expenses incident to injuries to persons or damage to property caused directly in connection with construction and equipment of road. To it shall be charged during the construction period, the salaries and expenses of physicians and surgeons; medical and surgical supplies; nursing and hospital attendance; artificial limbs; railway and carriage fares for conveying injured persons and attendants; also the pay and expenses of claim adjusters and their clerks, witness fees, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head.

The amount of final judgments and plaintiffs' court costs in connection with suits not otherwise provided for shall be included in this account.

NOTE.—When any of the expenses designated above can be charged directly to the account for which incurred, they shall be so charged, and not to this account.

549. TAXES.

This account shall include all taxes and assessments except special taxes for public improvements levied and accrued on property belonging to the company while under construction and before the road is opened for commercial operation, including taxes on capital stock and proceeds thereof to be used for construction purposes only.

NOTE A.—Special taxes assessed in connection with the construction of street and other improvements, such as grading, sewers, curbs, gutters, paving, and sidewalks, shall be charged to the account to which was charged the property affected.

NOTE B.—Taxes levied on property after it is sufficiently advanced to be devoted to commercial operations shall be charge 1 to account No. 215, "Taxes assignable to railway operations."

550. MISCELLANEOUS.

This account shall include all expenses of a special and incidental nature directly incurred in connection with the construction or acquisition of property classable as road and equipment, which can not properly be included in any other account in this classification. Following are some of the items which shall be included in this account: Fees paid to governments for incorporation; office and other expenses incident to organizing the corporation; cost of preparing and distributing prospectuses; cost of soliciting subscriptions for stock; cash fees paid to promoters; the actual cash value, at the time of organization, of securities issued to promoters for their services in organizing the company; counsel fees in connection with organization; cost of preparing and issuing stock certificates; salaries and expenses of executive and general officers and of general office clerks, or an equitable proportion thereof, when such officers and clerks give all, or a substantial proportion, of their time to construction work and accounts; stationery and printing; insurance; cost of operating a part of the road during the construction period and before the regular operation of revenue cars; credits representing rents of buildings and other properties, and credits for the transportation of commercial freight and passengers, during the construction period; and analogous items.

NOTE.—If the carrier so desires, the above expenses may be kept separate by the use of sub-accounts.

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