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Uniform system of accounts for domestic air carriers

United States. Civil Aeronautics Board

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CIVIL AERONAUTICS BOARD
WASHINGTON, D. C.

**Uniform System of Accounts
for
Domestic Air Carriers**



CAB Form 2780 Manual 1-1-42

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1943

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**IMPORTANT: HOLDERS OF UNIFORM SYSTEM OF
ACCOUNTS FOR DOMESTIC AIR CARRIERS**

If you have purchased a copy of the Uniform System of Accounts for Domestic Air Carriers notify the Civil Aeronautics Board, Washington, D. C., of the fact that you have thus acquired the volume. Carriers and their agents, who are issued copies through official channels, will automatically be placed on a mailing list to receive amendment sheets. *Purchasers who desire this service must request it from the Board.*

As this manual is amended by issuance of revised and additional pages, such pages should be inserted in their proper places. Any pages thus superseded may be discarded or filed for your records. When only one side of a sheet is changed, the opposite unchanged side of the sheet will be reprinted to permit substitution of the entire sheet. Each page containing revised or additional matter will show an "amendment number" on the upper margin. Amendment numbers will be assigned in consecutive order and should be checked off on the list below when pages are received. If this check indicates that amendments have not been received in consecutive order, request should be made to the Board to furnish the page(s) bearing the missing amendment number(s).

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UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D. C.

At a session of the Civil Aeronautics Board held at
its office in Washington D. C., on the 21st day
of January 1942

The Civil Aeronautics Board acting pursuant to the Civil Aeronautics Act of 1938, particularly sections 205 (a) and 407 (d) thereof and deeming its action necessary to carry out the provisions of said act and to exercise its powers and perform its duties thereunder, hereby makes and promulgates the following regulation:

AMENDMENT OF SECTION 202.2 OF
THE ECONOMIC REGULATIONS

FORM OF ACCOUNTS
OF AIR CARRIERS

1. Section 202.2 of the Economic Regulations is hereby amended to read as follows:

"Air carriers engaged in scheduled air transportation shall keep any and all accounts, records, and memoranda, including accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money, as follows:

- (a) Each air carrier engaged in regularly scheduled interstate air transportation within the continental limits of the United States and each air carrier engaged in regularly scheduled operations within the territory of Hawaii, shall keep its accounts, records, and memoranda in accordance with the Uniform System of Accounts for Domestic Air Carriers issued by the Civil Aeronautics Board, dated January 1, 1942, and such amendments thereto as may hereafter be prescribed by the Board; and shall bring its accounts, records and memoranda for the period January 1, 1942, to the effective date of this regulation into conformity with such Uniform System of Accounts.
- (b) Each other air carrier engaged in regularly scheduled air transportation (not including, however, foreign air carriers) shall keep its accounts, records, and memoranda with respect to such transactions in accordance with the provisions of a so-called "Uniform System of Accounts for Foreign Carriers by Air" which was heretofore issued by the Post Office Department and such Uniform System of Accounts is hereby adopted by the Board for such purposes until further action by the Board. Wherever such Uniform System of Accounts for Foreign Carriers by Air refers to the Postmaster General, any Assistant Postmaster General, the United States Post Office Department, or any division thereof, they shall hereafter be deemed to refer to the Civil Aeronautics Board."

2. This regulation, as amended, shall become effective January 21, 1942.

By the Civil Aeronautics Board:

DARWIN CHARLES BROWN,
Secretary.

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GENERAL INSTRUCTIONS

1. RECORDS

The Civil Aeronautics Act of 1938, as amended, provides that it shall be unlawful for air carriers to keep any accounts, records, or memoranda other than those prescribed or approved by the Civil Aeronautics Board.

Domestic air carriers subject to the Act shall keep their accounts in accordance with the system of accounts prescribed herein. Additional accounts, records, or memoranda may be kept or any account included in this system may be subdivided, if such additional accounts or sub-accounts do not impair the integrity of the accounts, records, or memoranda prescribed herein and do not constitute an undue financial burden.

The title of all subdivisions of subaccounts shall refer by account number and title to the account prescribed herein of which it is a subdivision. The numbers prefixed to account titles shall be considered a part of the titles.

The general books of account, and all other books, records, and memoranda which support in any way the entries therein, shall be kept in such manner as to provide at any time full information relating to any account. The entries in each account shall be supported by such detailed information as will render certain the identification and verification of the recorded facts.

The books and records referred to herein include not only accounting records but all other records such as minute books, reports, cost distribution, and other accounting work sheets, correspondence, memoranda, etc., which may be required in the analysis of any account or in developing the history of any accounting or financial transaction. All books and records shall be housed or stored in such manner as to afford protection from theft and damage by fire, flood, or otherwise. All books and records shall be preserved and filed in such manner as to readily permit the audit and examination thereof by representatives of the Civil Aeronautics Board and no such books and records shall be destroyed or otherwise disposed of *except* as provided by rules and regulations issued by the Civil Aeronautics Board.

Monthly reports shall be submitted to the Civil Aeronautics Board on the forms provided and within the prescribed time limits. When requested such other periodic and special information as may be required shall be submitted to the Civil Aeronautics Board or to its authorized representatives.

2. ACCOUNTING PERIOD

Domestic air carriers shall keep their accounting books and records on a monthly basis and all transactions applicable to each month, as nearly as may be ascertained, shall be properly recorded. Unless otherwise authorized or ordered by the Civil Aeronautics Board, domestic air carriers shall close their books at the end of each calendar year (December 31).

3. ALLOCATION OF REVENUES AND EXPENSES

Distribution of salaries, wages, and expenses of employees engaged in activities chargeable to several accounts shall be based upon the actual time engaged on a particular job or class of work, *except* that the pay and expenses of employees performing the same types of work from day to day in various positions may be distributed on the basis of a time study over a representative period.

The propriety of any instructions issued by the air carrier or any system used by the air carrier for distribution or allocation of revenues or expenses between accounts, departments, services or routes, shall be subject to review by the Economic Bureau of the Civil Aeronautics Board and modification may be required when it is determined that such instructions or systems fail to properly reflect the true result of operations.

4. DELAYED ITEMS

The entries in the accounts for a particular month or year shall include, so far as practicable, all of the revenues, income, and expenses accrued during such month or year. In case, however, a revenue, expense, or income item is not included in the accounts for the period to which it applies it shall be included in the appropriate accounts in the same manner as similar current items unless the amount is relatively so large that inclusion would result in a seriously abnormal statement for the full fiscal year. In such instances the air carrier may charge or credit account 294, "Unappropriated Earned Surplus," subject to subsequent review by the Economic Bureau of the Civil Aeronautics Board of the propriety of the entry, *except* where specific instructions in an account prohibit such treatment.

5. FOREIGN EXCHANGE

All accounts provided herein shall be stated in terms of United States currency. A currently estimated rate of exchange may be used for conversion purposes and adjusted periodically as required. Profit on foreign exchange either on an actual or estimated basis shall be entered in account 907, "Other Non-operating Income"; losses and service charges shall be entered in account 957, "Other Deductions from Gross Income."

6. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities shall not be included in the body of the balance sheet but shall be shown in detail in a supplementary statement. *Contingent assets* are defined as assets without value until the fulfillment of conditions regarded as uncertain. *Contingent liabilities* are defined as items which under certain conditions may become obligations but at the date of the balance sheet are neither direct nor assumed obligations.

7. INTERPRETATION OF ITEM LISTS

Item lists have been included as a part of certain accounts within this uniform system of accounts for the purpose of more clearly indicating the application of accounting in specific cases. The item lists included in all accounts are representative and do not exclude from the accounts analogous items which are omitted from the lists. The inclusion of an item in a list justifies its inclusion in an account only when the context of the account indicates inclusion since similar items frequently appear in more than one list.

8. SUBMISSION OF QUESTIONS

To the end that uniform accounting may be maintained all questions of doubtful interpretation of the instructions contained herein shall be submitted to the Economic Bureau of the Civil Aeronautics Board for consideration and decision.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

<i>Account Number</i>		<i>Account</i>
100	Current Assets	
101	Cash	
102	Working Funds and Special Deposits	
103	Short Term Securities	
104	Accounts Receivable	
105	Airline Traffic Accounts Receivable	
106	Net Balances Receivable from Agents	
107	Interest and Dividends Receivable	
108	Notes Receivable	
109	Subscriptions to Capital Stock	
110	Materials and Supplies	
111	Motor Fuels	
112	Lubricating Oils	
113	Other Current and Accrued Assets	

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

101 CASH.

This account shall include all funds in banks available for use on demand, deposits in transit, and all verified funds in the custody of officers and employees of the air carrier.

Checks in favor of payees shall be credited to this account when released for transmittal to payees and *not* when paid by the depositories.

This account shall not include funds provided for in account 102, "Working Funds and Special Deposits," and expense advances included in account 104, "Accounts Receivable."

BALANCE SHEET ACCOUNTS
CURRENT ASSETS

102 WORKING FUNDS AND SPECIAL DEPOSITS

This account shall include all amounts held by employees as change funds, working funds, or expense advances in the nature of revolving funds, from which specific types of expenditures are authorized.

It shall also include special deposits for the payment of debts, dividends, and interest and other special deposits of a current nature.

Deposits not recoverable within one year from the date of the balance sheet shall not be included in this account but in appropriate accounts under account group 120, "Investments and Special Funds."

Subaccounts shall be established in order to state separately (a) working funds and (b) special deposits.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

103 SHORT TERM SECURITIES

This account shall include the air carrier's investment in Government securities and all other readily marketable securities. It shall also include good and collectible securities which mature in 1 year or less from the date of the balance sheet. When the maturity date of investments recorded in account 121, "Investments," is within 1 year from the date of the balance sheet such investments shall be transferred to this account.

Investments, *except* readily marketable securities, bearing maturity terms in excess of 1 year from the date of the balance sheet, shall be included in account 121, "Investments."

Securities issued or assumed by the air carrier shall not be included in this account.

Investments in and advances to affiliated companies shall be included in account 122, "Investments in and Advances to Affiliates."

When securities with a fixed maturity date are purchased at a discount or at a premium such discount or premium may be amortized over the remaining life of the securities by periodic charges or credits to the account in which the securities are carried, coincident with entries recording interest accruals, and concurrent charges or credits to account 902, "Interest and Dividend Income."

Subaccounts shall be established in order to state separately (a) United States Government securities and (b) other short term securities.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

104 ACCOUNTS RECEIVABLE

This account shall include amounts due on open accounts, transportation charged to subscribers to air travel plan contracts, and loans to officers and employees either on open accounts or notes.

Airline traffic accounts receivable shall not be included in this account but in account 105, "Airline Traffic Accounts Receivable."

Advances to affiliated companies, together with the interest thereon, shall be included in account 122, "Investments in and Advances to Affiliates."

ITEM LIST

Air travel plan contract receivables
Amounts due from Federal, State, local and foreign governments for the transportation of mail and passengers; gasoline, oil and other tax refunds, and miscellaneous services
Loans to officers and employees
Salary advances
Temporary expense advances
Trade balances receivable

BALANCE SHEET ACCOUNTS**CURRENT ASSETS****105 AIRLINE TRAFFIC ACCOUNTS RECEIVABLE**

This account shall include amounts due from other air carriers for the account of the air carrier for transportation services of all types over its lines.

Amounts payable included in account 203, "Airline Traffic Accounts Payable," shall not be credited to this account.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

106 NET BALANCES RECEIVABLE FROM AGENTS

This account shall include net balances due from outside agents, railroads, steamship companies, and other representatives, *except* air carriers, charged with the collection or custody of current revenues. It shall also include adjustments arising from errors in agents' reports covering transportation revenue.

Verified cash in transit shall not be included in this account but in account 101, "Cash." Traffic balances receivable from other air carriers shall be included in account 105, "Airline Traffic Accounts Receivable."

BALANCE SHEET ACCOUNTS**CURRENT ASSETS****107 INTEREST AND DIVIDENDS RECEIVABLE**

This account shall include interest accrued on bonds and on loans and notes receivable and dividends declared and unpaid on stocks owned. When interest bearing securities are purchased and the price paid includes accrued interest the proportion of the price representing accrued interest shall be charged to this account.

Interest and dividends receivable on securities issued by affiliated companies and interest on loans and advances to affiliated companies shall be included in account 122, "Investments in and Advances to Affiliates."

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

108 NOTES RECEIVABLE

This account shall include the book value of notes receivable due on demand or within 1 year of the date of the balance sheet.

Notes receivable maturing in more than 1 year from the date of the balance sheet shall not be included in this account but in account 121, "Investments"; loans to officers and employees either on open accounts or notes shall be included in account 104, "Accounts Receivable"; interest receivable shall be included in account 107, "Interest and Dividends Receivable."

Advances to affiliated companies, together with the interest thereon, shall be included in account 122, "Investments in and Advances to Affiliates."

BALANCE SHEET ACCOUNTS**CURRENT ASSETS****109 SUBSCRIPTIONS TO CAPITAL STOCK**

This account shall include amounts due from subscribers on legally enforceable subscriptions to the capital stock of the air carrier.

Reference is made to account 280, "Capital Stock," for instructions relating to treatment of capital stock discounts and premiums.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

110 MATERIALS AND SUPPLIES

This account shall include the cost of unissued and unapplied materials and supplies held in stock for the maintenance and repair of property and equipment; shop materials, expendable tools, stationery and office supplies, passenger service supplies, and restaurant and food service supplies. It shall not include spare parts, instruments and assemblies included in operating property account 1506, "Flight Equipment Spare Parts and Assemblies." Trade discounts shall be treated as reductions of prices of materials and supplies purchased.

Costs paid by the air carrier such as transportation charges and customs duties; excise, sales, use and other taxes; special insurance; and other charges applicable to the cost of materials and supplies shall be charged to this account when such costs can be definitely allocated to specific items or units of property. If such costs cannot be so allocated or if considered of minor significance in relation to the cost of such property, the amounts thereof may be charged to account 175, "Other Deferred Charges," and cleared either by a suitable "loading charge" or by direct charges to appropriate expense accounts.

This account shall include labor, materials, and outside services used in the process of manufacturing materials and supplies for stock. Reusable materials and supplies recovered in connection with the construction, maintenance, or retirement of property and equipment shall be included in this account at fair and reasonable values but in no case shall such values exceed original cost. Scrap and nonusable materials and supplies shall be included at estimated net amounts realizable therefrom.

A perpetual inventory of materials and supplies shall be maintained, showing the unit cost and quantity on hand, and verified by actual count at least annually. Shortages, overages, deterioration, etc., shall be adjusted through account 616, "Materials and Supplies—Inventory Adjustment." A reserve for inventory adjustment applicable to items of property in this account is prohibited.

Profit and loss on sale of inventory items and profit and loss in connection with repair and service sales shall be included in account 352, "Service Sales—Net."

Fuel for heating shall be charged to appropriate expense accounts at the time of purchase. Motor fuels and lubricating oils shall be included in accounts 111, "Motor Fuels," and 112, "Lubricating Oils."

Materials and supplies loaned, in the custody of, or consigned to the air carrier without purchase obligation, shall not be included in this account. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained covering such property.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

111 MOTOR FUELS

This account shall include the cost of motor fuels held in stock. The cost of motor fuels shall include transportation charges, customs duties, demurrage and siding charges, special insurance, inspection fees, nonrefundable Federal and State fuel taxes, city and State sales and use taxes, and other miscellaneous charges. Refunds and other adjustments of cost shall be entered in this account.

This account shall be credited with the cost of aircraft engine fuel issued for use in flying operations and the amounts thereof shall be charged to account 405, "Aircraft Engine Fuels," excluding nonrefundable Federal and State fuel taxes which shall be charged to account 406, "Aircraft Engine Fuel Taxes." The cost of aircraft engine fuel used in connection with overhaul of aircraft engines shall be included as a part of the cost of such overhauls.

A perpetual inventory of motor fuels shall be maintained and verified by actual measure at least annually. Any shortages, overages, shrinkage, etc., disclosed by such verification shall be adjusted by charges or credits to account 405, "Aircraft Engine Fuels."

Refundable taxes on motor fuels shall be included in account 104, "Accounts Receivable."

At the air carrier's option, inventories of motor vehicle gasoline may be included in this account or charged to the appropriate expense account when purchased.

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

112 LUBRICATING OILS

This account shall include the cost of lubricating oils held in stock. The cost of lubricating oils shall include transportation charges, customs duties, special insurance, nonrefundable Federal and State taxes, city and State sales and use taxes, and other miscellaneous charges. Refunds and other adjustments of cost shall be entered in this account.

This account shall be credited with the cost of aircraft lubricating oils issued for use in flying operations and the amounts thereof shall be charged to account 407, "Aircraft Engine Oils," excluding non-refundable Federal and State oil taxes which shall be charged to account 408, "Aircraft Engine Oil Taxes." The cost of lubricating oils used in connection with overhaul of aircraft engines shall be included as a part of the cost of such overhauls.

The cost of reclaiming used oil returned to stock shall be included in this account. This account shall be credited with all such lubricating oils used and the cost thereof charged to account 407, "Aircraft Engine Oils," or other appropriate expense accounts.

A perpetual inventory of lubricating oils shall be maintained and verified by actual measure at least annually. Any shortages, overages, shrinkage, etc., disclosed by such verification, shall be adjusted by charges or credits to account 407, "Aircraft Engine Oils."

Refundable taxes on lubricating oils shall be included in account 104, "Accounts Receivable."

At the air carrier's option, inventories of motor vehicle oils, may be included in this account or charged to the appropriate expense account when purchased.

BALANCE SHEET ACCOUNTS**CURRENT ASSETS****113 OTHER CURRENT AND ACCRUED ASSETS**

This account shall include current assets not included in accounts 101 to 112, inclusive.

This account shall also be used to record jobs in process for others. The accumulated charges shall be carried in this account until such jobs are completed. Upon completion the amount accumulated herein and the amount received or receivable for the job shall be transferred to account 352, "Service Sales—Net."

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

<i>Account Number</i>	<i>Account</i>
120	Investments and Special Funds
121	Investments
122	Investments in and Advances to Affiliates
123	Net Investments in Separately Operated Divisions
124	Uninsured Losses—Funds
125	Other Special Funds

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

INSTRUCTIONS

1. The accounts in this group are designed to record investments of the air carrier and also funds of a special nature set aside for specific purposes such as cash and securities deposited to insure performance of contracts, bonds posted with courts of law, pension funds, and sinking funds.

2. BOOK VALUE OF SECURITIES OWNED

The air carrier shall record investments in securities of others at cost exclusive of any amount paid for accrued interest.

When securities of others owned by the air carrier suffer a permanent impairment in value the book value thereof may be written down but fluctuations in market values shall not be recorded. The decrease in value shall be recorded by a credit to the accounts in which such securities are carried and a charge to account 294, "Unappropriated Earned Surplus."

When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities by periodic charges to the account in which the securities are carried, coincident with entries recording interest accruals, and credits to account 902, "Interest and Dividend Income."

When securities with a fixed maturity date are purchased at a premium (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is in excess of par), such premium may be amortized over the remaining life of the securities by periodic credits to the account in which the securities are carried, coincident with entries recording interest accruals and charges to account 902, "Interest and Dividend Income."

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

121 INVESTMENTS

This account shall include the book value of the air carrier's investment in securities, *except* readily marketable securities which shall be included in account 103, "Short Term Securities." It shall include notes receivable maturing more than 1 year from the date of the balance sheet.

Securities owned and pledged shall be included in this account but securities held in special funds shall be included in the appropriate fund account. The air carrier's record shall be kept in such manner as to distinguish clearly between securities pledged and unpledged.

Securities issued or assumed by the air carrier shall not be included in this account.

Investments in and advances to consolidated ticket offices, joint airline associations, or other affiliates, shall be charged to account 122, "Investments in and Advances to Affiliates."

When the maturity date of investments included herein is within 1 year of the date of the balance sheet such investments shall be transferred to account 103, "Short Term Securities."

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

122 INVESTMENTS IN AND ADVANCES TO AFFILIATES

This account shall include the air carrier's investment in affiliated companies together with advances and loans and the accrued interest thereon.

Affiliates are defined as companies solely controlled by the air carrier and companies controlled jointly by the air carrier and others under a joint agreement.

The records supporting the entries in this account shall be kept in such manner that the carrier can provide complete information concerning its investment in and advances to each affiliate.

ITEM LIST

Advances to consolidated ticket offices or other joint airline associations
Advances and loans to affiliates or subsidiaries
Interest on securities, loans, and advances carried in this account
Investment in Aeronautical Radio Corporation
Investment in affiliates or subsidiaries
Investment in consolidated ticket offices or other joint airline associations

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

123 NET INVESTMENT IN SEPARATELY OPERATED DIVISIONS

This account shall include the air carrier's net investment in separately operated divisions such as schools of instruction, crop dusting service, manufacturing divisions, etc., which are not a part of the regular transportation and incidental operations and for which separate records and books of accounts shall be maintained. This account shall not include investments in wholly owned subsidiary corporations.

This account shall include three subaccounts for each separately operated division: (1) Net investment; (2) Monthly net profit or loss; (3) Current accounts receivable or payable between the air carrier and the separately operated division.

(1) Net investment shall include cash and the value of equipment and other property transferred by the air carrier to the separately operated division retained and used by it in the form of capital.

(2) Monthly net profit or loss shall be used to record the net profit or loss of the separately operated division and the balance in this subsidiary account shall agree with the books of the separately operated division at the close of each monthly accounting period. This account on the books of the separately operated division corresponds in usage to the surplus account of an ordinary corporation. When this subaccount is first established on the books of the air carrier, the offsetting charge or credit shall be recorded in account 294, "Unappropriated Earned Surplus." Thereafter the charge to this subaccount covering monthly profit shall be entered in account 906 "Separately Operated Divisions Profits," and the credits to this subaccount covering monthly losses shall be charged to account 954, "Separately Operated Divisions Losses."

(3) The current accounts receivable or payable shall be used to record the current accounts between the air carrier and each separately operated division which are ordinarily settled by an exchange of funds.

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

124 UNINSURED LOSSES—FUNDS

When a special fund is required as a part of a plan covering the operation of a reserve for uninsured losses, this account shall include the assets segregated for that purpose.

See account 291, "Reserve for Uninsured Losses."

BALANCE SHEET ACCOUNTS
INVESTMENTS AND SPECIAL FUNDS

125 OTHER SPECIAL FUNDS

This account shall include special funds not of a current nature such as sinking funds, cash and securities posted with courts of law pending settlement of lawsuits, employees' funds for purchase of capital stock, pension funds under the control of the air carrier, and other special funds not included in account 124, "Uninsured Losses—Funds."

Deposits or advances on contracts covering the purchase of property or new equipment shall be charged to this account pending the application of such deposits to specific units of property or equipment at which time amounts so applied shall be transferred to account 1561, "Construction Work in Progress," or to other appropriate property accounts.

A separate subaccount, with appropriate title, shall be established for each fund included herein.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

<i>Account Number</i>	<i>Account</i>
150	Operating Property and Equipment
1501	Aircraft
1502	Aircraft Engines
1503	Aircraft Propellers
1504	Aircraft Radio Equipment
1505	Miscellaneous Flight Equipment
1506	Flight Equipment Spare Parts and Assemblies
1511	Passenger Service Equipment
1512	Restaurant and Food Service Equipment
1521	Station Communication Equipment
1522	Hangar, Shop, and Ramp Equipment
1523	Motorized Vehicles and Equipment
1524	Furniture, Fixtures, and Office Equipment
1525	Medical Equipment
1526	Engineering Equipment
1527	Airport and Airway Lighting Equipment
1528	Storage and Distribution Equipment
1529	Miscellaneous Ground Equipment
1531	Buildings and Improvements on Land Owned
1532	Buildings and Improvements on Land Not Owned
1533	Improvements to Leased Property
1551	Land
1561	Construction Work in Process

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT
INSTRUCTIONS

1. The accounts in this group are designed to record the investment of the air carrier in property and equipment used in transportation and incidental services.

2. OPERATING PROPERTY AND EQUIPMENT DEFINED

Book value of property is defined as the value (before deducting accrued depreciation) at which the building, structure, unit of equipment, item, or class of property, is carried in the property accounts at the date of the balance sheet.

Net book value of property is defined as the book value less the accrued depreciation as recorded on the books of the air carrier at the date of the balance sheet.

Construction is defined to include all processes connected with construction of original units of equipment, buildings, structures, items or classes of property.

Buildings and improvements are defined as buildings, structures and building improvements and fixtures and appurtenances when forming a part of the building or building improvements; walks, runways, driveways, sewer systems, retaining walls, grading and landscape gardening, aprons, and any other permanent improvement adjacent to buildings. Restoring structures and grounds to their former condition after additions and betterments shall be included as a part of the cost of such additions and betterments.

Equipment is defined as the property used or useful in carrying on air transportation operations, such as aircraft, engines, communication and meteorological equipment, motorized equipment, furniture and office fixtures.

Additions are defined as additional equipment, land, structures, and other tangible property; extensions of fuel, water, and oil distribution equipment; additions to buildings and other structures; and additional safety devices applied to equipment not previously thus equipped.

Betterments are defined as improvements of property and equipment through the substitution of superior parts for inferior parts retired, the object of which is to make such property more useful or of greater capacity than at the time of installation or acquisition.

Costs are defined as the amount of money actually expended, the money value of the consideration other than money, or the liability incurred by the air carrier in the purchase, acquisition, and original installation of property, equipment, materials, and services, and in the construction of buildings, equipment, etc.

Retired property is defined as property permanently withdrawn from operations, sold, abandoned, demolished, or disposed of otherwise.

Salvage is defined as the fair and reasonable value of materials and parts recovered from retired property.

Residual value is defined as the predetermined proportion of the book value of a unit of operating property or equipment excluded from depreciation.

Service value is defined as the difference between book value and residual value.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

3. BASIS OF CHARGES FOR PROPERTY, EQUIPMENT, AND CONTRACT RIGHTS ACQUIRED

The total cost of land, new equipment, buildings, structures, and improvements thereto, shall be recorded in the property and equipment accounts. The total cost of such property and equipment shall include, in addition to the cash purchase price, or the actual money value of the consideration, the cost of labor, materials, and overhead used in the construction or installation of the new property and equipment; transportation costs, taxes, legal fees, inspection and testing costs before use, and all other expenditures properly applicable to the cost of acquisition. The cost of equipment shall include all expenses of a preliminary nature and all expenses in connection with original installations of equipment, parts, and appliances prior to use in line operations, together with the cost of dismantling new equipment for shipment and assembly at destination.

The cost of betterments, including labor and all other installation costs, shall be charged to the property and equipment accounts; the book value of parts and appurtenances removed and the reserve for depreciation applicable thereto shall be treated as retired property and accounted for accordingly *except* that the cost of removal shall be classed as repairs and charged to appropriate operating expense accounts.

If different classes of property and equipment, chargeable to more than one property account, are purchased for a single sum and the cost of each class cannot be definitely ascertained, apportioned costs shall be based upon the most accurate information available and if necessary appraisals shall be made by the air carrier.

When property is acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, the book values and accrued depreciation reserves as carried on the books of the predecessor company at the actual date of transfer shall be entered in the appropriate property accounts of the acquiring air carrier. The difference between the actual cost at the date of acquisition and such net book values shall be recorded in account 181, "Property Acquisition Adjustment."

The cost of acquiring leaseholds, patents, copyrights or other intangibles, shall be charged to account 182, "Other Intangibles."

Interest on liabilities incurred in the acquisition of property and equipment, contract rights, or other privileges, shall not be included as a part of the cost thereof but charged to account 951, "Interest Expense."

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

4. PROPERTY RETIRED

In the event property or equipment is disposed of by sale, retirement, abandonment, dismantling, etc., the air carrier shall credit the account in which the property is carried with the book value thereof, charge the accrued depreciation account with the balance applicable to the retired property, and charge the cash proceeds of the sale or the value of salvaged material to the appropriate asset accounts. When the sale price or salvage value less the cost of dismantling is in excess of the net book value of the property, such excess shall be credited to account 903, "Retirement of Operating Property and Equipment—Gain," *except* in cases of involuntary conversion where the carrier establishes a replacement fund under section 112 (f) of the Internal Revenue Code. In such event the excess shall be credited to account 234, "Other Deferred Credits." When the sale price or salvage value less the cost of dismantling is less than the net book value of the property, such loss shall be charged to account 956, "Retirement of Operating Property and Equipment—Loss."

When property is retired or disposed of as a result of major accident or other casualty, the net book value of such property shall be charged to account 175, "Other Deferred Charges," pending adjustments.

When a building, other structure, or unit of equipment is retired from operations and retained by the air carrier, its book value shall be transferred to account 160, "Non-operating Property and Equipment," and the amount of the reserve for depreciation applicable thereto shall be transferred to account 260, "Accrued Depreciation—Non-operating Property and Equipment." When such property is transferred for exclusive use of separately operated divisions, the net book value thereof shall be recorded in account 123, "Net Investment in Separately Operated Divisions."

When the renewal to be made to an important building or other structure or to an item of equipment will constitute the major proportion of its value when renewed, the property to which such renewals will apply shall be considered as retired property and accounted for accordingly. The renewal shall be considered as a new unit and the cost thereof, together with the appraised value of the salvaged material, shall be recorded in the appropriate property and equipment accounts. In no case shall the amount set up for the renewal exceed the cost of a new unit of equal capacity and expectation of life at current market prices of labor and material.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

5. RECORDS OF PROPERTY AND EQUIPMENT

The air carrier shall maintain property and equipment records setting forth the description of all property and equipment recorded in account 150, "Operating Property and Equipment." With respect to each unit of property or equipment, the record shall show the date of acquisition, the cost, the cost of additions and betterments, the cost of parts retired, rates of depreciation, residual values (where applicable) not subject to depreciation, and the date of retirement or other disposition.

6. PROPERTY AND EQUIPMENT ON CONSIGNMENT

Property and equipment loaned, in the custody of, or consigned to the air carrier without a purchase obligation, shall not be recorded in the same manner as similar classes or types of property purchased by the air carrier for cash or other considerations. The property and equipment accounts shall not be charged with such property and liability accounts shall not be established. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained.

Property and equipment purchased on a deferred payment basis or under contracts which provide for payment on a unit or other basis shall be treated as a definite purchase obligation and not as consigned property.

7. AIRCRAFT AND ENGINE RECORDS

In addition to the property records the air carrier shall maintain records of miles and hours flown by each aircraft, and hours flown by each aircraft engine, in sufficient detail to provide the data required on monthly reports to the Civil Aeronautics Board.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1501 AIRCRAFT

This account shall include the cost of aircraft of all types and classes used in transportation and incidental services, together with original installations of all aircraft instruments, appurtenances, parts, and fixtures comprising such aircraft.

Aircraft engines, aircraft radio equipment, aircraft propellers, miscellaneous flying equipment, and spare parts and assemblies for flying equipment shall not be included in this account but in the respective accounts provided for such equipment.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1502 AIRCRAFT ENGINES

This account shall include the cost of aircraft engines of all types and classes used in transportation and incidental services, together with original installations of accessories, appurtenances, parts, and fixtures comprising such aircraft engines.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1503 AIRCRAFT PROPELLERS

This account shall include the cost of aircraft propellers of all types and classes used in transportation and incidental services.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1504 AIRCRAFT RADIO EQUIPMENT

This account shall include the cost of aircraft radio equipment of all types and classes used in transportation and incidental services, including radio, radiophone, and other aircraft communication apparatus, together with original installations of fixtures and appurtenances comprising such aircraft communication equipment.

**BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT**

1505 MISCELLANEOUS FLIGHT EQUIPMENT

This account shall include the cost of miscellaneous flight equipment of all types and classes, including miscellaneous flight crew equipment, used in transportation and incidental services.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1506 FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES

This account shall include the cost of spare parts, accessories and assemblies owned by the air carrier and held for use in or repair of specific types of flight equipment used in transportation and incidental services.

Reusable spare parts, accessories and assemblies recovered in connection with construction, maintenance, or retirement of equipment shall be included in this account at fair and reasonable values but in no case shall such values exceed original cost. Scrap and nonusable spare parts, accessories and assemblies shall be included at estimated net amounts realizable therefrom.

This account shall not include spare parts which may be used interchangeably in various types of equipment, spare parts held in stock for other than flight equipment, or other inventory items properly chargeable to account 110, "Materials and Supplies."

This account shall be maintained in such manner as to clearly segregate spare parts and assemblies held in stock for each type or class of aircraft, aircraft engine, or other flight equipment.

Flight equipment spare parts and assemblies loaned, in the custody of, or consigned to the air carrier without purchase obligation, shall not be included in this account. For the purpose of maintaining comprehensive records an appropriately classified memorandum account, clearly and distinctly earmarked as such, should be maintained covering such property.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1511 PASSENGER SERVICE EQUIPMENT

This account shall include the cost of passenger service equipment assigned for use on aircraft. It shall include equipment classified by the air carrier as its aircraft passenger service equipment complements, comprised of broilers, beetleware, dishes and glassware, silverware, food boxes, thermos jugs, serving trays, blankets, mattresses, linen, pillows, seat covers, head rest covers, electric razors, first aid kits, etc.

It shall not include spare items intended for replacement of the individual items included in the complements. Such spare items shall be carried in account 110, "Materials and Supplies," and upon withdrawal from stock charged to account 662, "Equipment Repairs and Expenses."

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1512 RESTAURANT AND FOOD SERVICE EQUIPMENT

This account shall include the cost of all types and classes of restaurant and food service equipment used in transportation and incidental services.

ITEM LIST

Bottle washers	Food choppers	Silverware
Broilers	Glassware	Sinks
Cash registers	Hand trucks	Steam tables
Chairs	Kitchenware	Sterilizers
Chinaware	Laundry equipment	Stools
Cleaning equipment	Linen	Stoves
Coffee makers	Linoleum	Tables
Counters, rails, and gates	Lockers	Thermos bottles
Cupboards	Mixers	Toasters
Dishes	Ovens	Utensils
Dishwashers	Refrigerators	Water coolers
Driers	Serving carts	Water softeners
Fans—various	Serving trays	Water tanks and urns

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1521 STATION COMMUNICATION EQUIPMENT

This account shall include the cost of station communication equipment of all types and classes used in transportation and incidental services, including radio, radiophone, telegraph, telephone, teletype, and other necessary fixtures and appurtenances not considered a part of buildings; also other communication equipment adjacent to stations.

ITEM LIST

Antennae	Public address systems
Chronometers	Receivers—complete
Control units	Rectifiers
Direction finders	Remote control equipment
Dynamotors	Switchboards
Generators	Teletypes
Loop assemblies	Towers
Poles	Transmitters
Power units	

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1522 HANGAR, SHOP, AND RAMP EQUIPMENT

This account shall include the cost of hangar, shop, and ramp equipment not considered a part of buildings, such as machinery and depreciable tools of all types and classes used in overhauling, repairing, testing, and servicing, property and equipment used in transportation and incidental services.

ITEM LIST

Air compressors	Mandrels
Air conditioning units	Metal working machines and tools
Aircraft engine heating devices	Motor overhaul machines
Air transformers	Motor stands
Baggage carts, various	Oil reclaimers and distillers
Balancing ways—propeller	Passenger canopies
Band saw machines	Passenger steps
Battery carts	Planers
Benches, seats, etc.	Polishing machines
Bins, cabinets, etc.	Portable lights (first cost)
Blowers	Power machinery
Bulletin boards	Presses and punches
Cargo loading stands	Protective devices
Cleaning equipment	Pumps
Commissary carts	Push cars for shop use
Cranes	Radio tools and test equipment
Dollies	Ramp equipment
Doping equipment	Riveting devices
Drill presses	Run-in stands and equipment
Drip pans	Saws, various
Electric motors and devices	Scales
Elevated working platforms	Shelving
Fans, various	Sinks for solvents
Fire extinguishers	Sledges
Forges	Spark plugs test equipment
Furnaces and ovens	Spray machines and equipment
Gauges, dies, etc.	Starting equipment
Generators	Storage tanks, shop use
Grinding machines	Tables, shop use
Hand tools, first cost	Testing devices
Hoists, chains, and tackle	Threading machines
Hydraulic jacks	Time clocks
Instrument repair equipment	Tire repair equipment
Instrument tools, first cost.	Tool stands and tool chests
Jacks—various	Tow bars
Jigs	Tripods
Laboratory test equipment	Trucks, shop
Ladders—shop	Ventilators
Lathes	Vises
Lawn mowers	Water coolers
Machine tools, first cost	Welding equipment

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1523 **MOTORIZED VEHICLES AND EQUIPMENT**

This account shall include the cost of motorized vehicles and equipment of all types and classes used in transportation and incidental services, such as passenger automobiles, limousines, motor trucks, gasoline truck and tanks, tractors, busses, motorcycles, air conditioning trucks and equipment and other specially built motor vehicles, station wagons, and trailers.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1524 FURNITURE, FIXTURES, AND OFFICE EQUIPMENT

This account shall include the cost of all types and classes of movable furniture, fixtures, and office equipment used in transportation and incidental services and not considered improvements to buildings or leased property.

ITEM LIST

Addng machines	Fans, electric, etc.
Air conditioning units	Filing cases and equipment
Awnings	Fire extinguishers
Basket, waste, etc.	Librascopes
Book cases	Linoleum
Cabinets	Lockers, metal or wood
Calculating machines	Machines, office use
Carpets, rugs, etc.	Maps, frames and cases
Chairs	Mimeograph machines and equipment
Check writing machines	Mirrors
Cleaning equipment	Pictures and frames
Clocks, time checking, etc.	Punches
Clothes trees	Safes
Communication systems—office	Scales
Counters, rails and gates	Screens, metal or wood
Cupboards	Stands, benches, etc.
Daters	Step ladders, stepbenches, etc.
Davenportes	Stools
Desks	Stoves
Desk sets	Tables, benches, stands, etc.
Dictaphones and equipment	Typewriters and equipment
Duplicating machines	Wardrobes
Electric lights, various types	Water coolers

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1525 MEDICAL EQUIPMENT

This account shall include the cost of medical, surgical, and health service equipment of all types and classes used in transportation and incidental services and not considered improvements to buildings or leased property.

ITEM LIST

Adaptometers	Hydraulic units	Sphygmomanometers
Anatomical chairs	Incubators	Spirometers
Asbestos chimney muscle testers	Instrument cabinets	Stereoscopes
Audio meters	Keratometers	Sterilizer cabinets
Basal metabolism units	Medical library	Stethoscopes
Clinical tables	Microscopes	Treatment chairs
Electrocardiographs	Nurse's record desks	Vertometers
Examining chairs	Perimeters	Visual activity meters
Examining lamps	Physiotherapy apparatus	Waste receivers
Examining tables	Refractors	X-ray machines and equipment
Hospital beds	Refrigerators	
	Scales	

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1526 ENGINEERING EQUIPMENT

This account shall include the cost of engineering and drafting equipment of all types and classes used in transportation and incidental services and not considered as improvements to buildings or leased property.

ITEM LIST

Blue printing equipment
Drafting equipment
Drawing boards
Drawing sets
Engineering books, etc.

Engineering instruments
Laboratory equipment
Lettering sets
Slide rules
Tracing tables

**BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT**

1527 AIRPORT AND AIRWAY LIGHTING EQUIPMENT

This account shall include the cost of airport and airway lighting equipment of all types and classes used in transportation and incidental services.

ITEM LIST

Beacons	Flood lights
Blinker lights	Obstruction lights
Boundary lights	Power lines
Code beacons	Pump equipment
Contact lights	Switch cabinets
Electric generating plants	Time switches
Fire pots	Towers

**BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT**

1528 STORAGE AND DISTRIBUTION EQUIPMENT

This account shall include the cost of fuel, oil, water, storage, and related distribution equipment; storage tanks and pipe lines, together with the necessary equipment; special foundations and walls therefor; auxiliary tanks and pumps; fire extinguishers and equipment, and other protective devices considered a part of the storage and distribution equipment used in transportation and incidental services.

ITEM LIST

Automatic starters and switches	Oil pumps
Electric motors	Pipe lines
Fences and gates	Pits, fuel, and oil
Fire extinguishers and equipment	Pumps and equipment
Generators	Tanks
Hose	Unloading equipment
Meters	Valves
Nozzles	Water separators
Oil containers	

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1529 MISCELLANEOUS GROUND EQUIPMENT

This account shall include the cost of meteorological, photographic, advertising, employees' training, and other miscellaneous ground equipment of all types and classes used in transportation and incidental services and not recorded in ground operating property and equipment accounts 1521 to 1528, inclusive.

ITEM LIST

Anemometers	Pilot flight trainers
Balloons	Plotting boards and instruments
Barographs	Projectors
Cabinets, cases, etc.	Psychrometers
Cameras and equipment	Rain gauges
Ceiling projectors	Screens, photographic
Chronometers	Signs—Neon, painted, electric, etc.
Cleaning equipment	Snow removal equipment
Darkroom equipment	Sound equipment
Employees' training equipment	Theodolites
Hydrogen generators	Thermographs
Hygrometer	Thermometers
Meteorological equipment	Tripods
Meteorology tables	Weather forecasting equipment
Microbarographs	

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1531 BUILDINGS AND IMPROVEMENTS ON LAND OWNED

This account shall include the cost of buildings, structures, and improvements on land owned by the air carrier and used in transportation and incidental services.

The cost of buildings includes all fixtures and appurtenances attached to and forming a permanent part of buildings such as water, steam and gas piping; electric wiring; fuel, water and oil storage and distribution systems when considered a part of the building or structure; and other miscellaneous costs applicable thereto.

The cost of improvements includes walks, roadways, runways, and driveways; sewer systems, retaining walls, grading and landscaping, aprons, and other permanent structures which are an improvement to the property.

The cost of restoring structures and grounds to their former condition after additions and betterments have been made shall be included in the cost of such additions and betterments.

ITEM LIST

Administration buildings	Office buildings
Airport buildings	Operations buildings
Architect fees	Paving
Bridges, culverts, etc.	Platforms
Buildings for housing employees	Protective devices around buildings
Clearing ground	Pump houses
Communication buildings and towers	Ramps
Damage to adjoining property	Sanitary systems, etc.
Drainage systems, tiling, boxing, etc.	Sheds
Dredging, etc.	Shops
Driveways	Shower buildings
Dwellings	Special type buildings
Fences and gates	Sprinkling system in buildings, etc.
Foundations and walls, etc.	Station buildings
Fountains and fixtures	Surveyors' fees
Garages	Terminal buildings
Grading, leveling, etc.	Utility buildings
Grass, trees, seeding, etc.	Ventilating systems, fixtures, etc.
Hangars	Walks, adjacent to structures
Heating systems	Warehouses
Legal fees	Water systems, piping, etc.
Markers	Wind cones and parts

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1532 BUILDINGS AND IMPROVEMENTS ON LAND NOT OWNED

This account shall include the cost of buildings, structures, and improvements used in transportation and incidental services, on land not owned by the air carrier.

The cost of buildings includes all fixtures and appurtenances attached to and forming a permanent part of buildings such as water, steam and gas piping; electric wiring; fuel, water and oil storage and distribution systems when considered a part of buildings or structures; and other miscellaneous costs applicable thereto.

The cost of improvements includes walks, roadways, runways and driveways; sewer systems, retaining walls, grading and landscaping, aprons, and other permanent structures which are an improvement to the property.

The cost of restoring structures and grounds to their former condition after additions and betterments have been made shall be included in the cost of such additions and betterments.

When the title to buildings and improvements passes to the lessor at the termination of a lease or contract and no renewal option is contained therein, the cost less any amount to be recovered shall be written off as depreciation during the remainder of the contract period or over a lesser period depending upon the expected life of such improvements. When the lease contains a renewal clause and the expected life of improvements is greater than the term of the original lease without exercise of the renewal option, the improvements may be depreciated at the normal rate or over the period of the original contract depending upon the air carrier's opinion of whether or not the renewal option will be exercised.

ITEM LIST

Administration buildings	Office buildings
Airport buildings	Operations buildings
Architect fees	Paving
Bridges, culverts, etc.	Platforms
Buildings for housing employees	Protective devices around buildings
Clearing ground	Pump houses
Communication buildings and towers	Ramps
Damage to adjoining property	Sanitary systems, etc.
Drainage systems, tiling, boxing, etc.	Sheds
Dredging, etc.	Shops
Driveways	Shower buildings
Dwellings	Special type buildings
Fences and gates	Sprinkling system in buildings, etc.
Foundations and walls, etc.	Station buildings
Fountains and fixtures	Surveyors' fees
Garages	Terminal buildings
Grading, levelling, etc.	Utility buildings
Grass, trees, seeding, etc.	Ventilating systems, fixtures, etc.
Hangars	Walks, adjacent to structures
Heating systems	Warehouses
Legal fees	Water systems, piping, etc.
Markers	Wind cones and parts

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1533 IMPROVEMENTS TO LEASED PROPERTY

This account shall include the cost of improvements, additions, and betterments to buildings or structures used in transportation and incidental services but not owned by the air carrier.

When the title to improvements passes to the lessor at the termination of a lease or contract and no renewal option is contained therein, the cost less any amount to be recovered shall be written off as depreciation during the remainder of the contract period or over a lesser period depending upon the expected life of such improvements.

When the lease contains a renewal clause and the expected life of improvements is greater than the term of the original lease without exercise of the renewal option, the improvements may be depreciated at the normal rate or over the period of the original contract depending upon the air carrier's opinion of whether or not the renewal option will be exercised.

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1551 LAND

This account shall include the cost of land owned and used in transportation and incidental services.

The cost of land includes, when assumed or paid by the air carrier, the purchase price, purchasing agent's commission, legal fees and expenses, liens assumed, title search and guaranty, notarial and recording fees, taxes assumed at date of purchase, assessments for local improvements, and the initial cost of clearing timber and brush, draining, filling, leveling, grading, etc.

Special assessments subsequent to acquisition of land shall be charged to this account when levied for public improvements such as streets, roads, bridges, sewers, pavements, curbing, etc., but not taxes levied to provide for the maintenance of such improvements.

When land is purchased for use in transportation or incidental services on which buildings or other structures are located and the purchase price of the land is not separately stated, the purchase price shall be apportioned at fair and reasonable values. If such buildings are for use in transportation and incidental services the apportioned value thereof shall be charged to account 1531, "Buildings and Improvements on Land Owned"; if not used in transportation and incidental services but abandoned or held for investment, the apportioned value shall be charged to account 160, "Non-operating Property and Equipment." If the improvements are removed or dismantled the cost thereof shall be charged and the salvage credited to this account.

Proceeds from the sale of timber, cordwood or other property purchased with land, if sold at the time of original clearing and grading, shall be credited to the cost of the land. Such proceeds, if sold subsequent to original clearing and grading, shall be credited to account 907, "Other Non-operating Income."

Land acquired and held for future use shall be included in account 160, "Non-operating Property and Equipment," until used in operations, at which time the book value thereof shall be transferred to this account.

The book value of airports not used in transportation and incidental operations shall be transferred, at the time of discontinuance of such use, to account 160, "Non-operating Property and Equipment."

ITEM LIST

Abstracts	Notarial fees
Appraisals	Plats
Commissions paid others	Recording deeds
Damage to adjoining property	Removal and relocation of buildings and other structures not purchased
Examination and registration fees	Special assessments for public improvements
Judgments and costs to clear and defend titles	Surveyor fees
Legal fees	

BALANCE SHEET ACCOUNTS
OPERATING PROPERTY AND EQUIPMENT

1561 CONSTRUCTION WORK IN PROGRESS

This account shall include the cost to the date of the balance sheet of all construction work in progress in connection with operating property and equipment. The cost includes labor, materials, supplies, outside services, and indirect costs attributable to such construction work.

Upon completion the cost of each unit of equipment, building, improvement, or improvement to land, shall be transferred to the appropriate operating property and equipment account.

The records of the air carrier shall be kept in such manner as to show separately the cost of each construction project or job order.

Jobs in process for others shall not be included in this account, but in account 113, "Other Current and Accrued Assets."

BALANCE SHEET ACCOUNTS
NON-OPERATING PROPERTY AND EQUIPMENT

160 NON-OPERATING PROPERTY AND EQUIPMENT

This account shall include the cost of non-operating property and equipment not used in the air carrier's transportation and incidental services or in separately operated divisions.

Property acquired and not used in transportation or incidental services but held for investment or future use shall be included in this account. The book value of abandoned airports shall be transferred, at the time of abandonment, to this account.

All revenue or other income derived from the property and equipment included in this account shall be credited to account 905, "Non-Operating Property and Equipment Income." All expenses applicable to such property and equipment shall be charged to account 953, "Non-Operating Property and Equipment Expenses."

Loss and gain on the sale or other disposition of property and equipment included in this account shall be treated in the same manner as income and expense from such property and equipment.

Appropriate subaccounts shall be maintained for each class of property in accordance with the classifications and definitions pertaining to account group 150, "Operating Property and Equipment."

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

<i>Account Number</i>		<i>Account</i>
170	Deferred Charges	
171	Prepayments	
172	Extension and Development Projects	
173	Unamortized Discount and Expense on Debt	
174	Long Term Operating Property Prepayments	
175	Other Deferred Charges	

BALANCE SHEET ACCOUNTS
DEFERRED CHARGES

INSTRUCTIONS

1. The accounts in this group are designed to record prepayments of operating expenses, the cost of extension and development projects involving new air routes or the extension of established routes, discount and expense on long-term debt, and general clearing accounts including charges held in suspense pending the receipt of information necessary for final disposition.

2. The accounts shall be kept or supported in such manner as to disclose the amount of each class of items entered therein.

3. Deferred charges having a definite time incidence such as rents, interest, and bond discounts shall be prorated over the periods to which they apply.

BALANCE SHEET ACCOUNTS**DEFERRED CHARGES****171 PREPAYMENTS**

This account shall include amounts representing prepayments of rents, insurance, taxes, interest, advertising, royalties, license fees, and other miscellaneous prepaid items, and shall be kept or supported in such a manner as to disclose the amount of each class thereof.

Prepayments having a definite time incidence shall be prorated to appropriate expense accounts over the periods to which they apply.

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

172 EXTENSION AND DEVELOPMENT PROJECTS

Expenses pertaining to extension and development projects, at the option of the air carrier, may be accumulated in this account and written off or amortized by charges to account 955, "Extension and Development," or may be charged directly to that account. Such expenses shall include the cost of developing new routes and extension of existing routes. Expenses of intervening in new route or route extension proceedings shall be charged directly to account 955, "Extension and Development."

There shall be included in the cost of such projects all related expenses such as travel and incidental expenses, legal expenses, and regulatory bodies expenses. Salaries shall include not only employees engaged wholly in connection with such projects but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such projects.

Should an air carrier elect to capitalize part or all of the costs of an extension and development project in this account rather than charging such expenses directly to account 955, "Extension and Development," it shall prepare a statement to be added as a supplement to the monthly report CAB Form 2780 for the month during which expenses under the pertinent project are first incurred, setting forth the types of expense it proposes to capitalize, the types of expense it proposes to charge directly to account 955, "Extension and Development," and the monthly rates at which it proposes to amortize the capitalized expenses. The accounting treatment proposed in this statement shall thenceforth be followed by the air carrier, subject to review and possible modification by the Civil Aeronautics Board.

Separate subaccounts shall be established for the purpose of definitely separating the expenses of each project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense. The items of expense shall be classified in accordance with the following list in order to fulfill current reporting requirements:

Salaries of officers and employees	Advertising
Expenses of officers and employees	Promotional flights
(a) Transportation	Other promotional expenses
(b) Subsistence	Legal fees
(c) Telephone and telegraph	Witness fees
(d) Miscellaneous	Special case preparation expenses
Expenses—others	Technical development expenses
(a) Transportation	(a) Survey flights
(b) Subsistence	(b) Professional fees
(c) Telephone and telegraph	(c) Other
(d) Miscellaneous	Miscellaneous
Entertainment	

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

173 UNAMORTIZED DISCOUNT AND EXPENSE ON DEBT

This account shall include the unamortized discount and expense on all classes of long-term debt securities issued or assumed by the air carrier and shall be written off periodically over the respective life of each class by charges to account 952, "Amortization of Discount and Expense on Debt."

Discount on long-term debt is defined as the excess of par value of the securities issued or assumed, plus the accrued interest thereon, if any, over the actual cash value of the consideration received.

Expense on long-term debt is defined as all expenses incurred in connection with registration and issue of long-term debt securities such as professional services, clerical expense, registration fees, recording fees, transfer fees, engraving and printing, miscellaneous stamp tax, etc.

Separate subaccounts shall be established to show the amount applicable to each class of securities outstanding.

BALANCE SHEET ACCOUNTS
DEFERRED CHARGES

174 LONG TERM OPERATING PROPERTY PREPAYMENTS

This account shall include advances to state, county, and municipal governments, or others, for the construction of buildings and other facilities for use by the air carrier, or for joint use by the air carrier and others, when the terms of the contract under which such advances are made provide for repayment in the form of rents and other concessions over a period in excess of 1 year. This account shall be credited with the amount of rents or other benefits accrued at the close of each monthly period and concurrent entries shall be made in appropriate expense accounts. Advances of this nature recoverable within a period of 1 year or less shall not be included in this account but in account 171, "Prepayments."

BALANCE SHEET ACCOUNTS

DEFERRED CHARGES

175 OTHER DEFERRED CHARGES

This account shall be used as a general clearing account and shall include all unadjusted charges not provided for elsewhere, such as debit balances in suspense that cannot be cleared until additional information has been received; undistributed freight and express charges; deposits with utility companies and deposits for use of water bottles, gas and oil drums, etc.; funds on deposit with closed banks; assets of current character but of doubtful value; and organization expenses *except* capital stock expenses properly chargeable to account 192, "Capital Stock Expense."

This account shall be charged with all expenses incurred in connection with all major accidents and casualties. Separate subaccounts shall be established covering each major accident or casualty and charged with the net book value of property destroyed or damaged; payments to others for property damaged; expenses in connection with injuries to personnel of the air carrier and others; and costs of clearing wrecks and damaged property and equipment including salaries and wages in connection therewith. Credit entries shall be made for insurance recoveries and the value of salvaged property applicable to the destroyed or damaged property; the applicable reserve, if any, set up in account 291, "Reserve for Uninsured Losses," shall also be credited to this account. After all adjustments have been made the resulting balance in the suspense accounts shall be cleared to the appropriate "Injuries, Loss and Damage" accounts. No suspense accounts will be required to record minor accidents and casualties where the resulting property damage is treated as ordinary repairs or where the resulting losses are nominal.

This account shall not include jobs in process which are provided for in accounts 110, "Materials and Supplies," 113, "Other Current and Accrued Assets," and 1561, "Construction Work in Progress."

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each deferred charge included therein.

BALANCE SHEET ACCOUNTS

INTANGIBLES

<i>Account Number</i>	<i>Account</i>
180	Intangibles
181	Property Acquisition Adjustment
182	Other Intangibles

BALANCE SHEET ACCOUNTS
INTANGIBLES

181 PROPERTY ACQUISITION ADJUSTMENT

When property and equipment is acquired as a part of a business from another air carrier through purchase, consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, this account shall be used to record the difference between (a) the cost or the current value of the consideration paid for such property and equipment and (b) the net book value of such property and equipment on the books of predecessor companies at the date of acquisition. Separate subaccounts shall be established to record the amounts applicable to each such acquisition.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

BALANCE SHEET ACCOUNTS**INTANGIBLES****182 OTHER INTANGIBLES**

This account shall include the cost of leaseholds, patents, copyrights, and other intangible assets. The value of any consideration paid to other air carriers for the going concern value of existing air routes, when such air routes are obtained independently of property and equipment, shall be recorded in this account.

A supplementary statement shall accompany monthly reports covering the months in which charges are made in this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Economic Bureau of the Civil Aeronautics Board.

Appropriate subaccounts shall be maintained for each class of intangible property included in this account.

BALANCE SHEET ACCOUNTS
CAPITAL STOCK DISCOUNT AND EXPENSE

<i>Account Number</i>	<i>Account</i>
190	Capital Stock Discount and Expense
191	Capital Stock Discount
192	Capital Stock Expense

BALANCE SHEET ACCOUNTS
CAPITAL STOCK DISCOUNT AND EXPENSE

191 CAPITAL STOCK DISCOUNT

This account shall be charged with discount on capital stock of all classes.

The amounts accumulated in this account shall be written off by charges to account 293, "Capital Surplus," to the extent of such capital surplus after excluding therefrom any credits representing revaluation of assets. If the credit balance in account 293, "Capital Surplus," exclusive of any credits arising from the revaluation of assets, is insufficient the remainder may be written off to account 294, "Unappropriated Earned Surplus."

Separate subaccounts shall be established to show the amount of capital stock discount applicable to each class of capital stock.

BALANCE SHEET ACCOUNTS
CAPITAL STOCK DISCOUNT AND EXPENSE

192 CAPITAL STOCK EXPENSE

This account shall include all expenses incurred in connection with the sale and issuance of capital stock.

The amount accumulated in this account shall be written off by charges to account 293, "Capital Surplus," to the extent of such capital surplus after excluding therefrom any credits representing revaluation of assets. If the credit balance in account 293, "Capital Surplus," is insufficient, exclusive of any credits arising from the revaluation of assets, the remainder may be written off to account 294, "Unappropriated Earned Surplus."

Capital stock expense includes all expenses incurred in connection with new issues of capital stock such as qualifying fees, legal fees and charges, and accounting fees; engraving and printing; clerical expense; commissions and salesmen's salaries; registration, transfer, trustees, and recording fees; miscellaneous stamp taxes, etc.

Expenses in connection with the exchange and transfer of capital stock shall be charged to account 816, "Corporate and Fiscal Expenses."

BALANCE SHEET ACCOUNTS**CURRENT LIABILITIES**

<i>Account Number</i>	<i>Account</i>
200	Current Liabilities
201	Notes Payable
202	Accounts Payable
203	Airline Traffic Accounts Payable
204	Air Travel Plan Liability
205	Dividends Declared
206	Salaries and Wages Accrued
207	Interest Accrued
208	Taxes Accrued
209	Ticket Refund Liability
210	Other Current and Accrued Liabilities

BALANCE SHEET ACCOUNTS**CURRENT LIABILITIES****201 NOTES PAYABLE**

This account shall include all notes payable on demand or within one year or less from the date of the balance sheet. It shall also include mortgages or bonded indebtedness due within one year from the date of the balance sheet.

Notes payable more than one year from the date of the balance sheet shall not be included in this account but in account 221, "Long Term Debt"; notes payable to affiliated companies shall be included in account 222, "Advances from Affiliates."

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

202 ACCOUNTS PAYABLE

This account shall include open accounts payable, both audited and unaudited, *except* items provided for in other accounts in this group.

BALANCE SHEET ACCOUNTS**CURRENT LIABILITIES****203 AIRLINE TRAFFIC ACCOUNTS PAYABLE**

This account shall include amounts collected by the air carrier for the accounts of other air carriers for transportation services of all types over their lines.

When unclaimed credits are cleared from this account, the amounts thereof shall be credited to account 301, "Passenger," unless such items shall have been ascertained to be proper credits to the accounts of purchasers.

Amounts receivable included in account 105, "Airline Traffic Accounts Receivable," shall not be charged to this account.

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

204 AIR TRAVEL PLAN LIABILITY

This account shall include all deposits received by the air carrier from the sale of air travel plan contracts.

BALANCE SHEET ACCOUNTS**CURRENT LIABILITIES****205 DIVIDENDS DECLARED**

This account shall include all dividends declared on capital stock and the liability shall be established herein as of the date such dividends are declared.

Appropriate subaccounts shall be maintained for dividends on each class of stock.

BALANCE SHEET ACCOUNTS
CURRENT LIABILITIES

206 SALARIES AND WAGES ACCRUED

This account shall include salaries and wages accrued and unpaid.

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

207 INTEREST ACCRUED

This account shall include interest accrued and unpaid on all indebtedness of the air carrier *except* when such interest is added to the principal debt.

Interest accrued and payable to affiliated companies shall not be included in this account but in account 222, "Advances from Affiliates."

Separate subaccounts shall be maintained for the accrued interest on each class of indebtedness.

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

208 TAXES ACCRUED

This account shall include taxes accrued and unpaid.

When the exact amount of taxes cannot be ascertained the accrual shall be estimated and as the actual amounts become known the accruals shall be adjusted accordingly.

Records supporting the entries in this account shall be kept in such manner as to disclose the basis used for each class of tax accruals and the amounts of each class of taxes accrued and paid.

Prepaid taxes shall not be included in this account but in account 171, "Prepayments."

ITEM LIST

Aircraft license	Motor vehicle license fees
Capital stock taxes	Permits
Federal and state income taxes	Personal property taxes
Federal and state unemployment taxes	Real property taxes
Federal old age benefit taxes	Road taxes
Franchise taxes	Sales and use taxes payable to taxing bodies
Gross receipts taxes	Utilities taxes
License fees	
Money and credits taxes	

BALANCE SHEET ACCOUNTS
CURRENT LIABILITIES

209 TICKET REFUND LIABILITY

This account may be used at the option of the air carrier to include the estimated liability for refunds for transportation sold but not used by passengers. Entries in this account shall be concurrently charged or credited to account 231, "Unearned Transportation Revenue."

BALANCE SHEET ACCOUNTS

CURRENT LIABILITIES

210 OTHER CURRENT AND ACCRUED LIABILITIES

This account shall include all current and accrued liabilities not included in accounts 201 to 209, inclusive.

ITEM LIST

- Accrued insurance premiums**
- Accrued audit fees**
- Accrued legal fees**
- Accrued rents**
- Accrued stock transfer fees and expenses**

BALANCE SHEET ACCOUNTS

LONG TERM DEBT

<i>Account Number</i>	<i>Account</i>
220	Long-Term Debt
221	Long-Term Debt
222	Advances from Affiliates

BALANCE SHEET ACCOUNTS**LONG-TERM DEBT****221 LONG-TERM DEBT**

This account shall include all long-term debt maturing more than 1 year from the date of the balance sheet, such as mortgages, equipment trust certificates, bonds, debentures, receivers certificates, notes, and other long-term debt issued or assumed by the air carrier.

Long-term debt securities shall be recorded at par value excluding accrued interest. Discount on long-term debt shall be recorded in account 173, "Unamortized Discount and Expense on Debt," and premium thereon in account 233, "Unamortized Premium on Debt."

Long-term debt due within one year or less from the date of the balance sheet shall be cleared from this account and transferred to account 201, "Notes Payable."

This account shall be charged with the par value of long-term debt originally issued and subsequently reacquired for retirement or to be held pending final disposition. The difference between the cost and the par value shall be entered in account 907, "Other Non-operating Income," or account 957, "Other Deductions from Gross Income," as appropriate. Unamortized discount and premium applicable to reacquired long-term debt shall be adjusted at the time of reacquirement.

Appropriate subaccounts shall be established for each class of long-term debt issued and each class reacquired and held pending final disposition. The net amount of all classes outstanding shall be shown on the balance sheet included in CAB Form 2780 but when reacquired securities are charged to this account and not retired, an appropriate footnote shall be made on the balance sheet.

BALANCE SHEET ACCOUNTS

LONG-TERM DEBT

222 ADVANCES FROM AFFILIATES

This account shall include amounts due affiliated companies on open accounts and loans and notes payable, together with the interest thereon.

Affiliates is defined as companies solely controlled by the air carrier and companies controlled jointly by the air carrier and others under a joint agreement.

The records supporting the entries in this account shall be kept in such manner that the air carrier can provide complete information concerning the liability to each affiliate.

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

<i>Account Number</i>	<i>Account</i>
230	Deferred Credits
231	Unearned Transportation Revenue
232	Installments on Capital Stock
233	Unamortized Premium on Debt
234	Other Deferred Credits

BALANCE SHEET ACCOUNTS**DEFERRED CREDITS****231 UNEARNED TRANSPORTATION REVENUE**

This account shall include the value of passenger tickets sold for transportation over the air carrier's own lines that have not been used or refunded as at the date of the balance sheet.

When unused and unrefunded tickets are cleared from this account, the amounts thereof shall be credited to account 301, "Passenger," unless such items shall have been ascertained to be proper credits to the accounts of purchasers.

BALANCE SHEET ACCOUNTS
DEFERRED CREDITS

232 INSTALLMENTS ON CAPITAL STOCK

This account shall include the amount of installments received on capital stock on a partial or installment payment plan from officers, employees, and others who are not bound by legally enforceable subscription contracts.

As subscriptions are paid in full and certificates issued this account shall be charged and the appropriate capital stock account credited.

Separate subaccounts shall be established to record the amount of installments paid on each class of capital stock.

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

233 UNAMORTIZED PREMIUM ON DEBT

This account shall include the unamortized premium on all classes of long-term debt securities issued or assumed by the air carrier.

The balance in this account shall be written off periodically over the respective life of each class of securities by credits to account 904, "Amortization of Premium on Debt."

Premium on long-term debt is defined as the excess of the actual cash value of the consideration received for long-term debt over the par value and the accrued interest thereon.

Separate subaccounts shall be established to show the amount applicable to each class of securities outstanding.

BALANCE SHEET ACCOUNTS

DEFERRED CREDITS

234 OTHER DEFERRED CREDITS

This account shall include all unadjusted and deferred credits not provided for in accounts 231 to 233, inclusive, such as credit balances in suspense, credit balances in clearing accounts that cannot be cleared until additional information has been received, and miscellaneous revenue and income accounts held in suspense.

This account shall include the net gain from involuntary conversion of property when the air carrier elects to apply the gain in accordance with the provisions of section 112 (f) of the Internal Revenue Code. The amount of such gain shall be the difference between the amount received and the net book value of the property converted.

The records supporting the entries in this account shall be kept in such manner that the air carrier can provide full information as to each deferred credit included therein.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

<i>Account Number</i>	<i>Account</i>
240	Valuation Reserves
250	Accrued Depreciation—Operating Property and Equipment
260	Accrued Depreciation—Non-operating Property and Equip- ment
265	Other Valuation Reserves

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

INSTRUCTIONS

1. RESERVE FOR DEPRECIATION.

Depreciation is defined as losses occurring in physical property, either temporary or permanent, suffered through current lessening in service value due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs; also, the losses in capacity for use or service occasioned by obsolescence, supercession, discoveries, change in popular demand, or the requirements of public authority.

Depreciation shall be calculated from the date on which a building, structure, unit of equipment, item or class of property is placed in use and shall cease on the date such property is withdrawn from service by reason of sale, retirement, abandonment or dismantling, *except* that charges for depreciation on a building, structure, unit of equipment, item or class of property shall cease when the difference between the net book value and the residual value, if any, shall have been charged to the proper depreciation account.

Residual value is defined as the predetermined portion of the book value of a unit of property and equipment excluded from depreciation.

Service value is defined as the difference between book value and residual value.

Property not subject to depreciation shall include (1) land owned or held in perpetuity, (2) expenditures on uncompleted units of property and equipment during the process of construction or manufacture and (3) any other physical property not subject to depreciation due to the nature of its construction or inherent characteristics.

Bases of depreciation. Depreciation rates applicable to each class of depreciable property shall be established on the basis of the estimated service values and service lives developed by a study of the air carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions.

All aircraft shall be depreciated on a unit basis. Air carriers operating ten or more aircraft in line service may depreciate aircraft engines and propellers on either a unit or a group basis at their option. Air carriers operating less than ten aircraft in line service shall depreciate aircraft engines and propellers on a unit basis.

Property and equipment not readily identifiable or of only nominal value shall be classified into groups of identical items with approximately equal expectancy of life and depreciated on a group basis.

The air carrier shall establish rates of depreciation and residual values calculated to prevent charging excessive expense or the accumulation of excessive reserves.

Each air carrier shall file with the Civil Aeronautics Board a statement clearly and completely setting forth its depreciation accounting practices in respect to its various categories of equipment.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

When changing conditions make necessary revision or adjustment in rates of depreciation or residual values, such revision or adjustment shall be made applicable to subsequent accounting periods and shall not be applied retroactively.

Any revisions in rates of depreciation or depreciation accounting practice shall be fully explained in a supplementary statement attached to monthly report CAB Form 2780 for the month in which such revisions are made.

Precise accounting practices, rates of depreciation, and residual values are not prescribed herein with the following exceptions:

(a) **AIRCRAFT**—Depreciation shall be calculated on the basis of years of life from the date the aircraft is first assigned to revenue service by the air carrier. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

(b) **AIRCRAFT ENGINES**—Depreciation shall be calculated on the basis of years of life from the date the engine is first assigned to revenue service. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

(c) **AIRCRAFT PROPELLERS**—Depreciation shall be calculated on the basis of years of life from the date the propeller is first assigned to revenue service. The value to be depreciated shall be the book value of the property minus a residual value which shall be assigned to it by the air carrier.

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

(d) **FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES**—A provision for loss on retirement may be accrued for flight equipment spare parts and assemblies included in account 1506, "Flight Equipment Spare Parts and Assemblies," over the estimated life of the flight equipment to which these items relate. The estimated loss on spare parts and assemblies for each type of equipment shall be computed by estimating the inventory on hand at the time of retirement and deducting therefrom the estimated residual value. The amount of loss thus determined shall be accrued through equal monthly charges to account 8506, "Depreciation—Flight Equipment Spare Parts and Assemblies." Losses on incidental sales of spare parts shall not be charged to the reserve but to account 352, "Service Sales—Net." Any reduction in the reserve to adjust for excessive accruals shall be concurrently credited to account 8506, "Depreciation—Flight Equipment Spare Parts and Assemblies." The reserve applicable to each class or type of spare parts and assemblies included in account 1506, "Flight Equipment Spare Parts and Assemblies," shall be recorded in appropriate subaccounts under account 2506, "Accrued Depreciation—Flight Equipment Spare Parts and Assemblies."

2. In the event an air carrier is eligible to depreciate aircraft engines or propellers on a group basis as provided for herein, it shall submit to the Civil Aeronautics Board, prior to the adoption of such practice, group depreciation plans setting forth the proposed methods of calculating rates of depreciation and residual values, which plans shall include statistical data based upon the experience of the air carrier of such a nature and in such detail as will clearly demonstrate that the rates will not result in excessive charges to expense or excessive accumulation of reserve. The plans shall provide specific accounting treatment for losses or gains due to sale and losses (or insurance gains) on account of accident. The air carrier shall not establish depreciation accounting on the group basis until after review of its proposed plans by the Economic Bureau of the Civil Aeronautics Board and receipt of notification from the Civil Aeronautics Board that the plans are in conformity with the requirements set forth herein.

BALANCE SHEET ACCOUNTS
VALUATION RESERVES

250 ACCRUED DEPRECIATION—OPERATING PROPERTY AND EQUIPMENT

This account shall include accrued depreciation reserve on operating property and equipment used in transportation and incidental services.

Accruals credited to this account shall be charged to account group 850, "Depreciation—Operating Property and Equipment."

The reserve applicable to each classification of property included in account 150, "Operating Property and Equipment," shall be recorded in the corresponding accrued depreciation account.

<i>Account Number</i>	<i>Account</i>
2501	Accrued Depreciation—Aircraft
2502	Accrued Depreciation—Aircraft Engines
2503	Accrued Depreciation—Aircraft Propellers
2504	Accrued Depreciation—Aircraft Radio Equipment
2505	Accrued Depreciation—Miscellaneous Flight Equipment
2506	Accrued Depreciation—Flight Equipment Spare Parts and Assemblies
2511	Accrued Depreciation—Passenger Service Equipment
2512	Accrued Depreciation—Restaurant and Food Service Equipment
2521	Accrued Depreciation—Station Communication Equipment
2522	Accrued Depreciation—Hangar, Shop, and Ramp Equipment
2523	Accrued Depreciation—Motorized Vehicles and Equipment
2524	Accrued Depreciation—Furniture, Fixtures, and Office Equipment
2525	Accrued Depreciation—Medical Equipment
2526	Accrued Depreciation—Engineering Equipment
2527	Accrued Depreciation—Airport and Airway Lighting Equipment
2528	Accrued Depreciation—Storage and Distribution Equipment
2529	Accrued Depreciation—Miscellaneous Ground Equipment
2531	Accrued Depreciation—Buildings and Improvements on Land Owned
2532	Accrued Depreciation—Buildings and Improvements on Land Not Owned
2533	Accrued Depreciation—Improvements to Leased Property

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

260 ACCRUED DEPRECIATION—NON-OPERATING PROPERTY AND EQUIPMENT

This account shall include the accrued depreciation reserve on non-operating property and equipment.

The reserve applicable to each subaccount under account 160, "Non-operating Property and Equipment," shall be recorded in a corresponding subaccount under this account.

This account shall be credited with the depreciation charged to account 953, "Non-operating Property and Equipment Expenses."

BALANCE SHEET ACCOUNTS

VALUATION RESERVES

265 OTHER VALUATION RESERVES

This account shall include all valuation reserves not provided for in accounts 250 and 260.

A reserve for inventory adjustment applicable to items of property included in account 110, "Materials and Supplies," is prohibited.

If the air carrier establishes a valuation reserve other than those provided for in accounts 250 and 260, or having established such a reserve subsequently concludes that its method or rate of accumulation requires revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2780 for the month in which such reserve is established or revised. This statement shall set forth the necessity for the reserve, its accounting treatment, its rate of accumulation, and data clearly demonstrating that such rate will not result in excessive expense or reserve. The accounting treatment set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the accounting treatment or rate of accumulation does not meet the requirements set forth herein. In such event, when directed to do so by the Economic Bureau of the Civil Aeronautics Board, the air carrier shall modify the accounting treatment and rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which it was accumulated.

A separate subaccount shall be established for each reserve applicable to each type of assets.

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

<i>Account Number</i>	<i>Account</i>
270	Operating Reserves
271	Reserve for Aircraft Overhaul
272	Reserve for Aircraft Engine Overhaul
273	Reserve for Pensions
274	Other Operating Reserves

BALANCE SHEET ACCOUNTS
OPERATING RESERVES

271 RESERVE FOR AIRCRAFT OVERHAUL

This account shall include the reserve for major overhauls of aircraft when the air carrier elects to use such a reserve and complies with the requirements contained herein.

When a reserve method is used instead of charging operating expenses with the actual cost of overhauls during the period in which such overhauls are actually made, the estimated reserve shall be based upon the air carrier's experience with each type of aircraft during a previous representative accounting period, *except* that the rate used for aircraft of a new type may be based upon parallel experience or upon such engineering or other information as may be available.

If the air carrier establishes a reserve for aircraft overhaul, or, having established such a reserve, subsequently concludes that its accounting treatment or rate of accumulation requires revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2780 for the month in which such reserve is established or revised. This statement shall set forth the accounting treatment and rate by which the reserve is established and maintained or revised and provide statistical data showing that the rate at which it is proposed to accumulate the reserve is fully and completely supported by the air carrier's experience and calculated to prevent charging excessive expense or the accumulation of excessive reserve.

The accounting treatment and rate set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the accounting treatment or the rate does not meet the requirements set forth herein. In such event, and when directed to do so by the Economic Bureau of the Civil Aeronautics Board, the air carrier shall modify the accounting treatment and rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which the reserve was accumulated.

When overhauls are made this account shall be charged and appropriate liability or asset accounts shall be concurrently credited with the cost thereof, and auxiliary records shall be maintained setting forth the cost of overhaul for each aircraft subdivided between (1) labor, and (2) materials and outside repairs.

When the reserve is first established, account 294, "Unappropriated Earned Surplus," shall be charged with the accrual as of the close of the last fiscal year computed on the same basis as for the current period. The difference between (1) accrual as at the date the reserve is established and (2) the accrual at the beginning of the current fiscal year shall be concurrently entered in account 503, "Aircraft Repairs—Reserve Provision."

BALANCE SHEET ACCOUNT

OPERATING RESERVES

272 RESERVE FOR AIRCRAFT ENGINE OVERHAUL

This account shall include the reserve for major overhauls of aircraft engines when the air carrier elects to use such a reserve and complies with the requirements contained herein.

When a reserve method is used instead of charging operating expenses with the actual cost of overhauls during the period in which such overhauls are actually made, the estimated reserve shall be based upon the air carrier's experience with each type of engine and shall be recalculated at least annually. The rate used shall be obtained by dividing the overhaul costs of each type of engine during a previous representative accounting period by the hours flown by that type of engine during the same period *except* that the rate for engines of a new type may be based upon parallel experience or upon such engineering or other information as may be available.

The amount set up as a reserve for each month shall be the product of hours flown by types of engines during the month multiplied by the rate per hour used for each type. The current reserve accrual shall be charged to account 506, "Aircraft Engine Repairs—Reserve Provision."

When overhauls are made this account shall be charged and appropriate liability or asset accounts shall be concurrently credited with the cost thereof and auxiliary records shall be maintained setting forth the cost of overhaul for each aircraft engine subdivided between (1) labor and (2) materials and outside repairs. At the close of each monthly accounting period the hours flown since last overhaul by engines of each type, excluding engines retired during the period, shall be ascertained and multiplied by the currently used rate per hour and the balance in the reserve account shall be adjusted to the amount thus obtained.

When the reserve is first established account 294, "Unappropriated Earned Surplus," shall be charged with the accrual as of the close of the last fiscal year computed on the same basis as for the current period. The difference between (1) accrual as at the date the reserve is established and (2) the accrual at the beginning of the current fiscal year shall be concurrently entered in account 506, "Aircraft Engine Repairs—Reserve Provision."

Air carriers using a reserve at the date these instructions become effective shall adjust the amounts thereof to the amount obtained by applying the rate per hour, established for the current period in accordance with the foregoing instructions, to the hours flown since last overhaul. The difference between the amount thus obtained and the unadjusted balance in the reserve account shall be cleared to account 294, "Unappropriated Earned Surplus."

The work papers governing all adjustments in this account shall be preserved for examination by representatives of the Civil Aeronautics Board upon request.

BALANCE SHEET ACCOUNTS
OPERATING RESERVES

273 RESERVE FOR PENSIONS

This account shall include the reserve for pensions which has been created by employees' contributions and by the air carrier's contributions from current income or by appropriations of earned surplus, when the pension plan is administered by the air carrier. Amounts so credited shall be carried in account 125, "Other Special Funds." The air carrier's contributions to this reserve from current income shall be charged to account 811, "Pensions and Welfare"; contributions by appropriations of earned surplus shall be charged to account 294, "Unappropriated Earned Surplus." Payments made to retired employees out of the fund thus created shall be charged to this account and credited to account 125, "Other Special Funds."

When a pension fund is administered by a trustee or administrator, employees' contributions, together with the air carrier's contributions, shall be credited to the appropriate account under current liabilities pending the transfer of funds to the trustee or administrator.

The air carrier shall maintain complete records of the computations of accruals of its pension liabilities and inform the Civil Aeronautics Board of the details of its pension plan giving a full statement of the facts thereof together with the actuarial formula, if any, under which it has created or proposes to create its pension fund and shall furnish a copy of the declaration of trust or resolutions under which the pension plan is established.

BALANCE SHEET ACCOUNTS

OPERATING RESERVES

274 OTHER OPERATING RESERVES

This account shall include all other operating reserves not provided for in accounts 271, 272, and 273.

If the air carrier establishes an operating reserve other than those provided for in accounts 271, 272, and 273, or having established such a reserve subsequently concludes that its accounting treatment or rate of accumulation require revision in the interest of accuracy, it shall submit a statement detailing the plan upon which the accumulation of the reserve is based or revised as a supplement to monthly report CAB Form 2780 for the month in which such reserve is established or revised. This statement shall set forth the accounting treatment and rate by which the reserve is established and maintained or revised and provide statistical data showing that the rate at which it is proposed to accumulate the reserve is fully and completely supported by the air carrier's experience and calculated to prevent charging excessive expense or the accumulation of excessive reserve.

The accounting treatment and rate set forth in such statement shall thenceforth be used by the air carrier unless and until it is notified by the Economic Bureau of the Civil Aeronautics Board that the accounting treatment or the rate does not meet the requirements set forth herein. In such event and when directed to do so by the Economic Bureau of the Civil Aeronautics Board the air carrier shall modify the accounting treatment and rate to meet the requirements set forth herein or discontinue the reserve and reverse the entries by which the reserve was accumulated.

Separate subaccounts shall be established and maintained for each type of reserve included herein.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

<i>Account Number</i>	<i>Account</i>
280	Capital Stock
281	Preferred Stock Issued—Par Value
282	Common Stock Issued—Par Value
283	Preferred Stock Issued—No Par Value
284	Common Stock Issued—No Par Value
285	Treasury Stock
286	Capital Stock Subscribed and Unissued

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

INSTRUCTIONS

1. DEFINITIONS.

Premium is defined as the excess of the actual cash value of the consideration received for capital stock over the par value of such stock.

Discount is defined as the excess of the par value of capital stock over the actual cash value of the consideration received for such stock.

Capital stock expense is defined as all expenses incurred in connection with original issues of capital stock.

Assessment is defined as levies by the corporation upon stockholders of record in excess of the par value of their respective holdings; or, in the case of no par value capital stock, upon the number of shares held.

Treasury stock is defined as capital stock which has been originally issued and subsequently reacquired through donation or purchase and held pending disposition.

2. SEPARATE LEDGER ACCOUNTS shall be maintained for each class of capital stock and also for each issue of the same class if the terms of the issue are in any way different. The characteristics of each class of stock shall be designated in the title of the account.

3. PAR VALUE CAPITAL STOCK shall be recorded in the accounts at the amount the corporation has designated, in accordance with the statutes, as the par value of the stock. Premium or assessments on such stock shall be credited to account 293, "Capital Surplus," and discount on such stock shall be recorded in account 191, "Capital Stock Discount."

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

4. **NO PAR VALUE CAPITAL STOCK.** The actual money value of the consideration received for no par value capital stock issued shall be recorded in the capital stock accounts unless different treatment is required by the statutes of the jurisdiction under which the corporate charter was issued. If a stated value or minimum value is recorded in the capital stock accounts then premiums over and above the stated value may be carried in account 293, "Capital Surplus," and discounts, if any, may be carried in account 191, "Capital Stock Discount."

5. **EXPENSES** in connection with original issues of capital stock shall be charged to account 192, "Capital Stock Expenses."

6. **CAPITAL STOCK REACQUIRED.** Upon the reacquirement of par value capital stock, or of no par value capital stock entered in the accounts at stated value, appropriate adjustments shall be made when necessary in account 191, "Capital Stock Discount," and the difference between such adjustments and premium or discount upon reacquirement shall be charged or credited to account 293, "Capital Surplus," to the extent of the balance in the capital surplus account excluding any amount arising from the revaluation of assets; unappropriated earned surplus shall be charged with premium in excess of the amount available in the capital surplus account.

Reacquired no par value capital stock without stated value shall be entered in the accounts at cost *except* that in no case shall the balance in the accounts in which such stock is recorded be reduced below the aggregate minimum value required by the statutes of the jurisdiction under which the corporate charter was issued.

When capital stock is reacquired for cancellation or retirement the value thereof shall be charged to the appropriate capital stock account. When held as treasury stock the value thereof shall be charged to account 285, "Treasury Stock." The values of reacquired capital stock shall be entered in the accounts in accordance with the foregoing instructions.

7. 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.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

281 PREFERRED STOCK ISSUED—PAR VALUE

This account shall include the par value of the preferred capital stock issued.

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the par value of each share.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

282 COMMON STOCK ISSUED—PAR VALUE

This account shall include the par value of the common capital stock issued.

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the par value of each share.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

283 PREFERRED STOCK ISSUED—NO PAR VALUE

This account shall include the consideration actually received for no par value preferred capital stock, issued, unless different treatment is required by the statutes of the jurisdiction under which the corporation exists. If a stated value is recorded in this account, the premiums over and above the stated value shall be carried in account 293, "Capital Surplus," and discounts, if any, shall be carried in account 191, "Capital Stock Discount."

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the stated value of each, if any.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

BALANCE SHEET ACCOUNTS

CAPITAL STOCK

284 COMMON STOCK ISSUED—NO PAR VALUE

This account shall include the consideration actually received for no par value common capital stock issued, unless different treatment is required by the statutes of the jurisdiction under which the corporation exists. If a stated value is recorded in this account, the premiums over and above the stated value shall be carried in account 293, "Capital Surplus," and discounts, if any, shall be carried in account 191, "Capital Stock Discount."

Following the title of this account on the books of the air carrier a memorandum shall be inserted indicating the authorized number of shares and the stated value of each, if any.

Appropriate memoranda shall also be maintained indicating the number of unissued shares reserved for any purpose.

BALANCE SHEET ACCOUNTS**CAPITAL STOCK****285 TREASURY STOCK**

This account shall include the value of capital stock of the air carrier reacquired through purchase or donation and held as treasury stock. The values entered in this account shall be in accordance with the instructions in paragraph 6, "Capital Stock Reacquired," pertaining to account 280, "Capital Stock."

Separate subaccounts shall be established to record the amount of each class of treasury stock carried in this account.

BALANCE SHEET ACCOUNTS**CAPITAL STOCK****286 CAPITAL STOCK SUBSCRIBED AND UNISSUED**

This account shall include the amount of legally enforceable subscriptions to the capital stock of the air carrier. It shall be credited with the par value or stated value, or with the subscription price in the case of stock without par or stated value. Concurrently, account 109, "Subscriptions to Capital Stock," shall be charged with the sale price.

Discount, if any, shall be charged to account 191, "Capital Stock Discount"; premium, if any, shall be credited to account 293, "Capital Surplus."

When properly executed stock certificates have been issued representing the shares subscribed, this account shall be charged and the appropriate capital stock account credited.

Separate subaccounts shall be established to record the amount of each class of capital stock subscriptions carried in this account.

BALANCE SHEET ACCOUNTS
SURPLUS

<i>Account Number</i>	<i>Account</i>
290	Surplus
291	Reserve for Uninsured Losses
292	Other Surplus Reserves
293	Capital Surplus
294	Unappropriated Earned Surplus

BALANCE SHEET ACCOUNTS

SURPLUS

291 RESERVE FOR UNINSURED LOSSES

This account shall include the reserve for uninsured losses when the air carrier has complied with the requirements hereinafter stipulated governing the use of such reserves.

Prior to the creation of a reserve for uninsured losses by charges to operating expenses, the air carrier shall submit to the Civil Aeronautics Board a plan in respect thereto setting forth the rates at which the reserve is to be accumulated and the level at which it will cease to be accumulated. As a part of the proposed plan the air carrier shall submit to the Civil Aeronautics Board such actuarial and other statistical data as it may consider necessary to fully support the rates and limitations on reserves set forth in the plan and such additional data as the Civil Aeronautics Board may thereafter require. The burden of providing data to adequately support the proposed plan shall rest upon the air carrier. However, this reserve shall not be created or accumulated by charges to expense for anticipated losses which from their nature cannot be of sufficient magnitude to seriously distort the usual and expected operating expenses of the air carrier or impose upon it unpredictable and heavy financial burdens. Nor shall such reserves be created by charges to expense to cover injury or damage to persons or property of others which might well be larger than the air carrier's ability to pay. This reserve shall not be created by charges to expense during any accounting period at rates greater than the probability of average loss during such period as established by the past experience of the air carrier and the past experience of other scheduled air carriers.

No reserve for uninsured losses shall be entered on the books or reports of the air carrier until notified by the Civil Aeronautics Board that the air carrier's plan and supporting data conform to the requirements set forth herein. After such notification and establishment of the reserve the air carrier may not depart from or discontinue maintenance of the approved plan *except* after submission to the Civil Aeronautics Board of appropriately supported proposals and receipt of approval from the Civil Aeronautics Board.

All credit balances in this account are in the nature of appropriated surplus and to the extent that such reserves are created by charges to unappropriated earned surplus no restrictions are imposed.

Accruals to this reserve covering damage to flight equipment and any adjustments thereto shall be concurrently entered in account 411, "Damage to Flight Equipment—Reserve Provision." Accruals to the reserve and any adjustments thereto for any other purpose shall be concurrently entered in "Injuries, Loss and Damage" accounts under appropriate operating expense groups. Uninsured losses actually sustained shall be charged to the reserve for uninsured losses *except* when the loss actually sustained is in excess of the reserve balance provided therefor, an amount sufficient to balance such excess shall be provided by charge to account 294, "Unappropriated Earned Surplus." This accounting treatment has the effect of completely substituting the estimated rate of expense at which the reserve is accumulated for the actual losses as they occur.

Reserves for different types of uninsured losses shall not continue to be accumulated beyond the predetermined level and shall not be merged in a single account. A separate subaccount shall be established for each type of reserve which will be confined to a particular class of loss.

BALANCE SHEET ACCOUNTS
SURPLUS

292 OTHER SURPLUS RESERVES

This account shall include all surplus reserves other than account 291, "Reserve for Uninsured Losses."

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the nature and purpose of each reserve entered herein.

BALANCE SHEET ACCOUNTS

SURPLUS

293 CAPITAL SURPLUS

This account shall include all surplus which cannot be properly classified as earned surplus. It shall include profit from sale of re-acquired capital stock, surplus arising from the reacquisition of capital stock, from donations by stockholders of the air carrier's capital stock, and surplus resulting from reorganization or recapitalization.

This account shall include premium and assessments on capital stock with the exception of those classes of capital stock carried in the capital stock accounts at the actual amount received therefor.

This account shall be charged with amounts written-off from account 191, "Capital Stock Discount" and account 192, "Capital Stock Expense" to the extent of the credit balance remaining in this account after eliminating any amounts arising from the revaluation of assets. Balances written-off in excess of the available balance in this account shall be charged to account 294, "Unappropriated Earned Surplus."

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature of each entry herein.

BALANCE SHEET ACCOUNTS
SURPLUS

294 UNAPPROPRIATED EARNED SURPLUS

This account shall include the balance of unappropriated earned surplus *except* that profit and loss for the current fiscal year shall not be closed into this account until the close of the fiscal year.

Revenue, expense or income items not included in the accounts for the period to which they apply shall be included in the appropriate accounts in the same manner as similar current items unless the amounts are relatively so large that inclusion would result in a seriously abnormal statement for the full fiscal year. In such instances the air carrier may enter the items in this account subject to subsequent review by the Civil Aeronautics Board of the propriety of the entries, *except* when specific instructions in an account prohibit such treatment.

This account shall be charged with dividends declared on outstanding capital stock and liability shall be established in account 205, "Dividends Declared," as at the date such dividends are declared. This account shall not be charged with dividends on treasury stock but may include dividends on capital stock of the air carrier held in special funds not under the control of the air carrier. If a dividend is not payable in cash the values entered in this account shall be completely described.

OPERATING REVENUE ACCOUNTS

TRANSPORTATION

<i>Account Number</i>	<i>Account</i>
300	Transportation Revenue
301	Passenger
302	Mail
303	Express and Freight
304	Excess Baggage
305	Charter and Special
306	Other Transportation

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

301 PASSENGER

This account shall include the net revenue from the transportation of passengers on regular flights and additional section flights over scheduled routes. It shall not include the estimated value of passenger tickets sold and not used or refunded; the value of such tickets shall be carried in account 231, "Unearned Transportation Revenue."

This account shall be credited with (a) revenue upon the basis of published tariffs, air travel plan contracts, excursions and other special fares; (b) revenue from berth, compartment or other special accommodations furnished on the basis of fares or contracts for space occupied; (c) revenue from unscheduled stops on scheduled flights.

Unclaimed credits cleared from accounts 203, "Airline Traffic Accounts Payable," and 231 "Unearned Transportation Revenue," shall be credited to this account.

This account shall not be charged with payments made for ground transportation, special adjustments of fares or other expenses connected with passenger handling or interrupted trips. Such expenses shall be charged to appropriate "Passenger Service" accounts.

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

302 MAIL

This account shall include revenue accrued from the transportation of mail at established rates over specified routes and from the use of special postal facilities in aircraft. It shall also include revenue accrued for truck hauls of air mail occasioned by adverse weather or other conditions over which the air carrier has no control. This account shall be currently charged with fines and penalties imposed by governmental authority and shall be adjusted currently for revenue disallowed and for revenue not billed but allowed by the Post Office Department.

Appropriate subaccounts shall be established for mail revenue accrued from the United States Government and from foreign governments.

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

303 EXPRESS AND FREIGHT

This account shall include the revenue accrued from the transportation of express and freight on the basis of tariffs, special contracts or other rates and charges.

When the amount of revenues cannot be determined at the close of current periods, the accruals to this account shall be estimated as accurately as possible based upon the latest experience of the air carrier. Adjustments of such estimates shall be made in the accounting period in which settlements are received.

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

304 EXCESS BAGGAGE

This account shall include the revenue received from the transportation of baggage exceeding the fixed free weight allowance on the basis of published excess baggage tariff rates or charges. This account shall be charged with refunds occasioned by cancelled trips, etc., and refunds resulting from overcharges and erroneous application of rates.

Adjustments resulting from loss, damage, and mishandling baggage shall not be charged to this account but to account 667, "Injuries, Loss and Damage."

Collections made for excess baggage over other air carriers' routes shall be credited to account 203, "Airline Traffic Accounts Payable."

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

805 CHARTER AND SPECIAL

This account shall include the revenue from passenger, freight and express charter and special flights.

This account shall not include revenues from regularly scheduled flights or additional sections of scheduled flights.

OPERATING REVENUE ACCOUNTS
TRANSPORTATION

306 OTHER TRANSPORTATION

This account shall include all miscellaneous transportation revenues of the air carrier not provided for in accounts 301 to 305, inclusive, or in the revenues of separately operated divisions.

It shall be credited with the revenue from air services of special types such as airport and taxi flights, aerial photography and advertising flights, and the revenue from service charges collected on non-revenue transportation.

It shall also include the revenue from transportation by aircraft of packages, newspapers, live animals, etc., if such articles are not classified as express, freight, or excess baggage.

OPERATING REVENUE ACCOUNTS
INCIDENTAL REVENUES

<i>Account Number</i>	<i>Account</i>
350	Incidental Revenues—Net
351	Restaurant and Food Service—Net
352	Service Sales—Net
353	Rental from Operating Property—Net
354	Limousine Service—Net
355	Other Incidental Revenues—Net

OPERATING REVENUE ACCOUNTS
INCIDENTAL REVENUES

351 RESTAURANT AND FOOD SERVICE—NET

This account shall include the accrued revenue and all direct expenses in connection with restaurants, lunch service, etc., operated by the air carrier. It shall include revenue from refreshments, confections, tobacco, printed matter, etc., sold in connection with such restaurants and lunch service.

It shall also include all direct expenses in connection with kitchens used for preparation of food for service to passengers and flight crews. It shall be credited with revenue from this source, if any, and with the estimated cost of food prepared and served without charge to passengers and flight crews.

The estimated cost of food prepared and served without charge to passengers shall be charged to account 660, "Food Expense—Company Restaurants"; for service to the flight crew, *except* stewards or stewardesses, to account 404, "Flight Crew Supplies and Expenses"; for service to stewards and stewardesses to account 654, "Travel and Incidental Expenses."

Direct expenses include salaries, rents, fuel, supplies, food, license fees, laundry, stationery, printing, lighting, insurance, and all other direct expenses of operating restaurants, lunch service, and kitchens, and the cost of repairs and maintenance of all types and classes of property included in account 1512, "Restaurant and Food Service Equipment."

Depreciation shall be charged to the appropriate accounts within the depreciation expense group and taxes, including Social Security taxes, shall be charged to account 818, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to the operation of each service unit.

OPERATING REVENUE ACCOUNTS

INCIDENTAL REVENUES

352 SERVICE SALES—NET

This account shall include the accrued revenue and all direct expenses in connection with the sale of supplies, parts and repair service.

This account shall be credited with revenue from overhaul, repair and maintenance service to aircraft, aircraft engines, and motor vehicles; parts, materials and supplies, gasoline, oil, greases, and compounds; rental, either on a transient or other basis, for storage space in hangars for aircraft or other motorized equipment.

The accumulated charges covering jobs in process for others shall be carried in account 113, "Other Current and Accrued Assets," until such jobs are completed. Upon completion the amount thereof together with the amount received or receivable for the job shall be transferred to this account. This account shall be charged with all direct costs including labor, material, gasoline, oil, and unrefundable taxes thereon; greases and compounds, etc.

This account shall include income from other air carriers for services and the use of facilities furnished in connection with line operations when the agreed price exceeds the estimated cost. If the agreed price does not exceed the estimated cost, the expense accounts involved may be credited directly.

Depreciation shall be charged to the appropriate accounts within the depreciation expense group, and taxes, including Social Security taxes, shall be charged to account 818, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to each type of service.

OPERATING REVENUE ACCOUNTS
INCIDENTAL REVENUES

353 RENTAL FROM OPERATING PROPERTY—NET

This account shall include the accrued revenue and all direct expenses in connection with the rental of operating property and equipment to others. When stipulated rentals are based upon or provide for additions, such as accrued overhaul and accrued depreciation, the full amount of such rentals shall be included in this account.

This account shall be credited with accrued rental from the use by others of all classes of operating property and equipment, including aircraft, engines, miscellaneous flight equipment, etc., owned by the air carrier. It shall also include rentals received from all classes of operating property and equipment leased or rented by the air carrier and subrented to others.

Overhauls made by the air carrier of its own flight equipment shall not be charged to this account but to appropriate accounts within the flight equipment maintenance expense group.

Depreciation shall be charged to the appropriate accounts within the depreciation expense group, and taxes shall be charged to account 818, "General Taxes."

Rentals received from property included in account 160, "Non-operating Property and Equipment," shall not be credited to this account but to account 905, "Non-operating Property and Equipment Income."

Subaccounts shall be established to show the total revenues from rental of property and equipment, the expenses applicable thereto, and the resulting gain or loss.

OPERATING REVENUE ACCOUNTS
INCIDENTAL REVENUES

354 LIMOUSINE SERVICE—NET

This account shall include the accrued revenue and all direct expenses in connection with revenue limousine service operated by the air carrier for the transportation of passengers and baggage to and from airports.

This account shall be credited with all revenues arising from this source and shall be charged with all direct costs including salaries, wages, compensation insurance, and expenses of drivers; operating and maintenance costs of the limousines, including all repairs and overhauls, gasoline, oil, insurance, license fees, etc.

Depreciation on limousines owned by the air carrier shall be charged to account 8523, "Depreciation—Motorized Vehicles and Equipment," and taxes, including Social Security taxes, shall be charged to account 818, "General Taxes."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to the operation of revenue limousine service at each station on the routes of the air carrier.

OPERATING REVENUE ACCOUNTS**INCIDENTAL REVENUES****355 OTHER INCIDENTAL REVENUES—NET**

This account shall include all other incidental income of the air carrier not provided for in accounts 351 to 354, inclusive, such as occasional flight and Link Trainer instruction, mail messenger service, parcel rooms and storage, fines assessed against employees, commissions earned from the sale of transportation of other common carriers, and miscellaneous commissions. This account shall be charged with all direct expenses incurred in connection with revenues included in this account.

It shall also include the income from vending and other automatic machines, newsstands, and telephone pay stations when not included in account 351, "Restaurant and Food Service—Net."

Appropriate subaccounts shall be established and the revenues and expenses shall be subdivided in such manner as to afford complete information relating to each type of income.

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

<i>Account Number</i>	<i>Account</i>
400	Flying Operations
401	Captains and Senior Pilots
402	First Officers and Co-Pilots
403	Other Flight Officers and Mechanics
404	Flight Crew Supplies and Expenses
405	Aircraft Engine Fuels
406	Aircraft Engine Fuel Taxes
407	Aircraft Engine Oils
408	Aircraft Engine Oil Taxes
409	Rents of Flight Equipment
410	Damage to Flight Equipment—Insurance
411	Damage to Flight Equipment—Reserve Provision
412	Damage to Flight Equipment—Expenses
413	Other Insurance—Flight Equipment
414	Other Injuries, Loss, and Damage
415	Employees' Compensation and Other Insurance
416	Other Flying Operations Expenses

OPERATING EXPENSE ACCOUNTS**FLYING OPERATIONS****401 CAPTAINS AND SENIOR PILOTS**

This account shall include the pay, properly chargeable to this account, of captains and senior pilots engaged in flying operations including test, inspection, ferry and other flights; and chief pilots, assistant chief pilots, test pilots and check pilots whose principal duties are flying aircraft.

The pay of chief pilots, assistant chief pilots, test pilots, and check pilots whose principal duties are of a supervisory nature, shall be charged to account 451, "Superintendence—General," or account 452, "Superintendence—Assistants."

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

402 FIRST OFFICERS AND CO-PILOTS

This account shall include the pay, properly chargeable to this account, of first officers, second officers and co-pilots engaged in flying operations, including test, inspection, ferry and other flights; and first officers or second officers in training, reserve captains acting as first officers or second officers, and flight pay of other reserve personnel acting as first officers or second officers, and pilot training instructors.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

403 OTHER FLIGHT OFFICERS AND MECHANICS

This account shall include the pay, properly chargeable to this account, of engineering officers, navigation officers, flight communication officers and operators, flight mechanics and all other personnel engaged in flying operations not included in accounts 401 and 402 *except* stewards and stewardesses.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of stewards and stewardesses shall not be included in this account but shall be charged to account 652, "Stewards and Stewardesses."

This account shall not include the pay of ground personnel when temporarily engaged in test or other special flight duties.

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

404 FLIGHT CREW SUPPLIES AND EXPENSES

This account shall include the allowable expenses of flight officers and crews, *except* stewards and stewardesses, in regular flight status, and the cost of expendable items of supplies issued for their use, properly chargeable to flying operations, including test, inspection, ferry, and other flights. This account shall include expenses such as rents of flight crew quarters, expenses while away from home base, moving expenses, flight crew expenses due to interrupted trips, etc.

ITEM LIST

Aviation and railway guides	Motorized vehicles—rents
Business cards	Name plates
Calculators	Passport expenses
Charts—including radio range charts	Physical examinations
Cleaning uniforms	Protractors
Computers	Room rent
Emblems or insignia	Stationery and printing
Flashlights and batteries	Taxicab expenses
Handbags	Telephone and telegraph expenses
Hotel expenses	Transportation expenses
Interrupted trip expenses of flight crews	Transfer and moving expenses
Laundry	Uniforms and braid
Maps	Wallets
Meal expenses	

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

405 AIRCRAFT ENGINE FUELS

This account shall include the cost of aircraft engine fuels and fuel mixing compounds used in flying operations, *except* non-refundable federal and state aircraft engine fuel taxes which shall be charged to account 406, "Aircraft Engine Fuel Taxes."

All charges to this account shall be transferred from account 111, "Motor Fuels," with the exception of deliveries directly to aircraft which may be charged directly to this account. The cost of aircraft engine fuels shall include demurrage, freight and siding charges, local taxes, inspection fees, sales and use taxes, customs duties, service charges, etc.

Adjustments shall be made in this account for overages and shortages in aircraft engine fuel inventories.

The cost of labor in handling fuel and in refueling aircraft when performed by the air carrier's employees shall be charged to account 458, "Service Employees"; and when performed by others to account 467, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS

FLYING OPERATIONS

406 AIRCRAFT ENGINE FUEL TAXES

This account shall include non-refundable federal and state aircraft engine fuel taxes applicable to aircraft engine fuels used in flying operations. All charges to this account shall be transferred from account 111, "Motor Fuels," with the exception of such taxes applicable to deliveries directly to aircraft which may be charged directly to this account.

State or local sales and use taxes on aircraft engine fuels shall be included in the cost of engine fuels and charged to account 405, "Aircraft Engine Fuels."

Refundable fuel taxes shall not be charged to this account but to account 104, "Accounts Receivable."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

407 AIRCRAFT ENGINE OILS

This account shall include the cost of aircraft engine oils used in flying operations *except* non-refundable federal and state aircraft engine oil taxes which shall be charged to account 408, "Aircraft Engine Oil Taxes."

All charges to this account shall be transferred from account 112, "Lubricating Oils," with the exception of deliveries directly to aircraft which may be charged directly to this account. The cost of aircraft engine oils shall include freight charges, sales and use taxes, customs duties, inspection fees, etc.

Adjustments shall be made in this account for overages and shortages in aircraft engine oil inventories.

The cost of labor in handling aircraft engine oils when performed by the air carrier's employees shall be charged to account 458, "Service Employees"; and when performed by others to account 467, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

408 AIRCRAFT ENGINE OIL TAXES

This account shall include non-refundable federal and state aircraft engine oil taxes applicable to aircraft engine oils used in flying operations. All charges to this account shall be transferred from account 112, "Lubricating Oils," with the exception of such taxes applicable to deliveries directly to aircraft which may be charged directly to this account.

State or local sales and use taxes on aircraft engine oils shall be included in the cost and charged to account 407, "Aircraft Engine Oils."

Refundable aircraft engine oil taxes shall not be charged to this account but to account 104, "Accounts Receivable."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

409 RENTS OF FLIGHT EQUIPMENT

This account shall include rents currently accrued or paid to others for use of flying equipment such as aircraft, engines, radio, instruments, and miscellaneous flying equipment, when used in the flying operations of the air carrier.

When rented flying equipment is leased to a third party the rent expense and rental income shall be carried in account 353, "Rental from Operating Property—Net."

This account shall not include the cost of maintenance and repairs made by the air carrier to rented flying equipment. Such costs shall be charged to the appropriate flight equipment maintenance accounts when the rented equipment is used in flying operations; and to account 353, "Rental from Operating Property—Net," when rented to a third party.

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

410 DAMAGE TO FLIGHT EQUIPMENT—INSURANCE

This account shall include the cost of insurance, applicable to the accounting period and properly chargeable to flying operations, covering accidental damage to aircraft, engines, radio, propellers, instruments, appurtenances, and fittings.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

411 DAMAGE TO FLIGHT EQUIPMENT—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for uninsured losses as set forth in account 291, "Reserve for Uninsured Losses," this account shall be charged with accruals to the reserve covering damage to flight equipment. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

412 DAMAGE TO FLIGHT EQUIPMENT—EXPENSES

This account shall be charged with expenses resulting from damage to aircraft, engines, propellers, radio, instruments, appurtenances, and fittings when such damage is not covered by insurance or for which a reserve provision has not been made. Charges to this account shall be cleared from account 175, "Other Deferred Charges."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

413 OTHER INSURANCE—FLIGHT EQUIPMENT

This account shall include the cost, applicable to the accounting period and properly chargeable to flying operations, of fire, theft, windstorm, public liability, and property damage insurance, covering aircraft, engines, radio, propellers, instruments, appurtenances, and fittings.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

414 OTHER INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, excluding expense chargeable to account 412, "Damage to Flight Equipment—Expenses," resulting from accidents or casualties properly chargeable to flying operations expenses.

Charges to this account shall be cleared from account 175, "Other Deferred Charges," *except* that this account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no suspense account has been established.

Reference is made to account 291, "Reserve for Uninsured Losses," concerning the use of a reserve in lieu of insurance.

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

415 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering flight personnel engaged in flying operations, *except* stewards and stewardesses, when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of life insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of compensation, life and accident insurance covering stewards and stewardesses shall be charged to account 665, "Employees' Compensation and Other Insurance."

OPERATING EXPENSE ACCOUNTS
FLYING OPERATIONS

416 OTHER FLYING OPERATIONS EXPENSES

This account shall include all flying operations expenses not properly chargeable to accounts 404 to 415, inclusive.

It shall include items such as services performed by others in connection with training flying personnel, ballast bags, expense of transporting mail to and from trains and in connection with interrupted trips, deicing fluid, oxygen for flight crews, expenses of landing and storage of aircraft at off-line points, clearance fees for aircraft, bills of health, visas, inspection fees, customs agents' mileage, etc.

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

<i>Account Number</i>	<i>Account</i>
450	Ground Operations
451	Superintendence—General
452	Superintendence—Assistants
453	Engineers and Assistant Engineers
454	Meteorologists and Dispatchers
455	Communications Operators
456	Station Managers
457	Passenger and Ticket Agents
458	Service Employees
459	Other Ground Operations Employees
460	Travel and Incidental Expenses
461	Consolidated Airport Ticket Office Expenses
462	Office Supplies and Expenses
463	Telephone and Telegraph
464	Light, Heat, Power, and Water
465	Rents of Fields, Buildings, and Offices
466	Motorized Vehicles Expenses
467	Servicing Supplies and Expenses
468	Buildings, Contents, and Liability Insurance
469	Employees' Compensation and Other Insurance
470	Injuries, Loss, and Damage
471	Other Ground Operations Expenses

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

INSTRUCTIONS

1. The accounts in this group are designed to record all ground operations expenses and shall include the salaries of all supervisory and other ground personnel engaged in directing the movement of flight equipment; handling of mail, passengers, and express; and all expenses incident to such operations.

2. The accounts in this group shall include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 458, "Service Employees," or account 467, "Servicing Supplies and Expenses."

Ground servicing duties are defined to include towing aircraft; cleaning, washing and polishing aircraft; serving aircraft with fuel, oil and water; transporting fuels and oils from storage tanks to aircraft; general cleaning and caring for operating hangars and grounds not including overhaul shops and maintenance bases; and services incident to the transfer of mail, baggage and express in hangars or on airports.

3. The accounts in this group shall not include the salaries and expenses directly attributable to passenger reservations service whether such service is maintained at the airports or in city ticket offices.

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

451 SUPERINTENDENCE—GENERAL

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of ground operations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Chief pilots—(not flying)	Operations managers
Communications superintendents or supervisors—operations	Regional superintendents or supervisors
Division superintendents or supervisors—operations	Stations superintendents or supervisors
Flight directors	System superintendents or supervisors
Flight superintendents or supervisors	Vice-presidents in charge of divisions
	Vice-presidents in charge of operations

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

452 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of ground operations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Agents training school instructors	Assistant system superintendents or supervisors
Assistant chief pilots—(not flying)	Assistants to operations manager
Assistant communications superintendents or supervisors	Assistants to vice-presidents—divisions
Assistant division superintendents or supervisors	Assistants to vice-presidents—operations
Assistant flight directors	Check pilots—(not flying)
Assistant flight superintendents or supervisors	Chief dispatchers and assistants
Assistant regional superintendents or supervisors	Chief inspectors—operations
Assistant station superintendents or supervisors	Field supervisors
	Link trainer instructors
	Regulations supervisors
	Test pilots—(not flying)

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

453 ENGINEERS AND ASSISTANT ENGINEERS

This account shall include the pay, properly chargeable to this account, of engineers, assistant engineers and draftsmen.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Airport engineers	General engineers
Airway engineers	Laboratory supervisors
Chief engineers	Navigation engineers
Construction engineers	Radio engineers
Design engineers	Vice-presidents—engineering
Draftsmen	Vice-presidents—safety

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

454 METEOROLOGISTS AND DISPATCHERS

This account shall include the pay, properly chargeable to this account, of meteorologists and assistants, and dispatchers and assistants.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

455 COMMUNICATIONS OPERATORS

This account shall include the pay, properly chargeable to this account, of airway radio, telephone, telegraph, teletype, and other communications operators and their assistants engaged in the transmission of messages at ground stations, between ground stations, and between ground stations and aircraft.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

456 STATION MANAGERS

This account shall include the pay, properly chargeable to this account, of local airport station managers, assistant station managers, and relief station managers.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

457 PASSENGER AND TICKET AGENTS

This account shall include the pay, properly chargeable to this account, of personnel engaged in handling passengers and ticket sales at airports.

Passenger and ticket agents located in city traffic and sales offices shall not be charged to this account but to account 704, "Passenger and Ticket Agents and Reservations Personnel."

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

458 SERVICE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all employees engaged in work in and about hangars and at airports, such as towing aircraft, changing tires, cleaning, washing and polishing aircraft; servicing aircraft with fuel, oil, and water; transporting fuels and oils from storage tanks to aircraft; and general cleaning and caring for hangars and grounds. It shall include the pay of employees engaged in the transfer of mail, baggage, and express in hangars or on airports. It shall also include the pay of messengers in connection with the operation of air mail and express pickup stations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Baggage agents	Heating engineers
Cargo handlers	Janitors
Carpenters	Line mechanics (when engaged in servicing duties)
Chauffeurs	Mail clerks and messengers
Cleaners	Porters
Couriers	Refueling clerks
Electricians	Service crews
Fleet service employees	Watchmen
Ground caretakers	
Guards	

OPERATING EXPENSE ACCOUNTS**GROUND OPERATIONS****459 OTHER GROUND OPERATIONS EMPLOYEES**

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, general clerks, and other ground operations employees whose pay is not properly chargeable to accounts 451 to 458, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Airport accountants
Clerks
Log clerks
Timekeepers

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

460 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 451 to 459, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

Gasoline or mileage allowances	Photographs
Hotel, rooms, etc.	Physical examinations
Laundry	Taxicab expenses
Meals	Tips and special fees
Memberships in business and social clubs	Transfer and moving expenses
Motorized vehicles rents	Travel fares
Passport expenses	Uniforms and cleaning (except service employees)

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

461 CONSOLIDATED AIRPORT TICKET OFFICE EXPENSES

This account shall include all charges covering the air carrier's proportionate part of the operating expenses of consolidated ticket offices located at airports.

The air carrier's proportion of the operating costs of consolidated ticket offices located in cities shall be charged to account 707, "Consolidated City Ticket Office Expenses."

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

462 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to ground operations, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

ITEM LIST

Aircraft log forms	Overtime meal allowances
Armored car service	Passenger manifests
Aviation and railway guides	Passenger tickets
Baggage checks	Postage and postal charges
Business cards	Radio transmission forms
Clock service	Rents of office equipment
Home study courses	Repairs to furniture, fixtures, and office equipment
Janitor and window cleaning services	Signs
Messenger services	Teletype paper
Newspaper and periodicals	Towel and coat service
Office stationery and printing	
Office supplies	

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

463 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to ground operations, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

ITEM LIST

Cablegrams	Telegraph circuit rents and installation costs
Long distance calls and tolls	Telemeter charges
Long lines communication	Telephone installation and service charges
Private line teletype service	Teletype rents and charges
Radiograms	
Switchboard rents and charges	
T. W. X. teletype service	

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

464 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, hangars, offices, and storage space, wherever located, when used in ground operations, or for offices of supervisory ground operations employees. It shall also include the cost of power for lighting airport and airway beacons and power for airway communications.

This account shall not be charged with expenses of this type incident to hangars used for the overhaul, repair and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at central overhaul bases or elsewhere, Account 610, "Light, Heat, Power and Water," shall be charged with such expenses.

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

465 RENTS OF FIELDS, BUILDINGS, AND OFFICES

This account shall include rents currently accrued or paid for the use of fields, airports, buildings, hangars, offices, storage space, and remote control locations, wherever located, when used in ground operations or for offices of supervisory ground operations employees.

This account shall not be charged with the rent of hangars used for the overhaul, repair and maintenance of aircraft, or the offices of supervisory maintenance employees, whether such hangars and offices are located at the central overhaul bases or elsewhere. Account 611, "Rents of Buildings and Offices," shall be charged with such expenses.

When rented property is leased to a third party the rental income, and the rent expense or proportionate part thereof, shall be carried in account 353, "Rental from Operating Property—Net."

ITEM LIST

Airway aids site rents
Landing field rents and charges
Remote control space rent
Storage rents and fees

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

466 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to ground operations, of operation of motorized vehicles, *except* repairs and depreciation.

The cost of repairs and overhaul shall be charged to account 555, "Motorized Vehicles and Equipment Repairs—Direct Labor," and account 556, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs"; depreciation shall be charged to account 8523, "Depreciation—Motorized Vehicle and Equipment."

Cost of hire of motorized vehicles used by officers and employees in ground operations shall be charged to account 460, "Travel and Incidental Expenses."

ITEM LIST

Anti-freeze
Frost shields
Gasoline
Grease
Oil
Parking fees
Tolls

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

467 SERVICING SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to ground operations, of supplies and miscellaneous services used in cleaning and servicing aircraft and cleaning ground operations hangars. It shall also include fuel and oil servicing charges at airports when such servicing is done by personnel other than that of the air carrier.

The cost of materials and supplies used in cleaning ground maintenance hangars shall be charged to account 615, "Shop Supplies and Expenses."

ITEM LIST

Acetylene	Hacksaw blades	Small signs
Ash removal	Laundrying rags	Snow shovels
Bolts	Light bulbs	Tie-down stakes
Brushes	Mops	Towel service
Cleaning supplies	Nuts	Umbrellas
Compressed air and gases	Padlocks and keys	Uniforms and laundering
Cotter pins	Paint	Wash rags
Demurrage on cylinders	Polish	Washers
Drills	Raincoats	Washing compounds,
Exterminator compounds	Rubber boots	soaps, and insecticides
First-aid supplies	Saw dust	Washroom supplies
Flashlights and batteries	Screws	Watchmen service
Gloves	Small tools	

OPERATING EXPENSE ACCOUNTS

GROUND OPERATIONS

468 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to ground operations, of fire, wind-storm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

469 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in ground operations when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

470 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to ground operations expenses, carried over from account 175, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 175, "Other Deferred Charges."

Uninsured losses in connection with injuries to passengers, and loss or damage to baggage, clothing, and other personal property, shall be charged to account 667, "Injuries, Loss and Damage."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
GROUND OPERATIONS

471 OTHER GROUND OPERATIONS EXPENSES

This account shall include all ground operations expenses of the air carrier not properly chargeable to ground operations accounts 460 to 470, inclusive.

ITEM LIST

Aeronautical radio supervision
Airport and airway lighting supplies
and expenses—miscellaneous
Airport post office expenses
Company material mailsacks
Control tower charges
Miscellaneous engineering and experi-
mental supplies
Rent of meteorological, airway com-
munication, and other miscellaneous
ground operations equipment

OPERATING EXPENSE ACCOUNTS
 FLIGHT EQUIPMENT MAINTENANCE—DIRECT

<i>Account Number</i>	<i>Account</i>
500	Flight Equipment Maintenance—Direct
501	Aircraft Repairs—Direct Labor
502	Aircraft Repairs—Materials and Outside Repairs
503	Aircraft Repairs—Reserve Provision
504	Aircraft Engine Repairs—Direct Labor
505	Aircraft Engine Repairs—Materials and Outside Repairs
506	Aircraft Engine Repairs—Reserve Provision
507	Aircraft Instrument Repairs—Direct Labor
508	Aircraft Instrument Repairs—Materials and Outside Re- pairs
509	Aircraft Propeller Repairs—Direct Labor
510	Aircraft Propeller Repairs—Materials and Outside Repairs
511	Aircraft Radio Equipment Repairs—Direct Labor
512	Aircraft Radio Equipment Repairs—Materials and Outside Repairs
513	Miscellaneous Flight Equipment Repairs—Direct Labor
514	Miscellaneous Flight Equipment Repairs—Materials and Outside Repairs
515	Other Flight Equipment Maintenance Expenses

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record direct expenses applicable to maintenance, repair, and overhaul of property and equipment used in flying operations.

2. Labor and material shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. The cost of direct labor, materials and supplies, including outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running orders or job tickets covering each repair job and periodic inspection *except* servicing. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, custom duties, etc., shall be included in the cost of repairs when made by outside parties.

3. When supervisory personnel such as crew chiefs, inspectors, foremen, and supervisors are engaged in direct labor in connection with flight equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor accounts in this group.

4. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 458, "Service Employees," or to account 467, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

501 AIRCRAFT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of aircraft of all types and classes included in property account 1501, "Aircraft," *except* aircraft instruments. It shall also include such costs in connection with aircraft rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in aircraft repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

When a reserve method is used for major overhaul of aircraft, account 271, "Reserve for Aircraft Overhaul," shall be charged with the cost of such overhauls.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

502. AIRCRAFT REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of aircraft of all types and classes included in property account 1501, "Aircraft," *except* aircraft instruments. It shall also include such costs in connection with aircraft rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of aircraft shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft repair job.

When a reserve method is used for major overhaul of aircraft, account 271, "Reserve for Aircraft Overhaul," shall be charged with the cost of such overhauls.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

503 AIRCRAFT REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft overhaul as set forth in account 271, "Reserve for Aircraft Overhaul," this account shall be charged with the accruals thereto. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

504 AIRCRAFT ENGINE REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of aircraft engines of all types and classes included in property account 1502, "Aircraft Engines." It shall also include such costs in connection with aircraft engines rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in aircraft engine repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

When a reserve method is used for major overhaul of aircraft engines, account 272, "Reserve for Aircraft Engine Overhaul," shall be charged with the cost of such overhauls.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

505 AIRCRAFT ENGINE REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of aircraft engines of all types and classes included in property account 1502, "Aircraft Engines." It shall also include such costs in connection with aircraft engines rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of aircraft engines shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft engine repair job.

When a reserve method is used for major overhaul of aircraft engines, account 272, "Reserve for Aircraft Engine Overhaul," shall be charged with the cost of such overhauls.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

506 AIRCRAFT ENGINE REPAIRS—RESERVE PROVISION

When the air carrier has complied with the requirements governing the use of a reserve for aircraft engine overhaul as set forth in account 272, "Reserve for Aircraft Engine Overhaul," this account shall be charged with the accruals thereto. Adjustments of the accruals to the reserve account shall also be concurrently charged or credited to this account.

No entries other than those specified in the preceding paragraph shall be made in this account.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

507 AIRCRAFT INSTRUMENT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of aircraft instruments of all types and classes included in property account 1501, "Aircraft." It shall also include such costs in connection with aircraft instruments rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in aircraft instrument repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

508 AIRCRAFT INSTRUMENT REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of aircraft instruments of all types and classes included in property account 1501, "Aircraft." It shall also include such costs in connection with aircraft instruments rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of aircraft instruments shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft instrument repair job.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

509 AIRCRAFT PROPELLER REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of aircraft propellers of all types and classes included in property account 1503, "Aircraft Propellers." It shall also include such costs in connection with aircraft propellers rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in aircraft propeller repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

510 AIRCRAFT PROPELLER REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of aircraft propellers of all types and classes included in property account 1503, "Aircraft Propellers." It shall also include such costs in connection with aircraft propellers rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of aircraft propellers shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft propeller repair job.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

511 AIRCRAFT RADIO EQUIPMENT—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of aircraft radio equipment of all types and classes included in property account 1504, "Aircraft Radio Equipment." It shall also include such costs in connection with aircraft radio equipment rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in aircraft radio equipment repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

512 AIRCRAFT RADIO EQUIPMENT REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of aircraft radio equipment of all types and classes included in property account 1504, "Aircraft Radio Equipment." It shall also include such costs in connection with aircraft radio equipment rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of aircraft radio equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific aircraft radio equipment repair job.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

513 MISCELLANEOUS FLIGHT EQUIPMENT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of miscellaneous flight equipment of all types and classes included in property account 1505, "Miscellaneous Flight Equipment." It shall also include such costs in connection with miscellaneous flight equipment rented or on consignment when such equipment is used in flying operations.

The cost of direct labor, either on an hourly or salary basis, used in miscellaneous flight equipment repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

514 MISCELLANEOUS FLIGHT EQUIPMENT REPAIRS—MATERIALS AND
OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of miscellaneous flight equipment of all types and classes included in property account 1505, "Miscellaneous Flight Equipment." It shall also include such costs in connection with miscellaneous flight equipment rented or on consignment when such equipment is used in flying operations.

Materials and supplies used in the direct repair of miscellaneous flight equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific miscellaneous flight equipment repair job.

OPERATING EXPENSE ACCOUNTS
FLIGHT EQUIPMENT MAINTENANCE—DIRECT

515 OTHER FLIGHT EQUIPMENT MAINTENANCE EXPENSES

This account shall include all flight equipment maintenance expenses of the air carrier not properly chargeable to flight equipment maintenance accounts 501 to 514, inclusive.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

<i>Account Number</i>	<i>Account</i>
550	Ground Equipment Maintenance—Direct
551	Station Communication Equipment Repairs—Direct Labor
552	Station Communication Equipment Repairs—Materials and Outside Repairs
553	Hangar, Shop, and Ramp Equipment Repairs—Direct Labor
554	Hangar, Shop, and Ramp Equipment Repairs—Materials and Outside Repairs
555	Motorized Vehicles and Equipment Repairs—Direct Labor
556	Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs
557	Buildings and Other Improvements Repairs—Direct Labor
558	Buildings and Other Improvements Repairs—Materials and Outside Repairs
559	Other Ground Equipment Repairs—Direct Labor
560	Other Ground Equipment Repairs—Materials and Outside Repairs

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record direct expenses applicable to maintenance, repair, and overhaul of the ground equipment referred to in accounts 551 to 560, inclusive.

2. Labor and materials shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. The cost of direct labor, materials and supplies including outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running orders or job tickets covering each repair job and periodic inspection *except* servicing. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, customs duties, etc., shall be included in the cost of repairs when made by outside parties.

3. When supervisory personnel, such as crew chiefs, inspectors, foremen, and supervisors, are engaged in direct labor in connection with ground equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor accounts in this group.

4. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 458, "Service Employees," or to account 467, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

551 STATION COMMUNICATION EQUIPMENT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of station communication equipment of all types and classes included in property account 1521, "Station Communication Equipment." It shall also include such costs in connection with station communication equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, used in station communication equipment repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

552 STATION COMMUNICATION EQUIPMENT REPAIRS—MATERIALS AND
OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of station communication equipment of all types and classes included in property account 1521, "Station Communication Equipment." It shall also include such costs in connection with station communication equipment rented or on consignment.

Materials and supplies used in the direct repair of station communication equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific station communication equipment repair job.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

553 HANGAR, SHOP, AND RAMP EQUIPMENT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of hangar, shop, and ramp equipment of all types and classes included in property account 1522, "Hangar, Shop and Ramp Equipment." It shall also include such costs in connection with hangar, shop, and ramp equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis used in hangar, shop, and ramp equipment repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

**554 HANGAR, SHOP, AND RAMP EQUIPMENT REPAIRS—MATERIALS AND
OUTSIDE REPAIRS**

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of hangar, shop, and ramp equipment of all types and classes included in property account 1522, "Hangar, Shop, and Ramp Equipment." It shall also include such costs in connection with hangar, shop, and ramp equipment rented or on consignment.

Materials and supplies used in the direct repair of hangar, shop, and ramp equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific hangar, shop, and ramp equipment repair job.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

555 **MOTORIZED VEHICLES AND EQUIPMENT REPAIRS—DIRECT LABOR**

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of motorized vehicles and equipment of all types and classes included in property account 1523, "Motorized Vehicles and Equipment," *except* motorized vehicles used in limousine service. It shall also include such costs in connection with motorized vehicles and equipment rented or on consignment.

The cost of direct labor, either on an hourly or salary basis, used in motorized vehicles and equipment repairs, overhaul or maintenance, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

556 **MOTORIZED VEHICLES AND EQUIPMENT REPAIRS—MATERIALS AND
OUTSIDE REPAIRS**

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of motorized vehicles and equipment of all types and classes included in property account 1523, "Motorized Vehicles and Equipment," *except* motorized vehicles used in limousine service. It shall also include such costs in connection with motorized vehicles and equipment rented or on consignment.

Materials and supplies used in the direct repair of motorized vehicles and equipment shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific motorized vehicles and equipment repair job.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

557 BUILDINGS AND OTHER IMPROVEMENTS REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, and repair of buildings and other improvements of all types and classes included in property accounts 1531, "Buildings and Improvements on Land Owned," 1532, "Buildings and Improvements on Land Not Owned," and 1533, "Improvements to Leased Property." It shall also include such expenses on rented property of these classes when the air carrier is obligated to maintain and repair such property.

The cost of direct labor, either on an hourly or salary basis, used in the repair and maintenance of property specified in the preceding paragraph shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

558 BUILDINGS AND OTHER IMPROVEMENTS REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection and repair by the air carrier, and the cost of outside repairs, of buildings and other improvements of all types and classes included in property accounts 1531, "Buildings and Improvements on Land Owned," 1532, "Buildings and Improvements on Land Not Owned," and 1533, "Improvements to Leased Property." It shall also include such expenses on rented property of these classes when the air carrier is obligated to maintain and repair such property.

Materials and supplies used in the direct repair of the property specified in the preceding paragraph shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific repair job on property of these classes.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

559 OTHER GROUND EQUIPMENT REPAIRS—DIRECT LABOR

This account shall include the pay of employees of the air carrier engaged in the maintenance, periodic inspection, repair, overhaul, etc., of ground equipment of all types and classes included in property accounts 1526, "Engineering Equipment," 1527, "Airport and Airway Lighting Equipment," 1528, "Storage and Distribution Equipment," and 1529, "Miscellaneous Ground Equipment." It shall also include such costs in connection with equipment of these classes when rented or on consignment.

Cost of direct labor, either on an hourly or salary basis, used in the repair, overhaul or maintenance of the property specified in the preceding paragraph, shall be charged to this account regardless of the location on the air carrier's system at which such work is done.

OPERATING EXPENSE ACCOUNTS
GROUND EQUIPMENT MAINTENANCE—DIRECT

560 OTHER GROUND EQUIPMENT REPAIRS—MATERIALS AND OUTSIDE REPAIRS

This account shall include the cost, less salvage, of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of ground equipment of all types and classes included in property accounts 1526, "Engineering Equipment," 1527, "Airport and Airway Lighting Equipment," 1528, "Storage and Distribution Equipment," and 1529, "Miscellaneous Ground Equipment." It shall also include such costs in connection with equipment of these classes when rented or on consignment.

Materials and supplies used in the direct repair of the property specified in the preceding paragraph shall be charged to this account regardless of the location on the air carrier's system at which such work is done. This account shall also be charged with travel and other expenses incident to a specific repair job on property of these classes.

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

<i>Account Number</i>	<i>Account</i>
600	Equipment Maintenance—Indirect
601	Superintendence—General
602	Superintendence—Assistants
603	Engineers and Assistant Engineers
604	Stock and Stores Employees
605	Other Equipment Maintenance Employees
606	Unallocated Shop Labor
607	Travel and Incidental Expenses
608	Office Supplies and Expenses
609	Telephone and Telegraph
610	Light, Heat, Power, and Water
611	Rents of Buildings and Offices
612	Motorized Vehicles Expenses
613	Stock and Stores Supplies and Expenses
614	Engineering Supplies and Expenses
615	Shop Supplies and Expenses
616	Materials and Supplies—Inventory Adjustments
617	Buildings, Contents, and Liability Insurance
618	Employees' Compensation and Other Insurance
619	Injuries, Loss, and Damage
620	Other Equipment Maintenance Expenses

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

INSTRUCTIONS

1. The accounts in this group are designed to record the cost of superintendence and other indirect equipment maintenance expenses.

2. The pay of personnel and other indirect maintenance expenses shall be charged to the accounts in this group regardless of the location of the air carrier's maintenance and overhaul bases or of the location of personnel engaged in such work. When repairs are made by the air carrier the charges for direct labor and materials and supplies shall be recorded in the respective account groups provided therefor. The cost of transporting owned and rented property and equipment to and from shops for repair and overhaul shall be included as a part of the cost of materials and supplies used in the repair and overhaul of such property and equipment. Transportation charges, customs duties, etc., shall be included in the cost of repairs when made by outside parties.

3. When supervisory personnel, such as crew chiefs, inspectors, foremen, and supervisors, are engaged in direct labor in connection with equipment maintenance, the proportionate part of their salaries and wages shall be charged to the direct labor accounts.

4. The accounts in this group shall not include the salaries and expenses of maintenance personnel when engaged in ground servicing duties. Such salaries and expenses shall be charged to account 458, "Service Employees," or to account 467, "Servicing Supplies and Expenses."

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

601 SUPERINTENDENCE—GENERAL

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of maintenance, overhaul, and repair of property and equipment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Communications superintendence or supervisors in charge of maintenance
Division superintendents or supervisors in charge of maintenance
Regional superintendents or supervisors in charge of maintenance
Shop superintendents
Superintendents of maintenance
System superintendents or supervisors in charge of maintenance
Vice-presidents in charge of maintenance

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE--INDIRECT

602 SUPERINTENDENCE--ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of maintenance, overhaul, and repair of property and equipment.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Assistant communications superintendents in charge of maintenance	Maintenance personnel managers
Assistant division superintendents in charge of maintenance	Maintenance shop foremen
Assistant regional superintendents in charge of maintenance	Superintendents or supervisors of apprentice mechanics
Assistant shop superintendents	Superintendents or supervisors of fleet service
Assistant superintendents of maintenance	Superintendents or supervisors of line maintenance
Assistant system superintendents in charge of maintenance	Superintendents or supervisors of maintenance regulations
Assistants to vice-presidents in charge of maintenance	Superintendents or supervisors of overhaul
Chief inspectors--maintenance	Superintendents or supervisors of repair base
General foremen	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

603 ENGINEERS AND ASSISTANT ENGINEERS

This account shall include the pay, properly chargeable to this account, of engineers, assistant engineers and draftsmen.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Chief engineers	Plant engineers
Construction engineers	Project engineers
Design engineers	Radio engineers
Electrical engineers	Research engineers
General engineers	Test engineers
Maintenance engineers	Vice-presidents—engineering
Materials engineers	Vice-presidents—safety
Mechanical installation engineers	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

604 STOCK AND STORES EMPLOYEES

This account shall include the pay, properly chargeable to this account, of supervisory and assistant supervisory employees in the stock and stores departments, and employees engaged in receiving, storing, handling, and recording materials and supplies.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of other stock and store employees, such as secretaries and stenographers, shall be included in account 605, "Other Equipment Maintenance Employees."

ITEM LIST

Assistant managers of stores	Stock handlers
Assistant storekeepers	Stock inspectors
Inventory clerks	Stock record clerks
Managers of stores	Stock truck drivers
Stock control clerks	Storekeepers

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

605 OTHER EQUIPMENT MAINTENANCE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, general clerks, and other equipment maintenance employees whose pay is not included in accounts 601 to 604 inclusive, *except* unallocated shop labor which is properly chargeable to account 606, "Unallocated Shop Labor."

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Maintenance clerks
Maintenance payroll clerks

Maintenance production clerks
Maintenance timekeepers

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

606 UNALLOCATED SHOP LABOR

This account shall include the unallocated pay of crew chiefs, mechanics, and shop cleaners engaged in duties of a general nature which cannot be charged to a specific job or type of work.

The vacation and sick leave pay of crew chiefs, mechanics, and shop cleaners, whether on an hourly or fixed salary basis, shall be charged to this account.

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

607 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 601 to 606, inclusive.

Travel and other incidental expenses in connection with specific repair jobs shall not be charged to this account but to the appropriate repair accounts.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

Gasoline or mileage allowances	Photographs
Hotel, rooms, etc.	Physical examinations
Laundry	Taxicab expenses
Meals	Tips and special fees
Memberships in business and social clubs	Transfer and moving expenses
Motorized vehicles rents	Travel fares
Passport expenses	Uniforms and cleaning

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

608 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to equipment maintenance, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

ITEM LIST

Aircraft log forms	Overtime meal allowances
Aviation and railway guides	Postage and postal charges
Business cards	Rents of office equipment
Clock service	Repairs to furniture, fixtures, and office equipment
Home study courses	Signs
Newspapers and periodicals	Teletype paper
Office stationery and printing	
Office supplies	

**OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT**

609 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to equipment maintenance, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

ITEM LIST

Long distance calls and tolls	Telegraph circuit rents and installation costs
Long lines communication	Telemeter charges
Private line teletype service	Telephone installation and service charges
Switchboard rents and charges	Teletype rents and charges
TWX teletype service	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

610 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water and air conditioning used in buildings, hangars, shops, offices, and storage space, wherever located, when used for the maintenance, overhaul, and repair of property and equipment, or for offices of supervisory maintenance employees.

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

611 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid, properly chargeable to equipment maintenance, for the use of buildings, hangars, shops, offices, and storage space, wherever located, when used for the maintenance, overhaul, and repair of property and equipment, or for offices of supervisory maintenance employees.

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 353, "Rental from Operating Property—Net."

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

612 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to equipment maintenance, of operation of motorized vehicles, *except* repairs and depreciation.

The cost of repairs and overhaul shall be charged to accounts 555, "Motorized Vehicles and Equipment Repairs—Direct Labor," and 556, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs"; depreciation shall be charged to account 8523, "Depreciation—Motorized Vehicles and Equipment."

Cost of hire of motorized vehicles used by officers and employees in equipment maintenance activities shall be charged to account 607, "Travel and Incidental Expenses."

ITEM LIST

Anti-freeze	Oil
Frost shields	Parking fees
Gasoline	Tolls
Grease	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

613 STOCK AND STORES SUPPLIES AND EXPENSES

This account shall include the cost of miscellaneous supplies for stock and store rooms of the air carrier and miscellaneous expenses in connection with wrapping, crating, storing and handling parts, materials and supplies.

ITEM LIST

Containers for materials and supplies	Scissors
Glue	Shipping supplies
Gummed tape	Twine
Labels	Wiping rags
Lumber	Wrapping paper
Pencils and crayon	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

614 ENGINEERING SUPPLIES AND EXPENSES

This account shall include miscellaneous expenses and the cost of miscellaneous supplies for the engineering department of the air carrier which cannot be charged directly to a specific job or type of work.

ITEM LIST

Blue prints	Repair materials
Expendable engineering instruments	Repair parts
Publications	Sample materials

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

615 SHOP SUPPLIES AND EXPENSES

This account shall include the cost, or proportionate part thereof, of miscellaneous materials and supplies used in and about repair shops in the repair of property and equipment, the cost of which cannot be charged to a specific job or type of work; rents, royalties, and license fees on special shop equipment; and miscellaneous expenses incurred in equipment maintenance hangars and overhaul shops.

Other indirect expenses, such as stationery, rent, light, heat, power, water, postage, etc., shall be charged to the accounts provided for such charges within the equipment maintenance group.

ITEM LIST

Acetylene	Gloves	Sawdust
Ash removal	Hacksaw blades	Screws
Bolts	Laundrying rags	Small tools
Brushes	License fees	Small signs
Cleaning supplies	Light bulbs	Snow shovels
Compressed air and gases	Mops	Towel service
Cotter pins	Nuts	Washers
Demurrage on cylinders	Padlocks and keys	Washing compounds, soaps and insecticides
Drills	Paint	Washroom supplies
Exterminator compound	Polish	Watchmen service
First aid supplies	Raincoats	Wiping rags
Flashlights and batteries	Rubber boots	

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

616 MATERIALS AND SUPPLIES—INVENTORY ADJUSTMENTS

This account shall include inventory adjustments of the value of materials and supplies recorded in account 110, "Materials and Supplies."

Inventory adjustments are defined to include shortages, overages, wastage, spoilage, and shrinkage.

Profit and loss on the sale of inventory items shall not be included in this account but in account 352, "Service Sales—Net."

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

617 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to equipment maintenance, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

618 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life and accident insurance covering employees engaged in equipment maintenance when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

619 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses, resulting from accidents or casualties properly chargeable to equipment maintenance expenses, carried over from account 175, "Other Deferred Charges."

This account shall be charged directly with expenses resulting from minor accidents where such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 175, "Other Deferred Charges."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
EQUIPMENT MAINTENANCE—INDIRECT

620 OTHER EQUIPMENT MAINTENANCE EXPENSES

This account shall include all equipment maintenance expenses of the air carrier not properly chargeable to equipment maintenance accounts 607 to 619, inclusive.

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

<i>Account Number</i>	<i>Account</i>
650	Passenger Service
651	Superintendence
652	Stewards and Stewardesses
653	Other Passenger Service Employees
654	Travel and Incidental Expenses
655	Office Supplies and Expenses
656	Telephone and Telegraph
657	Light, Heat, Power, and Water
658	Rents of Buildings and Offices
659	Food Expense—Caterers
660	Food Expense—Company Restaurants
661	Passenger Supplies and Expenses
662	Equipment Repairs and Expenses
663	Interrupted Trips Expenses
664	Buildings, Contents, and Liability Insurance
665	Employees' Compensation and Other Insurance
666	Passenger Liability Insurance
667	Injuries, Loss, and Damage
668	Other Passenger Service Expenses

OPERATING EXPENSE ACCOUNTS**PASSENGER SERVICE****INSTRUCTIONS**

1. The accounts in this group are designed to record expenses incurred by the air carrier in providing meals, sleeping accommodations, and other facilities and services contributing to the comfort of passengers while in flight; passenger expenses in connection with interrupted trips, passenger liability insurance, and injuries, loss and damage expenses in excess of insurance coverage.

2. The accounts in this group shall not include expenses incurred in securing or selling passenger transportation, handling passengers on the ground, reservation of space, ticketing and ramp services, and other expenses for which accounts are provided in other expense groups.

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

651 SUPERINTENDENCE

This account shall include the pay, properly chargeable to this account, of supervisory employees engaged in general supervision of passenger service. It shall also include the pay of classroom instructors and of stewards, stewardesses, and hostesses while in training.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not be charged with the pay of personnel directly engaged in the supervision of company restaurants and kitchens. Such pay shall be charged to account 351, "Restaurants and Food Service—Net."

ITEM LIST

Chief hostess (not flying)
 Chief steward (not flying)
 Chief stewardess (not flying)
 Dieticians
 Directors of passenger service
 Managers of dining service

Managers of passenger service
 Superintendents in charge of stewards
 or stewardesses
 Superintendents or supervisor of pas-
 senger service
 Supervisors of food service

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

652 STEWARDS AND STEWARDESSES

This account shall include the pay, properly chargeable to this account, of stewards, stewardesses and hostesses when in flight status.

This account shall include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not include the pay of stewards and stewardesses assigned to speaking tours, exhibitions, conventions, etc. Such pay shall be charged to advertising and publicity or other appropriate expense groups.

ITEM LIST

Chief hostess (flying)	Hostesses
Chief steward (flying)	Stewardesses
Chief stewardesses (flying)	Stewards

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

653 OTHER PASSENGER SERVICE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, clerks, supervisory assistants, and other passenger service employees whose pay is not included in accounts 651 and 652.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

This account shall not be charged with the pay of personnel employed in company restaurants and kitchens. Such pay shall be charged to account 351, "Restaurant and Food Service—Net."

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

654 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 651 to 653, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

Gasoline and mileage allowances	Passport expenses
Hotel, rooms, etc.	Photographs
Interrupted trips expenses	Physical examinations
Laundry	Taxicab expenses
Meals	Tips and special fees
Memberships in business and social clubs	Transfer and moving expenses
Motorized vehicles rents	Travel fares
	Uniforms and cleaning

OPERATING EXPENSE ACCOUNTS**PASSENGER SERVICE****655 OFFICE SUPPLIES AND EXPENSES**

This account shall include the cost, properly chargeable to passenger service, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

ITEM LIST

Aviation and railway guides
Business cards
Clock service
Home study courses
Janitor and window cleaning service
Newspapers and periodicals
Office stationery and printing
Office supplies
Overtime meal allowances
Postage and postal charges
Rents of office equipment
Repairs to furniture, fixtures, and office equipment
Signs
Teletype paper

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

656 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to passenger service, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also amounts collected from others applicable to amounts chargeable to this account.

The cost of passenger telephone calls, telegrams, cablegrams and radiograms incurred in connection with interrupted trips shall be charged to account 663, "Interrupted Trips Expenses."

ITEM LIST

Long distance calls and tolls	Telegraph circuit rents and installation costs
Long lines communication	Telemeter charges
Private line teletype service	Telephone installation and service charges
Switchboard rents and charges	Teletype rents and charges
TWX teletype service	

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

657 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices and storage space, wherever located, when used in passenger service operations or for offices of passenger service supervisory employees.

Such expenses in connection with company restaurants shall not be charged to this account but to account 351, "Restaurant and Food Service—Net."

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

658 RENTS OF BUILDINGS AND OFFICES

This account shall include the rents currently accrued or paid for the use of buildings, offices and storage space, wherever located, when used in passenger service operations or for offices of supervisory passenger service employees, *except* such expenses in connection with company restaurants which shall be charged to account 351, "Restaurant and Food Service—Net."

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 353, "Rental from Operating Property—Net."

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

659 FOOD EXPENSE—CATERERS

This account shall include the cost of prepared food purchased by the air carrier from caterers for service to passengers.

This account shall not include the cost of food for service to passengers prepared in company operated restaurants and kitchens. The cost of such food shall be charged to account 660, "Food Expense—Company Restaurants."

The cost of food prepared for service to flight crews, *except* stewards or stewardesses, shall be charged to account 404, "Flight Crew Supplies and Expenses"; for service to stewards and stewardesses such costs shall be charged to account 654, "Travel and Incidental Expenses."

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

660 FOOD EXPENSE—COMPANY RESTAURANTS

This account shall include the estimated cost of food prepared in company operated restaurants and kitchens for service to passengers. The estimated cost shall be based upon a fair estimate by the air carrier of the proportionate cost of such food.

Charges to this account shall be concurrently credited to account 351, "Restaurant and Food Service—Net."

The cost of food prepared for service to flight crews, *except* stewards or stewardesses, shall be charged to account 404, "Flight Crew Supplies and Expenses"; for service to stewards and stewardesses such costs shall be charged to account 654, "Travel and Incidental Expenses."

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

661 PASSENGER SUPPLIES AND EXPENSES

This account shall include the cost of miscellaneous expendable supplies placed aboard aircraft for the use and comfort of passengers.

This account shall not include the cost of food prepared for service to passengers; the cost of such food shall be charged to account 659, "Food Expense—Caterers," or to account 660, "Food Expense—Company Restaurants." It shall not include passenger expenses incurred in connection with interrupted trips; such expenses shall be charged to account 663, "Interrupted Trips Expenses."

Expenses incurred in connection with the repair and replacement of passenger service equipment shall not be charged to this account but to account 662, "Equipment Repairs and Expenses."

ITEM LIST

Air sickness containers	Gum	Oxygen for passengers
Aviation and railway guides	Hand towels	Pantry supplies
Booklets	Ice	Paper plates, cups, and napkins
Brushes	Lavatory supplies	Paper slippers
Cigarettes	Location card notices	Playing cards
Cleaning supplies	Magazines	Postage
Coat hangers	Matches	Ship laundry
Combs	Medical supplies	Sleeper bags
Drugs	Menus	Soap
Flowers	Newspapers	Stationery and printing
Glassware	Occupied seat cards	

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

662 EQUIPMENT REPAIRS AND EXPENSES

This account shall include the cost of direct labor and the cost, less salvage of materials and supplies and small expendable tools consumed in the maintenance, periodic inspection, repair, overhaul, etc., by the air carrier, and the cost of outside repairs, of all types and classes of property included in account 1511, "Passenger Service Equipment." It shall also include such costs in connection with passenger service equipment rented or on consignment.

This account shall be charged with the value of spare items issued from inventory, account 110, "Materials and Supplies," for replacement of individual items included in aircraft passenger service equipment complements.

This account shall not be charged with original issues of complete complements of aircraft passenger service equipment. The cost of complete original complements shall be charged to account 1511, "Passenger Service Equipment."

Loss and damage to this type of equipment as a result of major accidents and casualties shall not be charged to this account but to account 175, "Other Deferred Charges," and handled as a part of the total loss resulting from such accidents or casualties.

ITEM LIST

Beetleware	Food boxes	Serving containers
Blankets	Glassware	Serving trays
Chinaware	Head rest covers	Silverware
Cleaning supplies	Linen	Soaps and solvents
Dishes	Mops	Thermos jugs
Electric razor	Pillows	Utensils
First aid kits	Seat covers	

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

663 INTERRUPTED TRIPS EXPENSES

This account shall include all expenses allowed or paid for passengers occasioned by interrupted trips.

This account shall not include expenses incurred by employees of the air carrier in connection with interrupted trips; such expenses shall be charged to travel and incidental expense accounts within the expense groups to which such employees' salaries are charged.

ITEM LIST

Claim settlements	Motorized vehicles rents
Express and freight on baggage	Railroad and auto bus fares
Hotel expenses	Taxicab expenses
Meals	Telephone and telegraph expenses

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

664 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to passenger service, of fire, wind-storm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance coverage on restaurant and food service equipment shall not be charged to this account but to account 351, "Restaurant and Food Service—Net."

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

665 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in passenger service when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

666 PASSENGER LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period, of passenger liability insurance covering liability of the air carrier for casualties resulting in loss of life or injuries to passengers and loss or damage to passengers' baggage and other personal property.

This account shall be credited with all returns and refunds from insurance companies applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
PASSENGER SERVICE

667 INJURIES, LOSS, AND DAMAGE

This account shall include the remainder of losses carried over from account 175, "Other Deferred Charges," in connection with liability of the air carrier for accidents or casualties resulting in loss of life or injuries to passengers and loss or damage to passengers' baggage and other personal property.

This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 175, "Other Deferred Charges."

Reference is made to account 291, "Reserve for Uninsured Losses," concerning the use of a reserve in lieu of insurance which would ordinarily be charged to account 666, "Passenger Liability Insurance."

Pensions paid employees on account of injuries sustained in line of duty shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS

PASSENGER SERVICE

668 OTHER PASSENGER SERVICE EXPENSES

This account shall include all passenger service expenses of the air carrier not properly chargeable to accounts 654 to 667, inclusive.

This account shall include cost of cab guarantees, transportation of passengers between city ticket offices, entry and clearance fees and expenses, and the cost of operation of motorized vehicles used in passenger service, *except* limousine revenue service which is properly chargeable to account 354, "Limousine Service—Net," and *except* repairs and depreciation. The cost of repairs and overhaul of all motorized vehicles used in passenger service shall be charged to accounts 555, "Motorized Vehicles and Equipment Repairs—Direct Labor," and 556, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs"; depreciation shall be charged to account 8523, "Depreciation—Motorized Vehicles and Equipment."

Cost of hire of motorized vehicles used by officers and employees in passenger service shall be charged to account 654, "Travel and Incidental Expenses."

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

<i>Account Number</i>	<i>Account</i>
700	Traffic and Sales
701	Superintendence
702	Superintendence—Assistants
703	Sales Managers, Agents, and Solicitors
704	Passenger and Ticket Agents and Reservations Personnel
705	Other Traffic and Sales Employees
706	Travel and Incidental Expenses
707	Consolidated City Ticket Office Expenses
708	Agency Commissions
709	Tariffs and Schedules
710	Office Supplies and Expenses
711	Telephone and Telegraph
712	Light, Heat, Power, and Water
713	Rents of Buildings and Offices
714	Motorized Vehicles Expenses
715	Buildings, Contents, and Liability Insurance
716	Employees' Compensation and Other Insurance
717	Other Traffic and Sales Expenses

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

701 SUPERINTENDENCE

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of traffic and sales.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Directors of mail and express	Managers of passenger sales
Express managers	Superintendents of ticket offices
General sales managers	Traffic sales managers
General traffic managers	Vice president and general traffic managers
Managers of agency and foreign departments	Vice presidents—sales
Managers of air mail and express	Vice presidents—traffic

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

702 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of traffic and sales.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Assistant directors of mail and express	Assistants to vice presidents—sales
Assistant express managers	Assistants to vice presidents—traffic
Assistant managers of agency and foreign departments	Field supervisors—passenger sales and agency departments
Assistant managers of mail and express	Interline traffic manager
Assistant managers of passenger sales	Managers of rates, schedules, and research
Assistant sales managers	Managers of student education
Assistant superintendents of ticket offices	Regional traffic and sales managers
Assistants to general traffic managers	Superintendents of sales procedure— and assistants
Assistants to traffic sales managers	Supervisors of regulations and training
Assistants to vice president and traffic managers	

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

703 SALES MANAGERS, AGENTS, AND SOLICITORS

This account shall include the pay, properly chargeable to this account, of all personnel engaged in the solicitation of traffic.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of personnel engaged in handling passengers and ticket sales at airports shall not be charged to this account but to account 457, "Passenger and Ticket Agents."

ITEM LIST

Agency representatives and assistants	Division traffic managers and assistants
City sales managers and assistants	Office managers and assistants
City traffic managers and assistants	Solicitors and salesmen
District sales managers and assistants	Traffic representatives
District traffic managers and assistants	

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

704 PASSENGER AND TICKET AGENTS AND RESERVATIONS PERSONNEL .

This account shall include the pay, properly chargeable to this account, of all personnel engaged in handling passengers, and selling tickets at city traffic offices and city sales offices and all personnel engaged primarily in handling reservations at all locations.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

The pay of personnel engaged in handling passengers and ticket sales at airports shall not be charged to this account but to account 457, "Passenger and Ticket Agents."

ITEM LIST

Counter salesmen
Passenger agents

Reservation agents
Reservation clerks

Ticket agents
Ticket salesmen

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

705 OTHER TRAFFIC AND SALES EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, clerks, attendants, and other traffic and sales employees whose pay is not included in accounts 701 to 704, inclusive.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Couriers
Doormen
Guides for tour services
Janitors

Office boys
Porters
Switchboard operators
Ticket delivery agents.

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

706 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 701 to 705, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

Gasoline or mileage allowances	Photographs
Hotel, rooms, etc.	Physical examinations
Laundry	Taxicab expenses
Meals	Tips and special fees
Memberships in Chambers of Commerce, business and social clubs	Transfer and moving expenses
Motorized vehicles rents	Travel fares
Passport expenses	Uniforms and cleaning

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

707 CONSOLIDATED CITY TICKET OFFICE EXPENSES

This account shall include all charges covering the air carrier's proportionate part of the operating expenses of consolidated ticket offices located in cities.

The air carrier's proportion of the operating costs of consolidated ticket offices located at airports shall be charged to account 461, "Consolidated Airport Ticket Office Expenses."

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

708 AGENCY COMMISSIONS

This account shall include commissions paid to other air carriers and agencies and to persons not in the employ of the air carrier for the sale of tickets and exchange and other orders for transportation over the air carrier's routes.

Commissions earned by the air carrier on the sale of tickets and exchange and transportation orders for other transportation companies shall not be credited to this account but to account 355, "Other Incidental Revenues—Net."

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

709 TARIFFS AND SCHEDULES

This account shall be charged with production and distribution costs of all tariffs and operating schedules filed, posted, and published in accordance with regulations of the Civil Aeronautics Board.

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

710 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to traffic and sales, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

Postage and stationery used in direct mail advertising shall not be charged to this account but to account 766, "Miscellaneous Promotional Expenses."

ITEM LIST

Armored car service	Overtime meal allowances
Aviation and railway guides	Postage and postal charges
Business cards	Radio transmission forms
Clock service	Rents of office equipment
Home study courses	Repairs to furniture, fixtures, and
Janitor and window cleaning service	office equipment
Messenger service	Reservation forms
Newspapers and periodicals	Signs
Office supplies	Teletype paper
Office stationery and printing	Towel and coat service

**OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES**

711 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to traffic and sales, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

ITEM LIST

Long distance calls and tolls	Telemeter charges
Long lines communication	Telephone installation and service charges
Private line teletype service	Teletype installation and service charges
Switchboard rents and charges	Teletype rents and charges
T. W. X. teletype service	
Telegraph circuit rents and installation costs	

OPERATING EXPENSE ACCOUNTS

TRAFFIC AND SALES

712 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used for traffic and sales or for offices of supervisory traffic and sales employees.

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

713 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid for the use of buildings, offices, and storage space, wherever located, when used for traffic and sales or for offices of supervisory traffic and sales employees.

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 353, "Rental from Operating Property—Net."

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

714 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to traffic and sales, of operation of motorized vehicles, *except* repairs and depreciation. The cost of repairs and overhaul shall be charged to accounts 555, "Motorized Vehicles and Equipment Repairs—Direct Labor," and 556, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs"; depreciation shall be charged to account 8523, "Depreciation—Motorized Vehicles and Equipment."

The cost of cab guarantees and the transportation of passengers between city ticket offices shall not be charged to this account but to account 668, "Other Passenger Service Expenses."

Cost of hire of motorized vehicles used by officers and employees in traffic and sales shall be charged to account 706, "Travel and Incidental Expenses."

ITEM LIST

Anti-freeze	Oil
Frost shields	Parking fees
Gasoline	Tolls
Grease	

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

715 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to traffic and sales, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

716 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in traffic and sales when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
TRAFFIC AND SALES

717 OTHER TRAFFIC AND SALES EXPENSES

This account shall include all traffic and sales expenses of the air carrier not properly chargeable to accounts 706 to 716, inclusive.

It shall include expenses of sales meetings not chargeable to travel and incidental expenses and the remainder of losses, resulting from accidents or casualties properly chargeable to traffic and sales expenses, carried over from account 175, "Other Deferred Charges." This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 175, "Other Deferred Charges."

ITEM LIST

Expenses of sales meetings	Injuries, loss, and damage
Express and freight on trans- oceanic baggage	Miscellaneous gratuities
	Retainers for office designers

**OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY**

<i>Account Number</i>	<i>Account</i>
750	Advertising and Publicity
751	Superintendence
752	Superintendence—Assistants
753	Other Advertising and Publicity Employees
754	Travel and Incidental Expenses
755	Office Supplies and Expenses
756	Telephone and Telegraph
757	Light, Heat, Power, and Water
758	Rents of Buildings and Offices
759	Motorized Vehicles Expenses
760	Newspaper Advertising
761	National Magazine Advertising
762	Other Space Advertising
763	Radio, Motion Picture, and Photographic Expenses
764	Display and Exhibits Expenses
765	Time Tables and Circulars
766	Miscellaneous Promotional Expenses
767	Buildings, Contents, and Liability Insurance
768	Employees' Compensation and Other Insurance
769	Other Advertising and Publicity Expenses

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

751 SUPERINTENDENCE

This account shall include the pay, properly chargeable to this account, of officers and supervisory employees engaged in the general supervision of advertising and publicity.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Advertising and publicity managers	Vice presidents—advertising
Directors of advertising and publicity	Vice presidents—publicity
Directors of public education	

**OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY**

752 SUPERINTENDENCE—ASSISTANTS

This account shall include the pay, properly chargeable to this account, of assistant supervisory employees engaged in the supervision of advertising and publicity.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

ITEM LIST

Artists	Assistants to vice presidents—advertising
Assistants to advertising managers	Assistants to vice presidents—publicity
Assistants to advertising and publicity managers	Display managers
Assistants to directors of public education	District advertising representatives
Assistants to directors of advertising and publicity	Photographers
	Publicity representatives
	Writers

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

753 OTHER ADVERTISING AND PUBLICITY EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all secretaries, stenographers, clerks, attendants, and other advertising and publicity employees whose salaries are not included in accounts 751 and 752.

This account shall also include the vacation and sick leave pay of all personnel whose salary is properly chargeable to this account.

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

754 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 751 to 753, inclusive.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

- | | |
|-------------------------------------------------------------------|------------------------------|
| Gasoline or mileage allowances | Photographs |
| Hotel, rooms, etc. | Physical examinations |
| Laundry | Taxicab expenses |
| Meals | Tips and special fees |
| Memberships in Chambers of Commerce,
business and social clubs | Transfer and moving expenses |
| Motorized vehicles rents | Travel fares |
| Passport expenses | Uniforms and cleaning |

OPERATING EXPENSE ACCOUNTS
 . ADVERTISING AND PUBLICITY

755 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to advertising and publicity, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

Postage used in direct mail advertising shall not be charged to this account, but to account 766, "Miscellaneous Promotional Expenses."

ITEM LIST

Aviation and railway guides	Office supplies
Business cards	Overtime meal allowances
Clipping services	Postage and postal charges
Clock service	Repairs to furniture, fixtures, and office equipment
Janitor and window cleaning services	Rents of office equipment
Messenger service	Signs
Newspapers and periodicals	Teletype paper
Office stationery and printing	

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

756 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to advertising and publicity, of telephone service, radiograms, telegrams, cablegrams, and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

ITEM LIST

Long distance calls and tolls	Telegraph circuit rents and installation costs
Long lines communication	Telemeter charges
Private line teletype service	Telephone installation and service charges
Switchboard rentals and charges	Teletype rents and charges
T. W. X. teletype service	

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

757 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used for advertising and publicity or for offices of supervisory advertising and publicity employees.

This account shall also include cost of power for operation of electric advertising signs.

OPERATING EXPENSE ACCOUNTS

ADVERTISING AND PUBLICITY

758 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid for the use of buildings, offices, storage space, sign sites, and display space, wherever located, when used for advertising and publicity or for offices of supervisory advertising and publicity employees.

When rented property is leased to a third party the rental income, and rent expense or proportionate part thereof, shall be carried in account 353, "Rental from Operating Property—Net."

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

759 MOTORIZED VEHICLES EXPENSES

This account shall include the cost, properly chargeable to advertising and publicity, of operation of motorized vehicles, *except* repairs and depreciation. The cost of repairs and overhauls shall be charged to accounts 555, "Motorized Vehicles and Equipment Repairs—Direct Labor," and 556, "Motorized Vehicles and Equipment Repairs—Materials and Outside Repairs"; depreciation shall be charged to account 8523, "Depreciation—Motorized Vehicles and Equipment."

Cost of hire of motorized vehicles used by officers and employees in advertising and publicity shall be charged to account 754, "Travel and Incidental Expenses."

ITEM LIST

Anti-freeze
 Frost shields
 Gasoline
 Grease

Oil
 Parking fees
 Tolls

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

760 NEWSPAPER ADVERTISING

This account shall be charged with all costs, including production cost, properly chargeable to advertising and publicity, of all national and local newspaper advertising for the purpose of increasing air traffic, disseminating air travel information, and for publicizing services and facilities offered by the air carrier.

**OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY**

761 NATIONAL MAGAZINE ADVERTISING

This account shall be charged with all costs, including production cost, properly chargeable to advertising and publicity, of all national magazine advertising for the purpose of increasing air traffic disseminating air travel information, and for publicizing services and facilities offered by the air carrier.

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

762 OTHER SPACE ADVERTISING

This account shall be charged with the cost of all space advertising, including production cost, properly chargeable to advertising and publicity, not chargeable to accounts 760, "Newspaper Advertising," and 761, "National Magazine Advertising." Such advertising includes space in local programs, magazines, and periodicals for the purpose of increasing air traffic, disseminating air travel information, and for publicizing services and facilities offered by the air carrier.

ITEM LIST

Aeronautical industry publications
Advertising programs
Baseball programs
Dance programs
Directories

Guides
Hotel magazines
Local magazines
Organization programs
Theatre programs

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

763 RADIO, MOTION PICTURE, AND PHOTOGRAPHIC EXPENSES

This account shall include the cost of all radio and motion picture advertising and photographic supplies when such costs are incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing services and facilities offered by the air carrier.

ITEM LIST

Camera and all photographic equipment	Photos
supplies	Radio time, performers and scripts
Models fees	Screens
Motion picture production costs	Slide films
Personnel expenses in motion picture advertising	

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

764 DISPLAY AND EXHIBITS EXPENSES

This account shall include the cost of displays and exhibits of all types and kinds when such costs are incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing services and facilities offered by the air carrier.

ITEM LIST

Agency signs	Displays
Airplane models	Display mats
Airport signs	Display shop expenses
Billboards	Display racks and easels
Charts, maps, display pictures	Electric signs
Counter cards	Lettering
Customs duties on displays	Outdoor signs

**OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY****765 TIME TABLES AND CIRCULARS**

This account shall be charged with production and distribution costs, of all time tables, circulars, and quick reference charts issued for the purpose of increasing air traffic, disseminating air travel information, and publicizing services and facilities offered by the air carrier.

This account shall not be charged with the cost of production and distribution of tariffs and operating schedules; such costs shall be charged to Account 709, "Tariffs and Schedules."

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

766 MISCELLANEOUS PROMOTIONAL EXPENSES

This account shall include all expenses incurred in connection with direct mail advertising including postage and postal charges and other transportation costs.

This account shall also be charged with other publicity and promotional expenses when incurred for the purpose of increasing air traffic, disseminating air travel information, and publicizing services and facilities offered by the air carrier and not properly chargeable to accounts 763, "Radio, Motion Picture, and Photographic Expenses," 764, "Display and Exhibits Expenses," and 765, "Time Tables and Circulars."

ITEM LIST

Advertising and descriptive literature	Local literature to agents and others
Air insurance literature	Novelties—pins, ash trays, etc.
Air mail, baggage, and telephone stickers	Promotional tie-in advertising
Blotters	Publicity releases
Calendars	Souvenir certificates
House organ for general distribution	Strip maps
	Testimonial folders

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

767 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to advertising and publicity, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, motorized vehicles, materials and supplies and special displays.

This account shall be credited with all returns and refunds applicable to the cost of the insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

768 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in advertising and publicity when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

OPERATING EXPENSE ACCOUNTS
ADVERTISING AND PUBLICITY

769 OTHER ADVERTISING AND PUBLICITY EXPENSES

This account shall include all advertising and publicity expenses of the air carrier not properly chargeable to advertising and publicity accounts 754 to 768, inclusive.

It shall include the remainder of losses, resulting from accidents or casualties properly chargeable to advertising and publicity expenses, carried over from account 175, "Other Deferred Charges." This account shall be charged directly with expenses resulting from minor accidents when such expenses are not treated as ordinary repairs and for which no subaccount has been established under account 175, "Other Deferred Charges."

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

<i>Account Number</i>	<i>Account</i>
800	General and Administrative
801	General Officers and Executives
802	General Office Employees
803	Travel and Incidental Expenses
804	Office Supplies and Expenses
805	Telephone and Telegraph
806	Light, Heat, Power, and Water
807	Rents of Buildings and Offices
808	Legal Salaries, Fees, and Expenses
809	Special, Professional, and Technical Services
810	Regulatory Proceeding Expenses
811	Pensions and Welfare
812	Memberships and Publications
813	Buildings, Contents, and Liability Insurance
814	Employees' Compensation and Other Insurance
815	Other General Insurance
816	Corporate and Fiscal Expenses
817	Uncollectible Revenues
818	General Taxes
819	Other General and Administrative Expenses

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

801 GENERAL OFFICERS AND EXECUTIVES

This account shall include the pay, properly chargeable to this account, of general officers and executives whose jurisdiction extends over the entire system or all departments of the air carrier as distinguished from officers and executives whose jurisdiction is limited to specific functions or departments.

Directors' fees shall not be charged to this account but to account 816 "Corporate and Fiscal Expenses." Salaries and fees for legal services and legal expenses shall be charged to account 808, "Legal Salaries, Fees and Expenses."

This account shall also include the vacation and sick leave pay of all general officers and executives whose salary is properly chargeable to this account.

ITEM LIST

Chairman of the board
Comptroller
General managers
President

Secretary and assistant secretary
Treasurer and assistant treasurer
Vice president

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

802 GENERAL OFFICE EMPLOYEES

This account shall include the pay, properly chargeable to this account, of all general office employees *except* general officers and executives whose salaries are chargeable to account 801, "General Officers and Executives"; and general office employees whose pay is properly chargeable to salary accounts within other expense groups.

This account shall also include the vacation and sick leave pay of all general office employees whose salary is properly chargeable to this account.

ITEM LIST

Accountants	Managers of education
Assistants to presidents (not elective)	Medical directors and assistants
Assistants to vice presidents (not elective)	Miscellaneous operators
Assistants to treasurers (not elective)	Nurses
Auditors	Office boys
Auditors of disbursements	Office managers
Auditors of general accounts	Payroll accountants
Auditors of revenues	Payroll clerks
Budget directors	Personnel directors and assistants
Bookkeepers	Personnel managers and assistants
Chief accountants	Property accountants
Chief cashiers	Public relations directors
Clerks	Purchasing agents and assistants
Comptometer operators	Receptionists
File clerks	Secretaries
General accountants and assistants	Statisticians
General, chief, or head auditors	Stenographers
Insurance accountants	Switchboard operators
Key punch operators	Tax accountants
Machine operators	Ticket sorters
Mail room clerks	Typists

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

803 TRAVEL AND INCIDENTAL EXPENSES

This account shall include travel and incidental expenses incurred by officials and other employees of the air carrier whose pay is properly chargeable to accounts 801, "General Officers and Executives," and 802, "General Office Employees."

This account shall not be charged with expenses properly chargeable to accounts 172, "Extension and Development Projects," 808, "Legal Salaries, Fees, and Expenses," 810, "Regulatory Proceedings Expenses," and 955, "Extension and Development."

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

ITEM LIST

Gasoline or mileage allowances	Photographs
Hotel, rooms, etc.	Physical examinations
Laundry	Taxicab expenses
Meals	Tips and special fees
Memberships in Chambers of Commerce, business and social clubs	Transfer and moving expenses
Motorized vehicles rents	Travel fares
Passport expenses	Uniforms and cleaning

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

804 OFFICE SUPPLIES AND EXPENSES

This account shall include the cost, properly chargeable to general and administrative expenses, of office supplies, rents and repairs of office equipment, and other incidental office supplies and expenses.

ITEM LIST

Armored car service	Overtime meal allowances
Aviation and railway guides	Postage and postal charges
Business cards	Rent of office equipment
Clipping services	Rent of safe deposit boxes
Clock service	Rent of tabulating equipment
Credit investigations	Repairs to furniture, fixtures, and office equipment
Janitor and window cleaning service	Teletype paper
Messenger service	Towel service
Office stationery and printing	
Office supplies	

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

805 TELEPHONE AND TELEGRAPH

This account shall include the cost and related taxes, properly chargeable to general and administrative expenses, of telephone service, radiograms, telegrams, cablegrams and teletype service.

This account shall be credited with refunds and also with amounts collected from others applicable to amounts chargeable to this account.

ITEM LIST

Long distance calls and tolls
Long lines communication
Private line teletype service
Switchboard rents and charges
T. W. X. teletype service

Telegraph circuit rents and installation costs
Telemeter charges
Telephone installation charges, etc.
Teletype rents and charges

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

806 LIGHT, HEAT, POWER, AND WATER

This account shall include the cost of light, heat, power, water, and air conditioning used in buildings, offices, and storage space, wherever located, when used for general and administrative purposes or for offices of general and administrative officers and personnel.

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

807 RENTS OF BUILDINGS AND OFFICES

This account shall include rents currently accrued or paid, for the use of buildings, offices, and storage space, wherever located, when used for general and administrative purposes or for offices of general and administrative officers and personnel.

When rented property is leased to a third party the rental income and rent expense, or proportionate part thereof, shall be carried in account 353, "Rental From Operating Property—Net."

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

808 LEGAL SALARIES, FEES, AND EXPENSES

This account shall include amounts accrued or paid for legal services to counsel retained on a salary or fee basis and all related expenses incurred by such counsel, such as traveling expenses, telephone and telegraph, court expenses, witness fees, transcripts, supplies, and stationery. It shall also include miscellaneous legal expenses incurred by the air carrier such as law books, legal forms, and stationery, and other legal supplies not obtainable from the air carrier's general stationery stock. Ordinary office supplies and expenses shall be charged to account 804, "Office Supplies and Expenses."

Expenses incurred in connection with extension and development projects shall not be included in this account but in account 172, "Extension and Development Projects." Expenses incurred in connection with formal hearings before regulatory bodies shall not be included in this account but in account 810, "Regulatory Proceedings Expenses." Legal fees and expenses chargeable to either account may be charged directly to those accounts or if charged to this account shall be subsequently cleared and charged to those accounts.

Legal expenses incurred in connection with the acquisition of leaseholds and real property and equipment shall be treated as an additional cost thereof and charged to the accounts in which such property is carried.

Legal expenses incurred in connection with claims occasioned by accidents or other casualties shall be treated in the same manner as other expenses connected with each accident or casualty.

The records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

809 SPECIAL, PROFESSIONAL, AND TECHNICAL SERVICES

This account shall include amounts paid or accrued for special, professional, and technical services of engineers, appraisers, consultants, auditors, etc., who are not regularly employed by the air carrier and whose fees or salaries are not chargeable directly to specific functions or to the cost of property acquired.

Legal salaries and fees shall not be included in this account but in account 808, "Legal Salaries, Fees, and Expenses."

Special, professional, and technical services obtained in connection with appearances before regulatory bodies shall not be charged to this account but to account 810, "Regulatory Proceedings Expenses."

Records supporting the entries in this account shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

810 REGULATORY PROCEEDINGS EXPENSES

This account shall include all expenses incurred by the air carrier in connection with formal cases before regulatory bodies, and other federal, state, or municipal agencies.

All expenses relating to such proceedings included in accounts recording travel and incidental expenses and legal expenses shall be cleared to this account. Salaries charged to this account shall include not only employees engaged wholly in connection with such proceedings but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such proceedings.

Separate subaccounts shall be established for the purpose of definitely separating the expenses pertaining to each case or project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense.

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

811 PENSIONS AND WELFARE

This account shall include the expenses incurred in conducting employees' accident prevention, educational and recreational activities; the cost of employees' relief and benefits; and the cost of life insurance or group insurance for employees when the air carrier is not the beneficiary. Pensions paid wholly by the air carrier to or for the account of retired employees and contributions of the air carrier to pension plans shall be charged to this account.

Expenses incurred in connection with claims occasioned by accidents or other casualties shall be treated in the same manner as other expenses connected with such accidents or casualties.

Social Security taxes paid by the air carrier shall not be charged to this account but to account 818, "General Taxes."

Employees' contributions to a pension fund by means of salary deductions shall not be charged to this account but included in the total charges to the appropriate salary accounts.

ITEM LIST

General employee entertainments
Group insurance—company contribution
House organ for employees only
Medical equipment repairs
Medical supplies
Pension plans—company contribution
Service pins

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

812 MEMBERSHIPS AND PUBLICATIONS

This account shall include the cost, properly chargeable to general and administrative expenses, of all company memberships in associations and organizations. This account shall also be charged with the cost of subscriptions to periodicals and publications required in the executive and general offices of the air carrier.

ITEM LIST

**Aeronautical association memberships
Aviation and railway guides
Magazines
Newspapers
Reporting services
Tax service subscriptions**

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

813 BUILDINGS, CONTENTS, AND LIABILITY INSURANCE

This account shall include the cost, applicable to the accounting period and properly chargeable to general and administrative expenses, of fire, windstorm, loss and damage, public liability and property damage, insurance covering buildings, equipment, and materials and supplies.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

814 EMPLOYEES' COMPENSATION AND OTHER INSURANCE

This account shall include the cost, applicable to the accounting period, of compensation, life, and accident insurance covering employees engaged in general and administrative duties when the air carrier is not the beneficiary.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

815 OTHER GENERAL INSURANCE

This account shall include the cost, applicable to the accounting period, of miscellaneous insurance such as burglary, theft, and hold-up insurance, and fidelity and contract bonds.

This account shall be credited with all returns and refunds applicable to the cost of insurance carried in this account.

The cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary shall be charged to account 957, "Other Deductions from Gross Income."

The cost of employees' group insurance shall be charged to account 811, "Pensions and Welfare."

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

816 CORPORATE AND FISCAL EXPENSES

This account shall include corporate and fiscal fees and expenses of the air carrier and also expenses in connection with the exchange and transfer of capital stock.

Expenses in connection with the original sale and issuance of capital stock at the time of organization and subsequent thereto shall be charged to account 192, "Capital Stock Expense."

ITEM LIST

Directors fees and expenses	Registrar and transfer agents fees and expenses
Printing annual report	Report filing fees—states
Printing stock certificates—replacements	Representation fees
Proxy expense	S. E. C. fees
	Stock exchange fees

**OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE**

817 UNCOLLECTIBLE REVENUES

This account shall be charged with losses from uncollectible accounts receivable which have been charged with revenue included in account group 300, "Transportation Revenue," and 350, "Incidental Revenues—Net." It shall be charged only with such losses from accounts determined to be uncollectible during the accounting period and actually written off. Accounts written off and subsequently collected shall be credited to this account.

This account shall not be charged with losses from accruals of non-operating income included in account group 900, "Non-operating Income." Such losses shall be charged to account 957, "Other Deductions from Gross Income."

Nothing herein stated shall be construed to relieve the air carrier from its responsibility to collect revenue in accordance with established rates for services performed.

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

818 GENERAL TAXES

This account shall include taxes paid or accrued, applicable to the accounting period, on all operating property and equipment included in account group 150, "Operating Property and Equipment"; gross profits, franchise, capital stock, aircraft license, motorized vehicles, and Social Security taxes; license fees, permits, etc.

This account shall be charged within each monthly accounting period with the proportionate tax accruals applicable thereto and the concurrent credits shall be entered in account 208, "Taxes Accrued." If the exact amount of taxes cannot be ascertained when the liability begins to accrue, the amount shall be estimated and proper proportion of the estimated amount charged to each accounting period; as the actual taxes become known, the periodic charges shall be adjusted so as to include, as nearly as practicable, the total amount of taxes applicable to the accounting period. Prepayments shall be charged to account 171, "Prepayments."

Discounts for prompt payment and refunds of taxes included in this account shall be treated as a reduction of the amount paid.

This account shall not include stock transfer taxes, federal and state income taxes, excess and undistributed profits taxes, sales taxes, fuel and oil taxes, assessments and taxes on land held for future use, special assessments for street and other improvements, and special benefit taxes such as water taxes, etc.

Taxes paid and accrued on non-operating property and equipment included in account group 160, "Non-operating Property and Equipment," shall be charged to account 953, "Non-operating Property and Equipment Expenses."

Penalties and interest on delinquent taxes shall be charged to account 951, "Interest Expense."

Miscellaneous stamp taxes paid on original issues of capital stock shall be charged to account 192, "Capital Stock Expense"; stamp taxes paid in connection with the issue of long term debt securities shall be charged to account 173, "Unamortized Discount and Expense on Debt."

License fees paid in connection with the operation of restaurants shall be charged to account 351, "Restaurant and Food Service—Net."

ITEM LIST

Aircraft licenses	Money and credits taxes
Annual capital stock taxes	Motor vehicle licenses
Federal and state unemployment taxes	Permits
Federal old age benefit taxes	Personal property taxes
Franchise taxes	Property taxes
Gross receipts taxes	Road taxes
License fees	Utilities taxes

OPERATING EXPENSE ACCOUNTS
GENERAL AND ADMINISTRATIVE

819 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

This account shall include all general and administrative expenses not properly chargeable to accounts 801 to 818, inclusive. It shall include bank service charges and donations to individuals and corporations.

OPERATING EXPENSE ACCOUNTS

DEPRECIATION—OPERATING PROPERTY AND EQUIPMENT

850 DEPRECIATION—OPERATING PROPERTY AND EQUIPMENT

This account shall include the charges applicable to the accounting period covering depreciation on the service value of operating property and equipment calculated in accordance with instructions pertaining to account 250, "Accrued Depreciation—Operating Property and Equipment."

The depreciation applicable to each classification of property included in account group 150, "Operating Property and Equipment," shall be recorded in the following corresponding depreciation account:

- 8501 Depreciation—Aircraft
- 8502 Depreciation—Aircraft Engines
- 8503 Depreciation—Aircraft Propellers
- 8504 Depreciation—Aircraft Radio Equipment
- 8505 Depreciation—Miscellaneous Flight Equipment
- 8506 Depreciation—Flight Equipment Spare Parts and Assemblies
- 8511 Depreciation—Passenger Service Equipment
- 8512 Depreciation—Restaurant and Food Service Equipment
- 8521 Depreciation—Station Communication Equipment
- 8522 Depreciation—Hangar, Shop, and Ramp Equipment
- 8523 Depreciation—Motorized Vehicles and Equipment
- 8524 Depreciation—Furniture, Fixtures, and Office Equipment
- 8525 Depreciation—Medical Equipment
- 8526 Depreciation—Engineering Equipment
- 8527 Depreciation—Airport and Airway Lighting Equipment
- 8528 Depreciation—Storage and Distribution Equipment
- 8529 Depreciation—Miscellaneous Ground Equipment
- 8531 Depreciation—Buildings and Improvements on Land Owned
- 8532 Depreciation—Buildings and Improvements on Land Not Owned
- 8533 Depreciation—Improvements to Leased Property

This account shall not include gain or loss on property and equipment sold or otherwise disposed of or retired. Gain on sale, exchange, or retirement of property and equipment shall be credited to either account 903, "Retirements of Operating Property and Equipment—Gain," or account 234, "Other Deferred Credits" as may be appropriate, and loss on sale, exchange, or retirement of property and equipment shall be charged to account 956, "Retirements of Operating Property and Equipment—Loss."

NON-OPERATING INCOME

<i>Account Number</i>	<i>Account</i>
900	Non-operating Income
901	Cash Discounts Income
902	Interest and Dividend Income
903	Retirements of Operating Property and Equipment—Gain
904	Amortization of Premium on Debt
905	Non-operating Property and Equipment Income
906	Separately Operated Division Profits
907	Other Non-operating Income

NON-OPERATING INCOME**901 CASH DISCOUNTS INCOME**

This account shall include all cash discounts earned by the air carrier for the prompt payment of accounts. The appropriate accounts shall be charged with the full amount of invoices and this account shall be credited with the amount of the cash discounts.

Trade discounts shall not be included in this account but treated as reductions from list prices.

NON-OPERATING INCOME

902 INTEREST AND DIVIDEND INCOME

This account shall include interest income from all sources applicable to the accounting period. It may include as an increase or reduction of interest received, the proportionate part applicable to the accounting period of discount or premium required to extinguish at the date of maturity the difference between the par value and the purchase price of securities purchased by the air carrier. Such charges or credits shall be concurrently charged or credited to the account in which the securities are carried. This account shall not include interest on securities issued or assumed by the air carrier and subsequently reacquired.

This account shall also include the income from dividends on stocks of other companies owned by the air carrier. Dividends shall not be included in this account unless actually declared or guaranteed. This account shall not include dividends on securities issued or assumed by the air carrier and subsequently reacquired.

Separate subaccounts shall be maintained for interest income and dividend income.

NON-OPERATING INCOME

903 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—GAIN

This account shall include the gain on sale, exchange or retirement of all operating property and equipment included in account 150, "Operating Property and Equipment" *except* in cases of involuntary conversion where the carrier elects to establish a replacement fund under Section 112 (f) of the Internal Revenue Code.

Gain on retirements is defined as the difference between the net book value of the operating property or equipment retired and the sale price or salvage value.

Loss on disposal of operating property and equipment shall not be charged to this account but to account 956, "Retirements of Operating Property and Equipment—Loss."

Gain on sale, exchange or retirement of non-operating property and equipment included in account 160, "Non-Operating Property and Equipment," shall be included in account 905, "Non-operating Property and Equipment Income."

Gain and loss on assets recorded in account 123, "Net Investments in Separately Operated Divisions," shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

When property or equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price. The difference between the net book value of assets applied as part payment and the amount allowed therefor shall be treated as gain and entered in this account.

When property is sold or exchanged for other property and the terms of the contract require reconditioning or overhaul of such property the net book value of the property sold or exchanged shall be eliminated from the property accounts and charged to an appropriate subaccount under account 175, "Other Deferred Charges." The cost of reconditioning or overhaul shall be charged to the suspense account thus established and the sale price or exchange value shall be credited thereto. If a reserve for overhaul of such property has been established the amount thereof shall be cleared and also credited to the suspense account; the resulting loss or gain shall be transferred to this account from the suspense account.

NON-OPERATING INCOME

904 AMORTIZATION OF PREMIUM ON DEBT

This account shall be credited with the proportionate part, applicable to the accounting period, of the unamortized premium on debt carried in account 233, "Unamortized Premium on Debt."

Amortization of discount and expense on debt shall be charged to account 952, "Amortization of Discount and Expense on Debt."

NON-OPERATING INCOME

905 NON-OPERATING PROPERTY AND EQUIPMENT INCOME

This account shall include the gross revenue received or accrued from all non-operating property and equipment included in account 160, "Non-Operating Property and Equipment." It shall also include profit on the sale, exchange, or retirement of all property and equipment included in account 160, "Non-Operating Property and Equipment."

Subaccounts with appropriate titles shall be established for the revenue from each class of property and the accounts shall be maintained with sufficient particularity to clearly reveal the periods covered and the nature of each item of revenue.

NON-OPERATING INCOME

906 SEPARATELY OPERATED DIVISIONS PROFITS

This account shall include the monthly net profits of separately operated divisions.

A subaccount with appropriate title shall be established for each separately operated division and the monthly credit to this account shall be charged to the appropriate subaccount in account 123, "Net Investment in Separately Operated Divisions."

NON-OPERATING INCOME**907 OTHER NON-OPERATING INCOME**

This account shall include all non-operating income not provided for in non-operating income accounts 901 to 906, inclusive.

This account shall be credited with royalties from patents; profits on the reacquirement of the air carrier's long term debt; profits on the sale of stocks, bonds, and other securities owned by the air carrier; and profit resulting from foreign exchange.

DEDUCTIONS FROM GROSS INCOME

<i>Account Number</i>	<i>Account</i>
950	Deductions from Gross Income
951	Interest Expense
952	Amortization of Discount and Expense on Debt
953	Non-Operating Property and Equipment Expenses
954	Separately Operated Divisions Losses
955	Extension and Development
956	Retirements of Operating Property and Equipment—Loss
957	Other Deductions from Gross Income

DEDUCTIONS FROM GROSS INCOME

951 INTEREST EXPENSE

This account shall include interest expense on an accrual basis, applicable to the accounting period, on long-term debt, short term obligations, and interest and penalties on unpaid taxes and on all other classes of debt.

Subaccounts shall be established for (a) Interest on long term debt, and (b) Miscellaneous interest expense.

This account shall be maintained with sufficient particularity to clearly reveal the periods covered and the nature of each item of expense.

DEDUCTIONS FROM GROSS INCOME

952 AMORTIZATION OF DISCOUNT AND EXPENSE ON DEBT

This account shall be charged with the proportionate part, applicable to the accounting period, of the discount and expense on debt carried in account 173, "Unamortized Discount and Expense on Debt."

Amortization of premium on debt shall be credited to account 904, "Amortization of Premium on Debt."

DEDUCTIONS FROM GROSS INCOME

953 NON-OPERATING PROPERTY AND EQUIPMENT EXPENSES

This account shall be charged with expenses paid or accrued in connection with all non-operating property and equipment included in account 160, "Non-operating Property and Equipment," and shall include maintenance, repairs, depreciation, all related taxes, etc. It shall also include losses on the sale, exchange, or retirement of all property and equipment included in account 160, "Non-operating Property and Equipment."

Subaccounts with appropriate titles shall be established to record expenses applicable to each class of property and the accounts shall be maintained with sufficient particularity to clearly reveal the periods covered and the nature of each item of expense.

DEDUCTIONS FROM GROSS INCOME

954 SEPARATELY OPERATED DIVISIONS LOSSES

This account shall include the monthly net losses of separately operated divisions.

A subaccount with appropriate title shall be established for each separately operated division and the monthly charge to this account shall be credited to the appropriate subaccount in account 123, "Net Investment in Separately Operated Divisions."

DEDUCTIONS FROM GROSS INCOME

955 EXTENSION AND DEVELOPMENT

Expenses pertaining to extension and development projects, at the option of the air carrier, may be charged directly to this account or accumulated in account 172, "Extension and Development Projects," and written off or amortized by charges to this account. This account shall become the final repository of all expenses incurred in the development of new routes and the extension of existing routes. Expenses of intervening in new route or route extension proceedings shall be charged directly to this account.

There shall be included in the cost of such projects all related expenses such as travel and incidental expenses, legal expenses, and regulatory bodies expenses. Salaries shall include not only employees engaged wholly in connection with such projects but a proportionate part of other employees' salaries when a substantial part of their time is devoted to such projects.

Separate subaccounts shall be established for the purpose of definitely separating the expenses of each project and the records supporting the entries in each subaccount shall be kept with sufficient particularity to clearly reveal the periods covered and the nature and purpose of each item of expense. The items of expense shall be classified in accordance with the following list in order to fulfill current reporting requirements:

Salaries of officers and employees	Promotional flights
Expenses of officers and employees	Other promotional expenses
(a) Transportation	Legal fees
(b) Subsistence	Witness fees
(c) Telephone and telegraph	Special case preparation expenses
(d) Miscellaneous	Technical development expenses
Expenses—Others	(a) Survey flights
(a) Transportation	(b) Professional fees
(b) Subsistence	(c) Other
(c) Telephone and telegraph	Miscellaneous
(d) Miscellaneous	Amounts charged off or amortized from
Entertainment	Account 172, "Extension and Develop-
Advertising	ment Projects."

DEDUCTIONS FROM GROSS INCOME

956 RETIREMENTS OF OPERATING PROPERTY AND EQUIPMENT—LOSS

This account shall include the loss on sale, exchange or retirement of all operating property and equipment included in account 150, "Operating Property and Equipment."

Loss on retirements is defined as the difference between the net book value of the operating property or equipment retired and the sale price or salvage value.

Gain on disposal of operating property and equipment shall not be credited to this account but to either account 903, "Retirements of Operating Property and Equipment—Gain," or Account 234 "Other Deferred Credits" as may be appropriate.

Loss on sale, exchange or retirement of non-operating property and equipment, included in account 160, "Non-operating Property and Equipment," shall be included in account 953, "Non-operating Property and Equipment Expenses."

Gain and loss on assets recorded in account 123, "Net Investments in Separately Operated Divisions," shall be accounted for on the books of separately operated divisions and treated by the air carrier as a part of monthly net profit or loss of separately operated divisions.

When property or equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price. The difference between the net book value of assets applied as part payment and the amount allowed therefor shall be treated as loss and entered in this account.

When property is sold or exchanged for other property and the terms of the contract require reconditioning or overhaul of such property the net book value of the property sold or exchanged shall be eliminated from the property accounts and charged to an appropriate subaccount under account 175, "Other Deferred Charges." The cost of reconditioning or overhaul shall be charged to the suspense account thus established and the sale price or exchange value shall be credited thereto. If a reserve for overhaul of such property has been established the amount thereof shall be cleared and also credited to the suspense account; the resulting loss or gain shall be transferred to this account from the suspense account.

DEDUCTIONS FROM GROSS INCOME**957 OTHER DEDUCTIONS FROM GROSS INCOME**

This account shall include all deductions from gross income not properly chargeable to accounts 951 to 956, inclusive.

This account shall be charged with the cost of insurance carried on the lives of officers and employees when the air carrier is the beneficiary; losses from obligations arising under contracts whereby the air carrier has guaranteed payment of money or performance of other obligations on the part of another corporation or person; rents paid or accrued, including taxes or other obligations assumed, for the use of rented property, equipment and facilities which are not used in transportation or incidental services of the air carrier; losses on the reacquirement of the air carrier's long-term debt and losses on the sale of stocks, bonds, and other securities owned by the air carrier; losses on accounts receivable which have been charged with non-operating income included in account group 900, "Non-operating Income" and service charges and loss resulting from foreign exchange.

INCOME TAXES

960 INCOME TAXES

This account shall include excess profits taxes, federal and state income taxes, undistributed surplus taxes, and other taxes imposed on net income and undistributed surplus.

This account shall be charged at regular monthly accounting periods, so far as practicable, with the proportionate tax accruals applicable to the period and the concurrent credits entered in account 208, "Taxes Accrued." When each actual tax liability has been ascertained, the total amount of such tax accumulated in this account shall be adjusted so as to include, as nearly as practicable, the total amounts of taxes applicable to the accounting period.

Penalties and interest on delinquent taxes shall be charged to account 951, "Interest Expense."

REPORTING PROCEDURE

GENERAL INSTRUCTIONS

Each air carrier engaged in regularly scheduled interstate air transportation within the continental limits of the United States, each air carrier engaged in regularly scheduled operations within the territory of Hawaii, and any other air carrier engaged in regularly scheduled air transportation which shall have requested and obtained the approval of the Board pursuant to part (b) of Section 202.1 of the Economic Regulations, shall file with the Civil Aeronautics Board an original and one duplicate of each schedule comprising CAB Form 2780 "Report of Financial and Operating Statistics for Domestic Air Carriers" as provided hereafter.

All schedules comprising CAB Form 2780 shall be filed on a monthly basis with the exception of the following designated schedules and part of schedules which shall be filed as hereinafter provided:

Schedule 3 (b)—On a quarterly basis.

Schedule 4 (c)—On a quarterly basis.

Schedule 6—Accounts 1501 to 1506, inclusive, shall be filed on a monthly basis. The remaining portion of the schedule shall be filed on a quarterly basis only.

Schedule 7—Retirements of flight equipment shall be reported on a monthly basis. Retirements of all other operating property shall be reported on a quarterly basis only.

Schedule 14 (b)—On a quarterly basis.

Schedule 15—On a semiannual basis to be included with the June and December CAB Form 2780 Report.

Schedules A to G—Annual report data shall be included with the CAB Form 2780 Report for December of each year.

REPORTING PROCEDURE

FILING OF SCHEDULES

Schedules 12 (a), 12 (b), 13, 14 (a) and 14 (b) shall be filed with the Board not later than the 15th day of the first month following the month for which the report is being made.

Schedules 1, 2, 3 (a), 3 (b), 4 (a), 4 (b), 4 (c), 5, 6, 7, 8, 9, 10, 11, 15 and Schedules A to G shall be filed on the 10th day of the second month following the period for which the report is being made.

The oath shall be executed by an officer of the air carrier in charge of the accounts and shall be attached to the schedules filed on the 10th day of the second month following the period for which the report is made. The oath shall verify all schedules filed as part of the report, whether such schedules are filed at the same time as the oath or prior thereto.

The report shall be prepared from and agree with the accounts and records of the air carrier kept in conformity with the Uniform System of Accounts prescribed by the Civil Aeronautics Board. Each monthly and quarterly report shall include the results of all financial transactions and the required operating statistics from the first business day to the last business day, inclusive, of the periods reported.

All supporting schedules included in the report must agree with related amounts in all other schedules. When the analysis of an account requires the statement of balances at the beginning and end of the period, the balance at the beginning of the period shall agree with the amount reported at the end of the next preceding period, and the balance at the end of the period shall agree with the current balance sheet.

In all schedules where explanations are required, such as Additions and Charges in Schedule 2, "Reconciliation of Surplus Accounts," if the space provided in the schedule is insufficient to clearly reveal the nature of each item entered therein and the period to which applicable, appropriate notes shall be inserted and the explanation continued on the reverse side of the schedule.

Credit balances in normal debit balance accounts and the debit balances in normal credit balance accounts shall be shown on the reports in red or indicated by appropriate symbols and footnotes.

Each schedule of the report shall be prepared in accordance with these general instructions and the special instructions hereinafter set forth.

REPORTING PROCEDURE

SCHEDULE 1—BALANCE SHEET

Account 104 (c) "Accounts Receivable—Air Travel Plan."

Account 204 "Air Travel Plan Liability." The balances in these accounts shall be shown on the balance sheet in gross amounts and not offset either in total or for each subscriber.

Account 105 "Airline Traffic Accounts Receivable."

Account 203 "Airline Traffic Accounts Payable." The balances in these accounts shall be shown on the balance sheet in gross amounts and not offset either in total or for each air carrier.

Account 221 "Long-term Debt." When this account includes reacquired long-term debt held pending disposition and not retired, an appropriate note or symbol shall be inserted following the title of the account and an explanation appended either as a footnote or on the reserve side of the schedule.

Account 265 "Other Valuation Reserves." The amount of such reserves applicable to each asset account shall be shown in Schedule 10, "Application of Valuation Reserves." The net value of the asset shall be shown on the balance sheet.

Account 281 "Preferred stock—Par value."

Account 282 "Common stock—Par value." The indented blank spaces opposite these accounts (Par value \$-----) are provided for the insertion of the par value of each share and not the total par value of all outstanding shares of each class.

"Profit or loss—Year to Date." The last item on the liability side of the balance sheet shall include the net income for the calendar year to date brought forward from column 4, Schedule 3 (a), "Statement of Profit and Loss."

"Contingent Assets and Liabilities" shall not be included in the body of the balance sheet but shall be referred to as footnotes with full explanation thereof on the reverse side of the schedule. However, this may be omitted from all monthly reports except the report for the month of December of each year.

REPORTING PROCEDURE

SCHEDULE 3 (a)—STATEMENT OF PROFIT AND LOSS

Column 3, Cents per revenue mile shall be obtained by dividing each amount in column 2 by the total revenue miles flown for the current month as shown on line 13, Schedule 13, "Aircraft Miles Flown." The quotient shall be limited to two places beyond the decimal point.

Column 4, Year to date—Amount. The final amount in this column represents the profit or loss for the year to date and shall agree with the corresponding amount in the balance sheet. Each amount in this column shall agree with the total of the corresponding amount in the next preceding monthly report plus the amount in column 2 of the current report.

Column 5, Year to date—Cents per revenue mile shall be obtained by dividing each amount in column 4 by the total revenue miles flown from the beginning of the year to the date of the balance sheet. The quotient shall be limited to two places beyond the decimal point.

SCHEDULE 3 (b)—STATEMENT OF OPERATING REVENUES

The information to be reported on this schedule shall be on a quarterly basis.

The amounts reported in the "Total Amount" column opposite each account shall be the sum of the amounts for the three months for which separate report has been made on Schedule 3 (a).

SCHEDULE 4 (a)—STATEMENT OF AIRCRAFT OPERATING EXPENSES

Miles flown for the month, shown in lower part of this schedule, shall be the sum of the total miles flown as reported on lines 7 and 12 of Schedule 14 (a).

Hours flown for the month shown in the lower part of this schedule shall agree with the total airplane hours flown for the month as reported on line 17 of Schedule 14 (a).

Cost per mile and Cost per hour shall be stated in "cents" per mile and "dollars" per hour and shall be obtained by dividing the total aircraft operating expenses by the miles flown and hours flown, respectively. The quotient shall be limited to two places beyond the decimal point.

Year to date figures shall be based on the calendar year. Miles flown and Hours flown, year to date, shall be the sum of the accumulated totals for preceding months as reported monthly on Schedule 14 (a), plus the current month.

REPORTING PROCEDURE**SCHEDULE 4 (b)—STATEMENT OF GROUND AND INDIRECT EXPENSES**

The amounts reported in column 2 opposite account 550, "Ground Equipment Maintenance—Direct," and account 850, "Depreciation—Ground Equipment," in the lower part of the first page of this schedule shall agree with the totals reported for the detail of these two accounts on the second page of this schedule.

SCHEDULE 4 (c)—STATEMENT OF STATION EXPENSES

The information to be reported on this schedule shall be on a quarterly basis.

The general and divisional expenses should be listed first on this schedule, followed by the expenses of all airports or stations of the air carrier in alphabetical sequence. Where general operations or maintenance bases are located at airports, the expenses of these bases shall be shown separately from the regular airport expenses.

The totals of columns 3, 4, 5, and 6 of this schedule shall agree with the accumulated totals of the same classifications of expenses on Schedule 4 (b), first page, for the three months included.

SCHEDULE 6—OPERATING PROPERTY AND EQUIPMENT

Accounts 1501 to 1506, inclusive, shall be reported monthly.

Accounts 1511 through 1561 shall be reported quarterly and shall be included as part of the monthly report which includes accounts 1501 to 1506, inclusive.

Account 150, "Total Operating Property and Equipment," shall be reported quarterly and for columns 6, 7, and 8 only.

REPORTING PROCEDURE

SCHEDULE 7—RETIREMENTS OF OPERATING PROPERTY

Retirements of flight equipment shall be reported monthly. Flight equipment shall include all items in operating property accounts 1501 to 1506, inclusive. Retirements of all other operating property shall be reported quarterly. There should be a separate total shown for items reported monthly and for items reported quarterly.

Each aircraft and each aircraft engine shall be listed separately on this schedule. All other retirements shall be listed in total for the current period by respective accounts. The amounts in column 4, "Book Value," shall correspond by accounts with the amounts shown in column 5, Schedule 6, "Operating Property and Equipment."

Column 7, Sale price or salvage value shall be apportioned when necessary to each item listed on the schedule. Cost of sale, if any, included in account 903, "Retirements of Operating Property and Equipment—Gain," or account 956, "Retirements of Operating Property and Equipment—Loss," shall be deducted from the sale price and the net amount shown in this column.

Columns 8 and 9, Loss and gain. The loss and gain entered in these columns is obtained by deducting the net book value in column 6 from the sale price or salvage value in column 7. After all retirements of flight equipment are listed in the schedule, subtotals shall be obtained and similarly subtotals of all retirements other than flight equipment shall be obtained. The net difference between columns 8 and 9, if a gain, shall be included in account 903, "Retirements of Operating Property and Equipment—Gain," or, if a loss, the net difference shall be included in account 956, "Retirements of Operating Property and Equipment—Loss."

SCHEDULE 8—AIRCRAFT AND AIRCRAFT ENGINES ACQUIRED AND RETIRED

Aircraft Acquired, Column 7, Disposable load is defined as the difference between the standard gross weight and the weight empty. When there is a difference between the disposal load for winter operation and summer operation both should be shown.

Aircraft Acquired, Column 8, Passenger capacity of planes designed with sleeping accommodations shall be shown both as a day plane and as a sleeper.

Aircraft Retired, Column 7, and Aircraft Engines Retired, Column 8. These columns shall be used to indicate the final disposition of items retired and if sold the name of the person to whom sold.

REPORTING PROCEDURE

SCHEDULE 9—ANALYSIS OF EXTENSION AND DEVELOPMENT ACCOUNTS

The description of items included in this schedule shall be classified in accordance with the item list included in the accounts. The description of the project under column headings shall be sufficiently comprehensive to reveal the nature of the project and should include CAB Docket Numbers, if any.

Credit items, if any, other than credits to account 172 "Extension and Development Projects," concurrently charged to account 955 "Extension and Development," if of a substantial amount shall be shown separately with an appropriate explanation. The reverse side of the schedule may be used for a continuation of explanations.

The total amount in the section of the schedule covering account 955 shall agree with the amount shown in Schedule 5, "Deductions From Gross Income."

In the section of the schedule covering account 172 the net difference between the total charges and the credits concurrently charged to account 955 shall agree with the net difference at the beginning and end of the month in account 172 on the balance sheet.

SCHEDULE 12 (a)—TRAFFIC REPORT BY ROUTES

Grand total column. In this column the air carrier shall report the "pounds carried" and "pound miles" in the various types of services designated in the column headed "Item." The totals in this column shall be distributed by routes in the columns provided for that purpose. Direct airport-to-airport mileage shall constitute the basis of computation in respect to items on lines 16, 17, and 18. All other traffic statistics shall be based on "course flown" mileages.

Pounds carried is defined as the number of pounds of mail, express and freight, and excess baggage carried on each designated route of the air carrier.

Pound miles is defined as miles flown per each inter-station trip multiplied by the number of pounds carried.

REPORTING PROCEDURE

SCHEDULE 12 (b)—TRAFFIC REPORT BY ROUTES

The traffic statistics reported in the several route columns shall be summarized in the Grand Total column *except* for passengers carried (lines 1 to 13, inclusive). The unduplicated total of passengers carried in scheduled operations on each route shall appear in the appropriate route column and the unduplicated total of passengers carried in scheduled operations on the system shall appear in the Grand Total column.

Traffic statistics reported on this schedule shall be based upon course flown mileages and shall not include traffic statistics for charter and other non-scheduled flights reported on lines 11 and 12 of Schedule 13.

Passenger miles is defined as miles flown per each inter-station trip multiplied by the number of passengers carried on that trip.

Company employees is defined as the employees of the air carrier transported without transportation charge.

Other non-revenue passengers is defined as all persons, other than company employees, transported without transportation charge.

Available seat miles operated is defined as the number of seats available for the carriage of passengers (as distinguished from the rated passenger carrying capacity of the aircraft) multiplied by the miles flown per each inter-station trip.

Revenue passenger load factor is defined as the quotient obtained by dividing the total revenue passenger miles (line 21) by the available seat miles operated (line 27). The quotient shall be carried two places beyond the decimal point.

Number of trips. The number of trips started (line 31) shall be obtained by subtracting the number of scheduled trips canceled (line 30) from the number of trips scheduled (line 29). The total trips started is the total of lines 31 and 32.

Line 35, Scheduled miles, shall be based upon the regular trips it is planned to fly on course flown basis.

Line 36, Scheduled miles flown, shall be confined to mileages originally scheduled, as shown on line 35 and should not include extra sections.

Line 37, Percentage completed shall be obtained by dividing the scheduled miles flown (line 36) by the scheduled miles (line 35). The quotient shall be carried two places beyond the decimal point.

REPORTING PROCEDURE

SCHEDULE 13—AIRCRAFT MILES FLOWN AND ENGINE HOURS FLOWN

The information to be reported on this schedule shall include aircraft miles flown and engine hours flown by both owned and rented equipment and shall be reported in the appropriate route columns by types of flights shown on the schedule. The figures included in the total column opposite each item shall be the sum of the figures reported in the several route columns.

Direct airport-to-airport mileages shall be reported with respect to items on lines 3, 4, and 5.

Course flown mileages shall be reported for items on lines 6, 8, 9, 10, 11, 12, and 13.

All non-revenue flights shall be on a total miles flown basis.

Line 28, *Other revenue flights*, shall include engine hours flown on charter and special flights.

DEFINITIONS OF NON-REVENUE FLIGHTS

Equipment test flights include all flights for the purpose of testing aircraft or aircraft equipment such as engine tests, rigging tests, instrument tests, propeller tests, flights for Civil Aeronautics Board approval of equipment, or change in airworthiness certificates; and engineering flights to determine the suitability of changes contemplated by the air carrier.

Pilot instruction flights include all flights for pilot instruction and for the purpose of obtaining flying time for pilot personnel under simulated blind flying conditions.

Extension and development flights include all flights for the purpose of surveying proposed extensions of the air carrier's routes, or proposed new routes, prior to the time a certificate of convenience and necessity has been issued by the Civil Aeronautics Board.

Sales promotion and donated flights include all flights for the purpose of creating favorable public opinion toward air travel. It shall also include flights for which a charge is made and the amount thereof donated to charitable or civic organizations.

Ferry flights include all flights for the purpose of returning aircraft to base, equipment equalization, and aircraft delivery flights from the manufacturer prior to use in line service.

Route familiarization flights include all flights for the purpose of permitting the pilot personnel to familiarize themselves with the route or routes over which they will fly.

Attempted flights are those flights started by the air carrier from a scheduled stop, the aircraft returning to starting point before completion of the flight to the next scheduled stop.

Company business flights include all flights not a part of scheduled operations for the furtherance of company business such as flights made for or by company executives, officers, or other representatives.

Other non-revenue flights include all non-revenue flights not included elsewhere.

REPORTING PROCEDURE

SCHEDULE 14 (a)—AIRCRAFT UTILIZATION BY TYPES—MONTHLY

Line 1, *Number of aircraft owned*. Report all aircraft owned during the month, including aircraft acquired and retired.

Line 2, *Number of aircraft used this month*. Report aircraft used in revenue service during the month, exclusive of aircraft rented or leased.

Line 3, *Average number in daily line service*. Report quotients obtained by dividing the sum of the number of owned aircraft flown in revenue service each day during the month by the number of days in the month.

Line 8, *Number of aircraft rented*. Report all aircraft rented during the month including those covered by rental contracts that have expired during the month.

List on reverse side of the schedule the names of air carriers from whom aircraft are rented or leased and the number of aircraft rented or leased. Classify by types of aircraft and report the total miles flown by each type of rented or leased aircraft.

Line 13, *Grand Total Revenue Miles* is the total of lines 5 and 10 of this schedule and shall agree with line 13 of Schedule 13, "Aircraft Miles Flown."

SCHEDULE 14 (b)—AIRCRAFT UTILIZATION BY TYPES—QUARTERLY

The information to be reported on this schedule shall be on a quarterly basis.

The totals to be reported on line 51, columns 2 to 12, inclusive, shall be the accumulated sum of the total miles flown as reported on lines 7 and 12 of monthly Schedule 14 (a) for the three months of the quarter.

REPORTING PROCEDURE**SCHEDULE 15—STATEMENT OF FLIGHT EQUIPMENT SPARE PARTS AND ASSEMBLIES**

The information to be reported on this schedule shall be on a semi-annual basis.

In column 1 under "Aircraft" shall be shown the type and model of aircraft to which spare parts and assemblies owned by the carrier are specifically related (for example, Douglas DC-3); the information pertaining thereto to be reported in columns 2 to 10, inclusive. Similar procedure should be followed for "Aircraft Engines" and "Other." Subtotals should be shown for each of the three categories listed on the schedule.

The total of column 9, "Net Book Value," shall agree with the total reported for account 1506, "Flight Equipment Spare Parts and Assemblies," in column 8 of Schedule 6 for the last month of the semi-annual period for which report is made on this schedule.

In column 10 shall be reported the basis or method of accrual to the reserve and the period over which the reserve is being provided.

INSTRUCTIONS FOR REPORTING ITEMS AFFECTED BY OPERATIONS UNDER GOVERNMENT WAR CONTRACTS**SCHEDULE 1—BALANCE SHEET**

No separation shall be made on the balance sheet identifying items relating to war contracts between domestic air carriers and the Government.

SCHEDULE 4 (a), 4 (b), AND (c)—OPERATING EXPENSES

All expenses shown on Schedule 4 (a), 4 (b), and 4 (c) of CAB Form 2780, shall be net figures for commercial operations only and no expenses of Government contract operations shall be included therein.

Fixed fees paid to the carrier or net profits arising under provisions of war contracts shall be credited to account 907, "Other Non-operating Income."

SCHEDULES 12 (a), 12 (b), 13, 14 (a) AND 14 (b)—TRAFFIC STATISTICS

Operations under Government war contracts shall not be included by the carrier on Schedules 12 (a), 12 (b), 13, 14 (a), and 14 (b).