

or 88.6 Capital Gains and Losses—Other.

[ER-980, 42 FR 29, Jan. 3, 1977, as amended by ER-1401, 50 FR 241, Jan. 3, 1985]

#### **1410 Prepaid Items.**

Record here prepayments of obligations which if not paid in advance would require the expenditure of working capital within one year, such as prepaid rent, insurance, taxes, interest, etc. Unexpired insurance and miscellaneous prepayments applicable to periods extending beyond one year where significant in amount shall be charged to balance sheet account 1820 Long-Term Prepayments.

#### **1420 Other Current Assets.**

Record here current assets not provided for in balance sheet accounts 1010 to 1410, inclusive.

### INVESTMENTS AND SPECIAL FUNDS

#### **1510 Investments in Associated Companies.**

(a) Record here net investments in associated companies.

(b) [Reserved]

(c) This account shall be subdivided by all air carrier groups as follows:

[ER-980, 42 FR 29, Jan. 3, 1977, as amended by ER-1027, 42 FR 60128, Nov. 25, 1977; ER-1188, 45 FR 48870, July 22, 1980]

#### **1510.1 Investments in Investor Controlled Companies.**

Record here the cost of investments in investor controlled companies except that permanent impairment in the value of securities may be reflected through charges to profit and loss classification 8100, Nonoperating Income or Expense—Net. This account shall also include the equity in undistributed earnings or losses since acquisition. In the event dividends are declared by such companies, the air carrier shall credit this account for its share in dividends declared and debit balance sheet account 1270 Accounts Receivable. This account shall separately state: (a) The cost of such investments at date of acquisition and (b) the equity in undistributed earnings or losses since acquisition.

[Amdt. 241-58, 54 FR 5592, Feb. 6, 1989]

#### **1510.2 Investments in Other Associated Companies.**

Record here the cost of investments in associated companies other than investor controlled companies. Cost shall represent the amount paid at the date of acquisition without regard to subsequent changes in the net assets through earnings or losses of such associated companies. However, permanent impairment in the value of securities may be reflected through charges to profit and loss classification 8100, Nonoperating Income or Expense—Net.

[Amdt. 241-58, 54 FR 5592, Feb. 6, 1989]

#### **1510.3 Advances to Associated Companies.**

(a) Record here advances, loans, and other amounts not settled currently with investor controlled and other associated companies and nontransport divisions. Balances receivable from and payable to different associated companies and different nontransport divisions shall not be offset.

(b) In the case of nontransport divisions three subaccounts shall be maintained: (1) Net investment; (2) current net profit or loss; and (3) current accounts receivable or payable between the air carrier and the nontransport division.

(c) Each nontransport division shall be accounted for separately in net amounts receivable which shall be included in this account or net amounts payable which shall be included in balance sheet account 2240 Advances from Associated Companies.

[ER-980, 42 FR 29, Jan. 3, 1977. Redesignated by ER-1401, 50 FR 241, Jan. 3, 1985]

#### **1530 Other Investments and Receivables.**

Record here notes and accounts receivable not due within one year, investments in securities issued by others, investments in leveraged leases, the noncurrent net investment in direct financing and sales-type leases, and the allowance for unrealized gain or loss on noncurrent marketable equity securities. Securities held as temporary cash investments shall not be included in this account but in balance sheet account 1100 Short-Term Investments. Investments in and receivables

from associated companies which are not settled currently shall be included in balance sheet account 1510 Investments in Associated Companies.

[Amdt. 241–58, 54 FR 5592, Feb. 6, 1989]

#### **1550 Special Funds.**

Record here special funds not of a current nature and restricted as to general availability. Include items such as sinking funds, cash and securities posted with courts of law, employee's funds for purchase of capital stock, pension funds under the control of the air carrier and equipment purchase funds.

#### OPERATING PROPERTY AND EQUIPMENT

“Operating Property and Equipment” shall encompass items used in air transportation services and services related thereto.

#### **1601 Airframes.**

(a) Record here the total cost to the air carrier of airframes of all types and classes together with the full complement of instruments, appurtenances and fixtures comprising complete airframes including accessories necessary to the installation of engines and flight control and transmission systems, except as specifically provided otherwise in accounts 1602 and 1607. Also record here in separate subaccounts the costs of airframes overhauls accounted for on a deferral and amortization basis.

(b) Airframes designed to permit multiple payload configurations shall be recorded in this account at the total cost of the maximum complement of instruments, appurtenances, and fixtures used in the air carrier's operations.

(c) This account shall be subdivided as follows by all air carriers:

[ER–980, 42 FR 29, Jan. 3, 1977, as amended by Amdt. 241–58, 54 FR 5593, Feb. 6, 1989]

1601.1 Airframes.

1601.2 Unamortized Airframe Overhauls.

#### **1602 Aircraft Engines.**

(a) Record here the total cost to the air carrier of complete units of aircraft engines of all types and classes together with a full complement of accessories, appurtenances, parts and fixtures comprising fully assembled en-

gines as delivered by the engine manufacturer ready for operation in test but without the accessories necessary to its installation in airframes. Also record here in separate subaccounts the costs of aircraft engine overhauls accounted for on a deferral and amortization basis.

(b) This account shall be subdivided as follows by all air carriers:

[ER–980, 42 FR 29, Jan. 3, 1977, as amended by Amdt. 241–58, 54 FR 5593, Feb. 6, 1989]

1602.1 Aircraft Engines.

1602.2 Unamortized Aircraft Engine Overhauls.

#### **1607 Improvements to Leased Flight Equipment.**

Record here the total cost incurred by the air carrier for modification, conversion or other improvements to leased flight equipment. Also record here, in separate subaccounts, the costs of airframe and aircraft engine overhauls of leased aircraft accounted for on a deferral and amortization basis.

[Amdt. 241–58, 54 FR 5593, Feb. 6, 1989]

#### **1608 Flight Equipment Rotable Parts and Assemblies.**

(a) Record here the total cost to the air carrier of all spare instruments, parts, appurtenances and subassemblies related to the primary components of flight equipment units provided for in balance sheet accounts 1601 through 1607, inclusive. This account shall include all parts and assemblies of material value which are rotatable in nature, are generally reserved or repaired, are used repeatedly and possess a service life approximating that of the property type to which they relate. Items of an expendable nature which generally may not be repaired and re-used, shall not be recorded in this account but in account 1300 Spare Parts and Supplies. Except for recurrent service sales, flight equipment parts recorded in this account shall not be charged to operating expenses as retired. Profit or loss on sales of parts as a routine service to others shall be included in profit and loss account 14 General Service Sales, and parts sold shall be removed from this account at full cost irrespective of any allowance