(c) For those carriers who use the yield or average-fare method to determine earned revenue, the analysis supporting the verification shall include:

(1) The cutoff date for the liability to be verified; such cutoff date shall be at the end of a calendar month.

(2) The number of months after the cutoff date during which documents were examined to verify the liability; the number of months after the cutoff date during which documents are examined shall not exceed the maximums set forth below:

- TWA ........................................ 18
- Trunks (except TWA) .................. 12
- All other route air carriers ............... 6

1 Applies only to carriers on a yield or average-fare basis.

(3) The nature of the documents which were examined for purposes of the verification.

(4) The totals for each of the various types of documents examined, on actual or sampling basis.

(5) A description of the sampling technique and conversion to totals, if sampling was employed.

(6) The amount and basis for all estimates employed in the verification.

(7) The amount of resulting adjustments and the quarter in which such adjustments were, or are to be, made in the accounts.

(d) For those carriers who use the sales-lift match method to determine earned revenue, the analysis supporting the physical inventory verification shall include:

(1) The cutoff date for the liability to be verified; such cutoff date shall be at the end of a calendar month.

(2) A trial balance as of the cutoff date of all subaccounts supporting the Air Traffic Liability control account; the subsidiary trial balance must agree with the Air Traffic Liability control account or a reconciliation statement furnished.

(3) A statement to the effect that a sales listing of the value of all unmatched auditor coupons has been compiled and compared to the general ledger control figure; the statement required by this subparagraph shall indicate whether or not the value of the unmatched coupons is in agreement with the general ledger. If the sales listing is not in agreement with the Air Traffic Liability control account, the amount of such difference shall be shown on such statement.

Section 3

Balance Sheet Classifications

Section 3 Chart of Balance Sheet Accounts

<table>
<thead>
<tr>
<th>Name of account</th>
<th>General classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1010</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>1100</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>1200</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1270</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts</td>
<td>1280</td>
</tr>
<tr>
<td>Spare parts and supplies</td>
<td>1300</td>
</tr>
<tr>
<td>Allowance for obsolescence—Spare parts and supplies</td>
<td>1311</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>1410</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1420</td>
</tr>
<tr>
<td>Investments and special funds:</td>
<td></td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>1510</td>
</tr>
<tr>
<td>Investments in investor controlled companies</td>
<td>1510.1</td>
</tr>
<tr>
<td>Investments in other associated companies</td>
<td>1510.2</td>
</tr>
<tr>
<td>Advances to associated companies</td>
<td>1510.3</td>
</tr>
<tr>
<td>Other investments and receivables</td>
<td>1530</td>
</tr>
<tr>
<td>Special funds</td>
<td>1550</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>1600–1700</td>
</tr>
</tbody>
</table>

Operating Nonoperating

| Airframes | 1601 | 1701 |
| Airframes | 1601.1 | 1701.1 |
| Unamortized airframe overhauls | 1601.2 | 1701.2 |
| Aircraft engines | 1602 | 1702 |
| Aircraft engines | 1602.7 | 1702.7 |
| Unamortized aircraft engine overhauls | 1602.2 | 1702.2 |
| Improvements to leased flight equipment | 1607 | 1707 |
| Flight equipment rotatable parts and assemblies | 1608 | 1708 |
| Airframe parts and assemblies | 1608.1 | 1708.1 |
| Aircraft engine parts and assemblies | 1608.5 | 1708.5 |
| Other parts and assemblies | 1608.9 | 1708.9 |
| Flight equipment | 1609 | 1709 |
| Allowance for depreciation: |           |
| Airframes | 1611 | 1711 |
| Aircraft engines | 1612 | 1712 |
**Section 4**

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<table>
<thead>
<tr>
<th>Name of account</th>
<th>General classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements to leased flight equipment</td>
<td>1617 1717</td>
</tr>
<tr>
<td>Flight equipment airworthiness allowance</td>
<td>1618 1718</td>
</tr>
<tr>
<td>Equipment</td>
<td>1629 1729</td>
</tr>
<tr>
<td>Furniture, fixtures and office equipment</td>
<td>1630 1730</td>
</tr>
<tr>
<td>Improvements to leased buildings and equipment</td>
<td>1636 1736</td>
</tr>
<tr>
<td>Other assets</td>
<td>1639 1739</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of account</th>
<th>General classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>1640 1740</td>
</tr>
<tr>
<td>Maintenance buildings and improvements</td>
<td>1640.1 1740.1</td>
</tr>
<tr>
<td>Other buildings and improvements</td>
<td>1640.9 1740.9</td>
</tr>
<tr>
<td>Ground property and equipment</td>
<td>1649 1749</td>
</tr>
<tr>
<td>Allowance for depreciation: Equipment</td>
<td>1650 1750</td>
</tr>
<tr>
<td>Improvements to leased buildings and equipment</td>
<td>1654 1754</td>
</tr>
<tr>
<td>Furniture, fixtures, and office equipment</td>
<td>1656 1756</td>
</tr>
<tr>
<td>Buildings</td>
<td>1660 1760</td>
</tr>
<tr>
<td>Maintenance buildings and improvements</td>
<td>1660.1 1760.1</td>
</tr>
<tr>
<td>Other buildings and improvements</td>
<td>1660.9 1760.9</td>
</tr>
<tr>
<td>Allowance for depreciation of flight equipment and ground property and equipment, and amortization of overhaul and airworthiness costs</td>
<td>1668 1768</td>
</tr>
<tr>
<td>Land</td>
<td>1679 1779</td>
</tr>
<tr>
<td>Equipment purchase deposits and advance payments</td>
<td>1685 1785</td>
</tr>
<tr>
<td>Construction work in progress</td>
<td>1689 1789</td>
</tr>
<tr>
<td>Leased property under capital leases</td>
<td>1695 1795</td>
</tr>
<tr>
<td>Capital leases—flight equipment</td>
<td>1695.1 1795.1</td>
</tr>
<tr>
<td>Capital leases—other property and equipment</td>
<td>1695.2 1795.2</td>
</tr>
<tr>
<td>Leased property under capital leases, accumulated amortization</td>
<td>1696 1796</td>
</tr>
<tr>
<td>Accumulated amortization—capitalized flight equipment</td>
<td>1696.1 1796.1</td>
</tr>
<tr>
<td>Accumulated amortization—capitalized other property and equipment</td>
<td>1696.2 1796.2</td>
</tr>
<tr>
<td>Property on operating-type lease to others and property held for lease</td>
<td>1797</td>
</tr>
<tr>
<td>Property on operating-type lease to others and property held for lease, accumulated depreciation</td>
<td>1798</td>
</tr>
<tr>
<td>Other assets: Long-term prepayments</td>
<td>1820</td>
</tr>
<tr>
<td>Unamortized developmental and preoperating costs</td>
<td>1830</td>
</tr>
<tr>
<td>Other assets and deferred charges</td>
<td>1890</td>
</tr>
</tbody>
</table>

**Current liabilities:**

- Current maturities of long-term debt | 2000 |
- Notes payable:
  - Banks | 2005 |
  - Other | 2015 |
- Trade accounts payable | 2021 |
- Accounts payable—other | 2025 |
- Current obligations under capital leases | 2080 |
- Accrued salaries, wages | 2110 |
- Accrued vacation liability | 2120 |
- Accrued interest | 2125 |
- Accrued taxes | 2130 |
- Dividends declared | 2140 |
- Air traffic liability | 2160 |
- Other current liabilities | 2190 |

**Noncurrent liabilities:**

- Long-term debt | 2210 |
- Advances from associated companies | 2240 |
- Pension liability | 2250 |
- Noncurrent obligations under capital leases | 2280 |
- Other noncurrent liabilities | 2290 |
- Deferred credits:
  - Deferred income taxes | 2340 |
  - Deferred investment tax credits | 2345 |
- Other deferred credits | 2390 |

**Stockholders’ equity:**

- Preferred stock | 2820 |
- Common stock | 2840 |
- Additional capital invested | 2890 |
- Premium on capital stock | 2890.1 |
- Discount on capital stock | 2890.2 |
- Other capital stock transactions | 2890.3 |
- Retained earnings | 2900 |
- Subscribed and unissued stock | 2860 |
- Treasury stock | 2890 |

* At the option of the air carrier, these accounts may be assigned Nos. 2629 and 2729, respectively, for accounting purposes.

**Note:** Digits to right of decimals and italicized codes established for BTS control purposes only.


**Section 4 General**

(a) The balance sheet accounts are designed to show the financial condition of the air carrier as at a given date, reflecting the asset and liability balances carried forward subsequent to the closing or constructive closing of the air carrier’s books of account.

(b) The balance sheet accounts prescribed in this system of accounts for each air carrier group are set forth in Section 3, Chart of Balance Sheet Accounts. The balance sheet elements to