

**§367.1110**

**18 CFR Ch. I (4-1-07 Edition)**

portion of this account to retained earnings or make any other use of the depreciation without authorization by the Commission.

**§367.1110 Account 111, Accumulated provision for amortization of service company property.**

(a) This account must be credited with the following:

(1) Amounts charged to account 404, Amortization of limited-term property (§367.4040), for the current amortization of limited-term service company property investments.

(2) Amounts charged to account 405, Amortization of other property (§367.4050).

(3) Amounts charged to account 425, Miscellaneous amortization (§367.4250), for the amortization of intangible or other property, that does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(b) The service company must maintain subaccounts of this account for the amortization applicable to service company property and property leased to others.

(c) When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account must be charged with the amount previously credited in respect to the property. The book cost of the retired property less the amount chargeable to this account and less the net proceeds realized at retirement must be included in account 421.1, Gain on disposition of property (§367.4211), or account 421.2, Loss on disposition of property (§367.4212), as appropriate.

(d) For general ledger and balance sheet purposes, this account must be regarded and treated as a single composite provision for amortization. The subsidiary records must reflect the current credits and debits to this account in sufficient detail to show the following separately:

- (1) The amount of accrual for amortization,
- (2) The book cost of property retired,
- (3) Cost of removal,
- (4) Salvage, and
- (5) Other items, including recoveries from insurance.

(e) The service company is restricted in its use of the accumulated provision for amortization to the purposes provided in paragraphs (a) through (d) of this section. It must not transfer any portion of this account to retained earnings or make any other use of the amortization without authorization by the Commission.

**OTHER PROPERTY AND INVESTMENTS**

**§367.1230 Account 123, Investment in associate companies.**

(a) This account must include the book cost of investments in securities issued or assumed by associate companies and investment advances to the companies, including related accrued interest when the interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company, it must be included in account 123.1, Investment in subsidiary companies (§367.1231).) Include in this account the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and dividend income (§367.4190).)

(b) This account must be maintained in a manner so as to show the investment in securities of, and advances to, each associate company together with full particulars regarding any of the investments that are pledged.

(c) Securities and advances of associate companies owned and pledged must be included in this account, but the securities, if held in special deposits or in special funds, must be included in the appropriate deposit or fund account. A complete record of securities pledged must be maintained.

(d) Securities of associate companies held as temporary cash investments are includible in account 136, Temporary cash investments (§367.1360).

(e) Balances in open accounts with associate companies that are subject to current settlement are includible in account 146, Accounts receivable from associate companies (§367.1460).

(f) The service company must write down the cost of any security in recognition of a decline in the related value. Securities must be written off or