

Decision No. 13631

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the)	
UNITED STAGES, INC.,)	
a corporation, for permission to issue)	Application Number 9945
stock.)	

T. Morgan, for Applicant.

BY THE COMMISSION :

O P I N I O N

In this matter, as originally presented to the Commission, United Stages, Inc., asked permission to issue \$50,000. of stock. However, at the public hearing held before Examiner Williams, the company amended its application so as to request the Commission to make an order authorizing it to issue approximately \$33,200. of stock to reimburse its treasury, and to distribute such stock as a stock dividend.

United Stages, Inc., is engaged in operating auto stages for the transportation of passengers chiefly between Los Angeles and points in Imperial Valley. It reports its gross revenues for the year ending December 31, 1922 as \$144,680.76 and for the year ending December 31, 1923 as \$168,181.69, and its operating expenses during 1922 as \$125,203.92 and during 1923 as \$157,595.99. After making interest and other deductions it reports net profits for 1922 as \$14,020.78 and for 1923 as \$1,054.79. For the three months, January, February and March, 1924, a profit of \$7,693.99 is reported.

As of March 31, 1924 the company reports its assets and liabilities as follows :-

A S S E T S

Plant and Equipment

Cars	\$86,622.11
Depot buildings	4,176.37
Garage equipment	3,267.23
Garage stock	4,302.85
Furniture and fixtures	3,574.71
Real estate	11,558.29
Franchises	26,880.04
Miscellaneous	<u>480.86</u>

Total plant and equipment \$140,862.46

Current Assets

Cash	\$ 3,939.04
Notes receivable	2,791.41
Accounts receivable	4,308.54
Materials and supplies	<u>1,169.34</u>

Total current assets \$ 12,208.33

Other Assets

Prepaid expenses	<u>\$ 2,472.16</u>
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TOTAL ASSETS \$155,542.95

L I A B I L I T I E S

Capital Stock

\$ 14,510.00

Current Liabilities

Notes payable	\$11,720.36
Accounts payable	<u>13,102.03</u>

Total current liabilities \$ 24,822.39

Prepaid Revenues

\$ 250.00

Reserves

Depreciation-cars	\$48,142.55
Depreciation-garage equipment	1,025.50
Depreciation-dopot buildings	2,531.40
Depreciation-furniture and fixtures	960.96
Four per cent highway tax	1,768.59
Other reserves	<u>1,581.68</u>

Total reserves \$ 55,808.63

Surplus

\$ 60,151.88

TOTAL LIABILITIES \$155,542.95

It appears that applicant heretofore has included in operating expenses amounts for depreciation at the rate of ten per cent per annum for buildings, plant and furniture, and at the rate

of twenty-four, thirty-six and forty-eight per cent per annum for its automobiles. Testimony herein shows, however, that applicant has decided that the allowances for depreciation in some cases have been too high and that in the future, depreciation will be computed at the rate of twenty-four per cent per annum for stages.

After paying operating and other expenses, making allowance for depreciation and other purposes, and paying dividends, the company reports corporate surplus unappropriated as of March 31, 1924, as \$60,151.88. From this amount there is deducted \$26,860.04 representing amounts expended in the acquisition of franchises, leaving a balance of \$33,271.84, which, according to the testimony of T. Morgan, applicant's president, represents surplus earnings which have been invested in the property of the company. In this connection applicant has filed with the Commission, subsequent to the hearing in this matter, a statement showing in some detail the debits and credits to its corporate surplus. An analysis of this statement indicates that applicant's surplus earnings up to March 31, 1924 have been at least equal to the amount of stock it is now proposed to issue, and that such surplus earnings have been invested in the company's business and properties. Therefore, it appears that the company can properly be permitted to issue \$33,200.00 of stock to reimburse its treasury because of surplus earnings so invested.

ORDER

United Stages, Inc., having applied to the Railroad Commission for permission to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably

chargeable to operating expense or to income,

IT IS HEREBY ORDERED that UNITED STAGES, INC., be, and it is hereby, authorized to issue not exceeding \$33,200.00 of its common capital stock for the purpose of reimbursing its treasury on account of surplus earnings invested in properties.

The authority herein granted is subject to further conditions as follows :-

1. After reimbursement of its treasury the stock herein authorized may be distributed to the present stockholders, as permitted and required by law, as a stock dividend.
2. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file on or before the 25th. day of each month, a verified report as required by the Railroad Commission's General Order Number 24, which order in so far as applicable is made a part of this order.
3. The authority herein granted will become effective upon the date hereof. No stock may be issued after September 30, 1924.

DATED at San Francisco, California, this 31st day of May, 1924.

C. Searcy

H. B. ...

Dwight ...

J. W. ...
Commissioners.