

# **THE DEPRECIATION OF FACTORIES AND THEIR VALUATION**

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The Depreciation of Factories and their Valuation by Ewing Matheson

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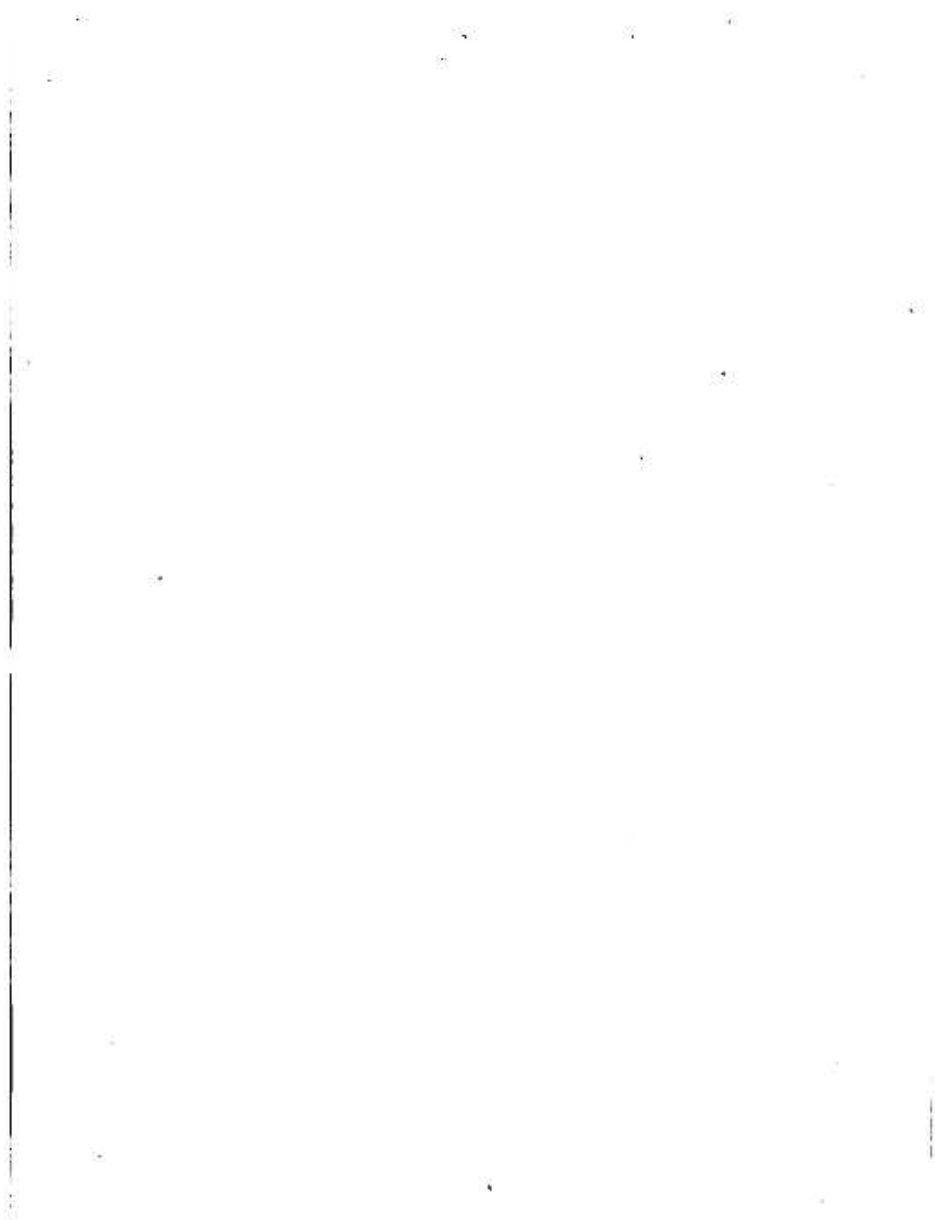
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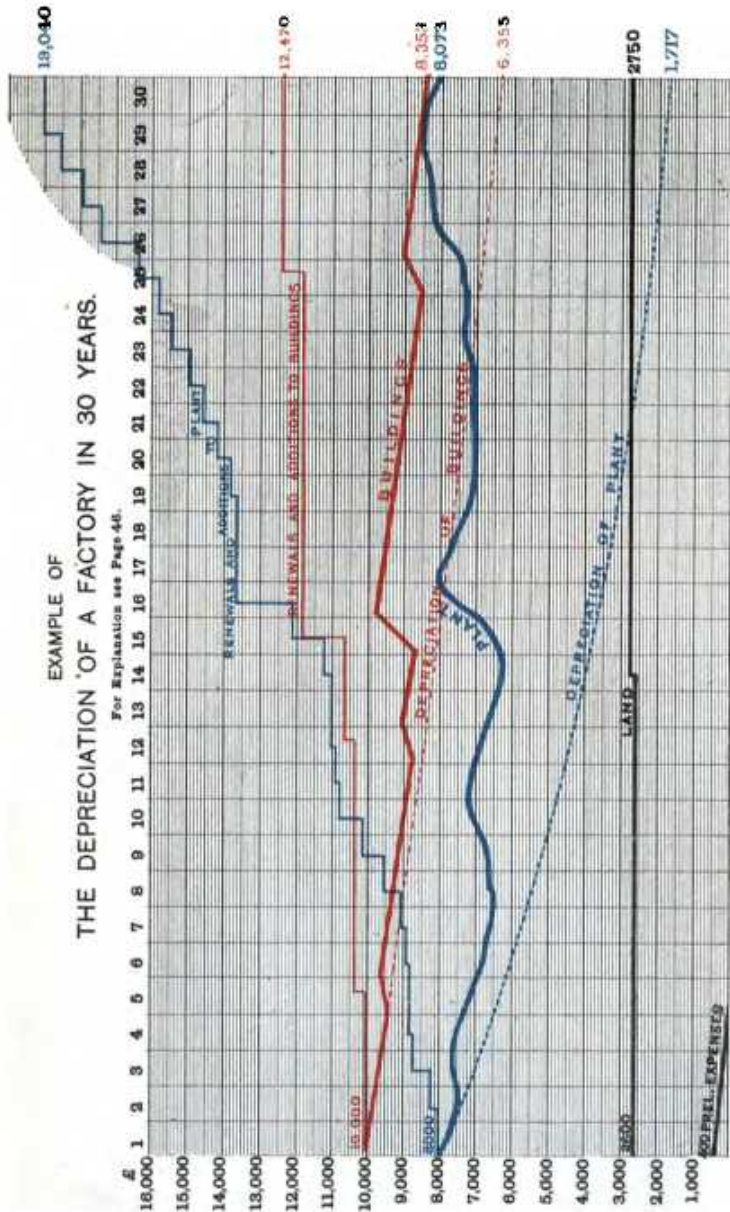
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# EXAMPLE OF THE DEPRECIATION OF A FACTORY IN 30 YEARS.

For Explanation see Page 46.



	Value in 1st Year.	30th Year.
Buildings	10,000	8,953
Plant	8,000	6,078
Land	2,600	2,750
Prep. Expenses	400	
<b>Total</b>	<b>21,000</b>	<b>19,178</b>



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1884.

1808. e. 6.

## PREFACE.

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IN the Financial administration of a Factory, the Accounts which relate to Disbursements and Receipts are so obviously necessary to the continuous working of the undertaking as to be rarely neglected, and if errors or omissions occur, they quickly compel attention. But the Capital accounts are not always deemed to be of such pressing importance, and variations in the value of plant arising from the wear and tear may be left unnoted. The increasing extent of Factories, the subdivision of capital by means of joint-stock companies, and the conflicting interests that arise in regard to preference shares and borrowed capital, enhance greatly the importance of correct systems of account. Qualified book-keepers should be employed to arrange and check factory accounts, and the profession of Accountant and Auditor is rising in importance accordingly. But while Accountants may properly deal with facts and figures presented to them, and may fairly allot to Capital and Revenue actual expenditure or Estimated Depreciation, they must

always be dependant for the accuracy of these *data* on those technically acquainted with the operations of manufacture. It is endeavoured in the present short treatise to point out the leading circumstances that must be considered in "Writing off" for Depreciation, and to tabulate in a simple manner the annual changes that occur in Capital value.

In the Valuation of a Factory for any purpose whatever, the past "depreciations" and additions have to be considered, and the possible modifications which may be necessary are dealt with in the later chapters.

The first four chapters have already appeared in the *Engineer*, from September to November, 1883, but have been revised and extended here.

LONDON,  
October, 1884.