

of the fixed assets, such as implements and machinery, that the chance of making a profit is brought about.

The main points to be considered in charging depreciation are—(1) The cost price; (2) the probable life of the asset; (3) repairs and renewals during life of the asset; (4) the residual value of the asset. There would probably be no difficulty in ascertaining the original cost. The probable life of the asset should be estimated by those thoroughly experienced in its use, but it is also necessary to take into consideration the possibility and effect of new discoveries or later models which might compel the scrapping of the original asset. Repairs and renewals during the life of the asset should be charged, as they occur, to the work on which the asset is employed, when such repairs or renewals become necessary. The residual value is that which may remain in the asset when it is no longer useful for the purpose for which it was bought, and this can be determined by experts.

Having ascertained these facts, the probable cost of repairs and renewals is added to the original cost, and from this is deducted the residual value. The balance represents the amount of depreciation to be provided over the probable life-period, and by simple division may be obtained the amount of depreciation to be charged for that particular asset each year. This method writes off the same amount each year, and to this there is an objection, for while the depreciation charge remains stationary the cost of repairs, &c., will yearly increase as the asset gets older. The more favoured method, therefore, is to write off a slightly higher percentage from the *reducing* value of the asset, and not from the *fixed* original value. The result is that the depreciation at the start is higher, and is gradually reduced towards the end of the life of the asset. As the charges for repairs and renewals operate on the reverse scale, the profit and loss account under this method bears a more fixed yearly charge when both are considered.

The principle aimed at is to provide a rate of depreciation which will, at the end of the life of the asset, reduce the book value to what may be expected as the residual value.

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*Sale of Moumahaki Ayrshires.*—The Department held its first sale of surplus pedigree Ayrshire stock at the Moumahaki Experimental Farm on 18th March. Breeders were well represented in the large attendance, and bidding was keen. In all forty-six animals were sold, averaging 20 guineas per head, this including eighteen calves. The seventeen cows offered averaged 33 guineas, seventeen heifers 18 guineas, and twelve bulls 7½ guineas. Among the cows the highest price, 58 guineas, was paid by Mr. F. Mills, of Hawera, for Agnes III; while Mr. Lawton, of Waiuku, paid 56 guineas for Dominion Fenwick Maggie. The buying ensures that this valuable stock will be well distributed in the North Island.

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The best means of getting rid of the common field-daisy on lea land where it is present excessively is to sweeten the ground by draining and liming, afterwards plough the grass-sod well under, and then resow with a good mixture.