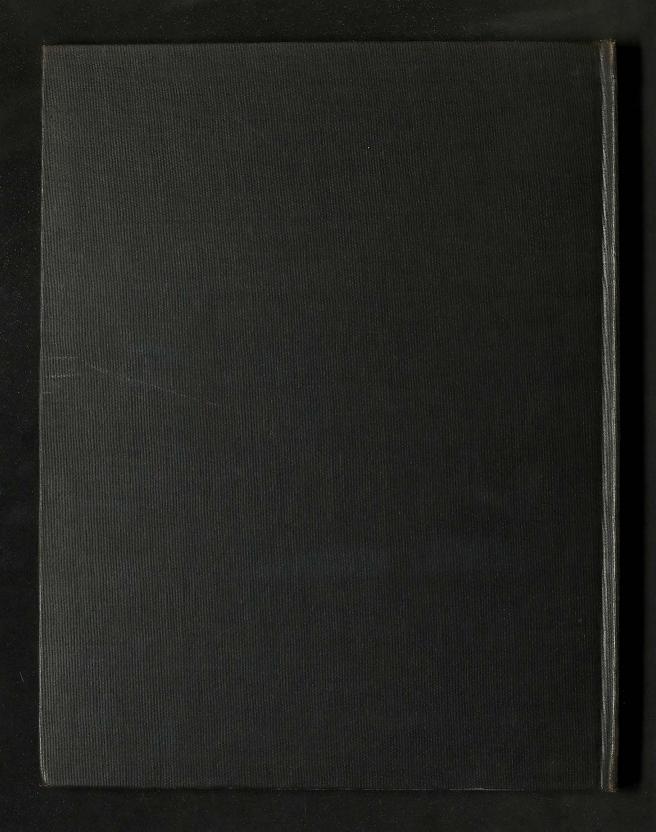
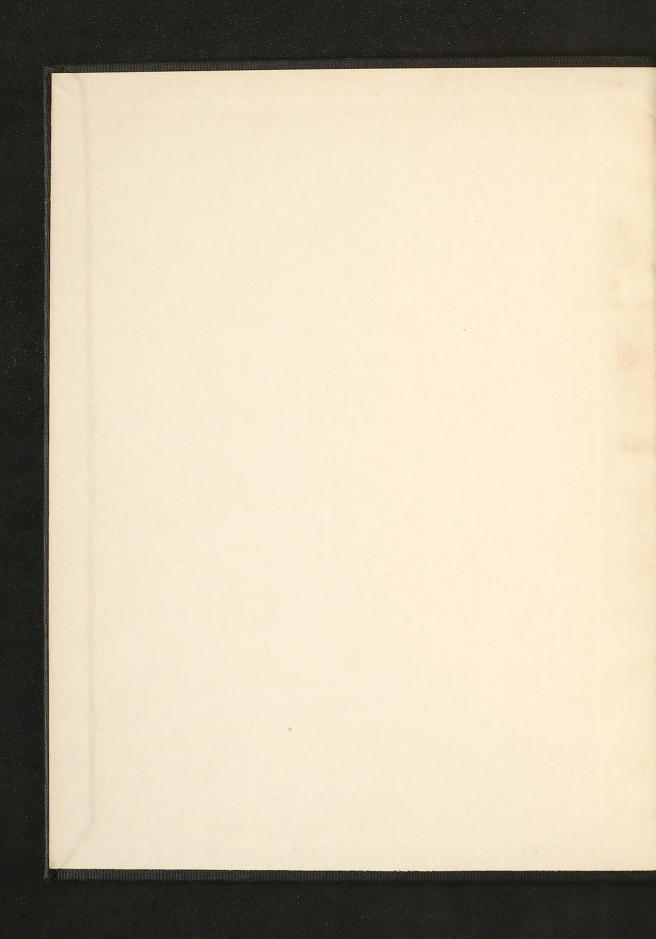
国際電台 00







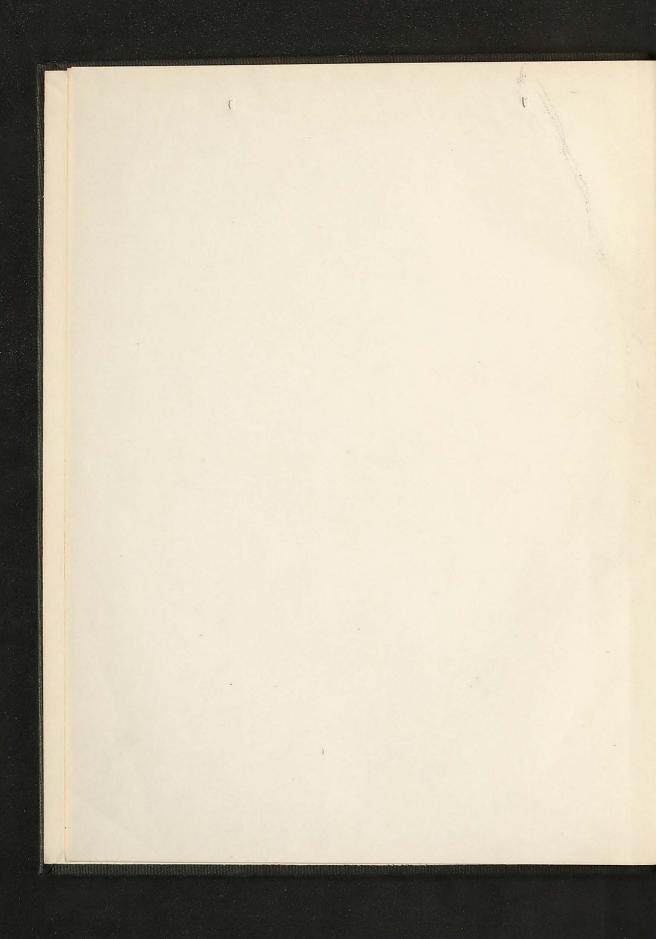








(IP) 1 also determine of direction of management for the decision



An Accounting Treatise
on the
Depletion of Mines and Forests

(9)

A thesis presented to the Academic Faculty of the University of Virginia in candidacy for the degree of Master of Science. See verso of Next page

An Accounting Trestiee on the Depletion of Mines and Foreste

A theris presented to the Academic Faculty of the University of Virginia in candidacy for the degree of Master of Science. An Accounting Treatise

on the

Depletion of Mines and Forests

by

Frederick N. Caldwell.

(0)

U. Va. Masters Thesis

8

1

518535

COPY 2

relined? phicomotos as

650 BO

Depletion of Mines and Poreste

Vid

Prederios I. Saldwell.

the depletion of mineral deposits and timber resources had probably received less attention in accounting than any other phase of accounts. Prior to this time, the general accounting procedure for the utilization of natural resources was to determine total profits by deducting the amount of money invested from the amount of money received from operations. By such method, profits could not be easily reckoned until the mineral deposit or timber supply had been completely exhausted. This practice was found impossible in many cases as the investments often exceeded the returns. Even to-day this inaccurate method is sometimes employed, but in cases where profits have been made and taxes are pressing, the study of depletion has been given prompt attention.

(8

th

Mineral deposits and timber resources are classed under the head of wasting assets. Wasting assets may be described as assets subject to exhaustion or depletion. These assets should be distinguished from depreciating assets in that the former simply give out, whereas the latter become useless due to wear and tear, decrepitude,

efore the sdoption of the sevenue het of 1917
the depletion of mineral deposite and timeer resources
had probably received less attention is secounting
than any other piase of secounts. Prior to this time,
the general secounting procedure for the utilisation of
natural recources was to determine total profits by deducting the amount of money invested from the amount of
money reseived from operations. By such method, profits
could not be early reckoned until the mineral deposit
or timber supply had been completely exhausted. This
practice was found impossible in many cases as the investments often exceeded the returns. Even to-day this insecurate method is sometimes employed, but in cases where
profits have seen made and taxes are preseing, the study
of depletion has been given prompt attention.

1

1

Mineral deposite and timeer resources are alasted under the head of wasting assets. Warting assets may be described as assets subject to exhaustion or depletion. These assets should be distinguished from depreciating assets in that the former simply give out, whereas the latter become useless due to wear and tear, dearepitude.

3

imadequacy, or obsolescence. In the case of mines and timber, the supply is depleted. In the case of buildings, machinery, and the like, the assets are not used up, but worn out. The law distinctly draws a line of demarcation between these two classes of assets, when it stipulates that in the case of mines and timber, that not only dividends should be paid to the owner or lessee, but also a certain portion of capital, in order that at the exhaustion of the resource that the owner or lessee will have received his original investment. Depletion in accounting is used for the purpose of distinguishing capital from profits. Such distinction is the primary purpose of every accounting practice.

W. B. Reed in his Coal Mine Accounting defines depletion as "an account set up to take care of the exhaustion of minerals taken out of the land." The fundamental principle in this definition is that provision should be made for the exhaustion of the resource. This principle to can be applied timber resources, oil wells, or to any other wasting assets. Through the depletion account adequate charges to cost should be made to return to the owner the full cost or value of the property, less any remaining value in the surface, by putting aside a reserve

inadequacy, or obsolescence. In the case of miner and timber, the supply is depicted. In the case of buildings, machinery, and the line, the ansets are not used up, but worn out. The law distinctly draws a line of demarcation of tween these two elarges of assets, when it stipulates that in the case of mines and timber, that not only dividends should be paid to the owner or lessee, but also a certain portion of ospital, in order that at the exhaust-don of the resource that the owner or lessee will have received his original investment. Depiction in accounting is and the purpose of distinguishing capital from profits. Such distinction is the primary purpose of every accounting ranch distinction is the primary purpose of every accounting practice.

1

(

". 3. Reed in his lost Mine socounting definer depletion as " an account ret up to take care of the enhantion of minerals taken out of the land." The fundemental
principle in this definition is that provision should be
made for the exhaustion of the rescurce. This principle
can be applied timber resources, oil wells, or to any
other wasting assets. Through the depletion account adequate charges to cost should be made to return to the
owner the full cost or value of the property, less any
remaining value in the surface, by putting aside a reserve-

fund with an equal charge to cost of an ample amount per unit to return the investment. Failure to set aside such fund will necessitate the owner writing off large losses at the exhaustion of the resource. Such oversight in management is liable to prevent the corporation from returning the invested capital to the stockholders.

Again, the depletion of mines and timber may be defined as the using up of recoverable units by extraction or displacement from their natural positions. Distimetion should be made here between total units and recoverable units. Total units represent the whole supply of the resource. Recoverable units represent only that part of the resource which can be worked and depleted. Although any value or computation of natural resources is merely an estimate, as it is practically impossible to know the exact number of units which nature has provided, a fairly close estimate can be made. An approximation of the contents of a mine can be made to a high degree of accuracy by an expert engineer. The number of feet of timber on a tract of land can be reckoned closely by a method known as "cruising". A closer estimate of the number of units can be made in the case of timber than in

rund with an equal charge to seet of an ample amount
per unit to return the investment. Failure to set seide
each fund will assembliate the owner writing off large
losses at the exhaustion of the resource, such overeight in management is liable to prevent the corporation
from returning the invested espital to the etochholders.
Again, the depletion of miner and timber may be

defined as the using up of recoverable units by extraction or displacement from their natural positions. Distimetion chould be made here between total units and
recoverable units. Total units represent the shele supply
of the resource. Recoverable units represent only that
part of the recourse which can be morked and depleted.
Although any value or computation of natural resources
in merely an estimate, as it is practically impossible
to know the exact number of units which nuture has provided, a fairly close estimate can be used. An approximation
of the centents of a mine can be used to a high degree
timber on a tract of land can be reckoned caceely by a
method known as "cruising". A closer estimate of the
number of units can be made in the case of timber than in

the case of minerals. Even though the exact value of the resource cannot be determined, an estimate for depletion is much better than making no allowance at all.

The Income Tax Laws lay down certain definite rules concerning depletion, which follow fairly good accounting practice. Inasmuch as an accurate determination of the income tax is one of the main uses of depletion, corporations with wasting assets should follow these rules as closely as conditions permit.

The regulations for the depletion of mines and timber are fundamentally the same, however they differ in certain details on account of the veriation in the nature of the two resources.

The Revenue Act of 1921, section 214, states that in the case of mines and timber, a reasonable allowance for depletion should be made, based upon cost which includes cost of development, if not otherwise deducted, "provided, that in case of such properties acquired prior to March 1, 1913, the fair market value of the property on that date shall be taken in lieu of cost up to that date. Provided further, that in case of mines discovered

the care of minerals. Even though the exact value of the resource cannot be determined, an estimate for depiction is much better than making no ellowance at all.

1

1

The Income fax Lawe lay down certain definite rules concerning depletion, which follow fairly good accounting practice. Insemuch as an accourate determination of the income tax is one of the main uses of depletion, corporations with warting senets should follow these rules as closely as conditions permit.

The regulations for the depletion of mines and timber are findamentally the same, however they differ in scriptin details on account of the viriation in the nature of the two resources.

The Revenue Act of 1921, pestion all, states that in the case of mines and timber, a reasonable allowance for depletion should be made, based upon cost which includes cost of development, off not otherwise deducted, provided, that in tune of such properties acquired prior to largh 1, 1913, the fair market value of the property on that date shall be taken in lieu of sost up to that date. Provided further, that in case of mines discovered

by the taxpayer, on or after March 1, 1913, and not acquired as the result of purchase of a proven tract or lease, where the fair market value of the property is materially disproportionate to the cost, the depletion allowance shall be based upon the fair market value of the property at the date date of discovery, or within thirty days thereafter. And provided further, that such depletion allowance based on discovery value shall not exceed the net income, computed without allowance for depletion, from the property upon which the discovery is made, except where such net income so computed is less than the depletion allowance based on cost or fair market value as of March 1, 1913."

A valuation at the "discovery date" should be determined if acquired prior to March 1, 1913, if a "discovery date" is claimed, except if the property was acquired after March 1, 1913, the depletion charge is based on cost if a "discovery" is not claimed.

In the case of timber, the depletion charge is based "upon cost if acquired after February 28, 1913, or upon the fair market value as of March 1, 1913, if acquired prior thereto."

Arguments are advanced by some accountants that

by the texpeyer, on or efter March 1, 1915, and not sequired as the result of purchase of a preven tract or lease, where the fair market value of the property is materially disproportionate to the cost, the degletion allowance shall be based upon the fair market value of the property at the date date date of discovery, or within thirty days thereafter. And provided further, that such depletion allowance based on discovery value chall not exceed the net income, computed without allowance for depletion, from the property upon which the discovery is made, except where such net income so com-

Y

X

A valuation at the "discovery date" should be determined if acquired prior to March 1, 1915, if a "discovery date" is claimed, except if the property was acquired after Merch 1, 1915, the depletion charge is based on cost if a "discovery" is not claimed.

puted is less than the depletion allowance based on cont

or fair market value as of March 1, 1913."

In the case of timber, the depletton charge is based "upon cost if sequired after February 28, 1913, or upon the fair market value as of March 1, 1913, if sequired prior thereto."

Arguments are advanced by some accountants that

cost or market, whichever is the lower should determine the value of the mineral deposit or the tract of timber. Such practice, they argue, makes for conservatism, and that good business can be conducted only on this basis. If minerals and timber are considered as stock-in-trade to the corporation, cost or market value, whichever is the lower, would seem to be the correct method of valuation. On the other hand, if these rescurces are considered as fixed assets, valuation should be based on cost. But mineral deposits and timber resources are neither current nor fixed assets, since they are neither used up in the daily operation of the business nor held for permanent investment. Wasting assets are more in the nature of deferred items. as they are gradually used up over a long period of time. Valuation at cost will also be favored because it is easy to determine. The promoter often desires to value the mime or tract of timber at market value in order to make his project appear as large as possible to investors. Market value is indeed very difficult to determine, but it is not beyond estimation. A footnote on the balance sheet should be used to indicate the method employed in

cost or market, whichever is the lower should determine the value of the mineral deposit or the trace of timber, such practice, they arme, maker for conpervetism, and that good business can be conducted only on this bacis. If minerals and timber are considered se stone-in-trade to the corporation, cost or market value, whichever is the lower, would seem to be the correct method of valuation. On the other hand, if these resources are considered as fixed assets, valuation chould be based on each. But mineral deposits and timber resources are neither corrent nor fixed assets, since they are neither used up in the daily operation of the serete ore more in the nature of deferred items, as they are graqually used up ever a long period of time. Valuation at cost will also be favored because it is of rebro mi sulsy fewren at meants to seart to emin said make his project appear as large as possible to investors. Market value to indeed very difficult to determine, but it is not beyond estimation, A rootnote on the balance elect should be used to indicate the method employed in

4

valuation, and if this is done, any valuation should not be misleading. As stated before, however, the law lays down certain guiding principles, which represent fairly good accounting practice, and as far as possible, these principles should be followed.

FAIR MARKET VALUE.

If the property was acquired prior to March 1,1913, the "Fair market value" on that date serves as a basis for the depletion charge. A "fair market value" is considered that amount which would induce a willing owner to sell and a willing buyer to purchase.

In the determination of the "fair market value", the law strictly provides that " where the fair market value at a specified date is used for the basis of depletion deductions, such value must be determined subject to the approval of the commissioner, by the owner of the property in the light of the conditions or circumstances known at that date regardless of later discoveries or development of later improvements in extraction or mining methods."

A procedure known as the " Present Value Method"

valuation, and if this is done, any valuation chould not be misleading. As stated before, however, the law lays down certain guiding principles, which represent fairly good accounting practice, and as iar as possible, these principles chould be followed.

1

FATE MARKIT VALUE.

If the property was sequired prior to March 1,1915, the "Fair market value" on that date serves as a basis for the depletion charge. A "fair market value" is non-cidered that amount which would induce a willing owner to sell and a willing buyer to purchase.

In the determination of the fair merget value", the law etrictly provides that " where the fair market value at a specified date in used for the basis of depletion deductions, such value must be determined rubject to the approval of the commissioner, by the owner of the property in the light of the conditions or circumstances known at that date regardless of later discoveries or developments of later improvements in extraction or mining methods."

A procedure answer as the " Present Value Method"

is often used, and recommended by the Tax Commission in determining the "fair market value" of property at a given date. The first requisite to this method is that annual dividends must yield a good annual rate of interset on the investment, and at the same time allow a certain sum set aside each year, which invested soundly at compound interest, will return the investment at the exhaustion of the resource. Several other factors enter into the determination of the "fair market value" of mineral deposits under this methodthe total supply of the resource in terms of the ordinary unit paid for in the product marketed, the average quality of the mineral reserves, the probable percentage of extraction in each period or operation, the approximate operating life of the business in terms of years, the cost of production excluding depletion and depreciation. and lastly, the rate of interest proportionate to the risk for the particular resource. Mineral deposits of different grades and locations should be taken into consideration and valued separately. When these factors mentioned above cannot be determined by past operations, they must be obtained from other evidence, such as the general character of the deposit, the topographical

ie ofben ueed, and renourended by the lan commission in determining the "fair market value" of property at a fiven date, the first requisite to this sethed rate of interect de the investment, and at the same time allow a certain cum set acide eroh year, which invested regardly at compound interest, will return time investment at the exhaustion of the recourse, weveral other factors enter into the determination of the "fair market value" of mineral deposits under this mothedthe total supply of the resource in terms of the ordinary unit paid for in the product marketed, the average quality of the mineral reserves, the probable percentage of extraction in each period or operation, the approximute operating life of the business in terms of years, and legily, the rate of interest proportionste to the risk for the particular resource. Mineral deposits of different grades and locations should be taken into consideration and valued separately. When these factors mentioned above cannot be determined by part operations, they must be obtained from other evidence, such as the general character of this deposit, the topographical

d

characteristics of the district, in which the deposit is located, the intensity of mineralization, the period of operation, the expected output of the mine, and so forth.

In the determination of the "fair market value" of timber, several factors must also be taken into account. Weight should be given to the character and quality of the timber in relation to its age, size, kind, etc., number of feet per acre, location, total supply of timber, accessibility to markets, topographical features, freight rates, and so forth. It is also fundamental that the value of the timber be segregated from the value of the land. These two elements of value can be fairly easily allocated, since the area of the land is generally known, on which a fair value can be placed.

In estimating the quantity of ore in the mine, the law prescribes certain rules, which must be complied with by the taxpayer. The owner must estimate each property separately in terms of tons, pounds, or some other common measure, of mineral reasonably believed to exist, or to have existed at the "basic date". The term "basic date" is used here to represent the date

characteristics of the district, in which the deposition is incented, the intensity of mineralization, the period of operation, the expected output of the mine, and so forth.

In the determination of the "fair market value" of timber, several factors must also be taken into account. Weight should be given to the character and quality of the timber in relation to its age, size, kind, etc., number of feet per sore, location, total supply of timber, accessibility to markets, topographical features, freight rates, and so forth. It is also from the value of the timber be segregated from the value of the land. There two elements of the land is generally easily allocated, since the area of the land is generally ensure on which a fair value can be placed.

"n estimating the quantity of ore in the mine, the law prescribes certain rules, which must be complied with by the taxpayer. The owner must estimate each property separately in terms of tone, pounds, or some other common measure, of mineral reasonably believed to exist, or to have existed at the "basic date". The term "basic date" is used here to represent the date

of valuation. The estimate of the mineral products for the purpose of depletion should include ores in sight or developed, deposite which are believed to exist on the basis of substantial evidence for purpose of valuation, as to quantity only when these deposits have been estimated by geologic data to a high degree of probability, and as to grade according to the best evidence available.

In determining the quantity of timber, the number of feet, cords, or some other unit should be estimated by expert cruisers. Checking the estimation is not undesirable, as in many cases little care is exercised in making the cruise.

COST.

Cost of property means full cost, which includes all costs incurred prior to operation. This would include not only the initial cost of securing the tract, but also those costs, such as recording the title, lawyers' fees, clearing ground, and so forth. It is very important that no inflation or fictitious values

1

of valuation. The estimate of the mineral products for the purpose of depletion should include ores in sight or developed, deposits which are believed to exist on the casis of substantial evidence for purpose of valuation, as to quantity only when these deposits have been estimated by geologic data to a high degree of probability, and as to grade seconding to the best evidence available.

'a determining the quantity of timber, the number of feet, serds, or some other unit should be estimated by expert cruisers. Checking the estimation is not undesirable, as in many cases little care is exercised in making the cruise.

.Teon

Cost of property means full cost, which includes all costs incurred prior to operation. This would include not only the initial cost of securing the tract, but also those costs, such as recording the title, lawyers' fees, clearing ground, and so forth. It is very important that no inflation or fictitious values

enter into the valuation, or else the accounts will not show a true statement of affairs.

As most timber and mineral resources permit
operation for several years, generally fifteen or
twenty, it is obvious that interest and taxes will
accrue on the properties before the resources are
exhausted. The question arises as to whether such
expenditures should be treated as operating expenses
or as capital outlays. If these costs are large, it
would seem that present operating revenues would be
overburdened by a direct charge to operation. For this
reason they may be capitalized. The depletion charge
would then reflect the actual value of the resource
when it is worked. On the other hand, charging interest
and taxes to operating cost would be the more conservative
method, and operators having a limited supply of timber
or minerals gain nothing by capitalizing them.

REVALUATION.

Revaluation of mines is not allowed after March 1,1913, except in the case of discoveries, and then any discovery will be given a "fair market value". Revaluation for timber

enter into the valuation, or else the secounts will not show a true statement of affairs.

As most timber and mineral resources permit operation for several years, generally fifteen or fewenty, it is obvious that interest and taxes will account on the properties defore the resources are exhausted. The question arises as to whether such expenditures should be treated as operating expenses or as easital outlays. If these sosts are large, it would neem that present operating revenues would be overburdened by a direct charge to operation. For this reason they may be expitalized. Inc depletion charge would then reflect the setual value of the resource when it is worked. On the other hand, charging interest and taxes to operating soot would be the more conservative method, and operators having a limited supply of timber or winerals gain nothing by capitalizing them.

REVALUATION.

Revaluation of mines is not milowed after March 1.1913, except in the case of discoveries, and then any discovery will be given a "fair market value". Revaluation for timber

is also not allowed for the purpose of depletion after this date. But in the case of both mines and timber, the unit or value may be changed by the commissioner if proper evidence shows that the present depletion rate is inadequate to take care of the valuation as of March 1,1913, or of cost if acquired subsequent to this date.

ACCOUNTS.

In mining corporations the following accounts are those usually affected by depletion:

Debit Accounts	
----------------	--

Credit Accounts

Ore Deposits or Property Profit and Loss Undeveloped Resources Surplus Appreciation Depletion

Development Reserve for Depletion Reserve for Decline in Value of Deposits.

is also not allowed for the purpose of depletion after this date. But in the case of both mines and timber, the unit or value may be changed by the commissioner if proper evidence shows that the present depletion rate is inadequate to take care of the valuation as of March 1,1813, or of cost if acquired subsequent to this date.

ACCOUNTS.

In mining corporations the following accounts are those usually affected by depletion:

Debit Assounts

Aredit Accounts

Value of Deposits.

Ore Deposits or Property Profit and Lose
Development
Undevelopment
Undeveloped Resources
Gurplus Appreciation
Depletion

The Undeveloped Resources account represents these properties whose ore supply is either unknown in whole or in part, and whose supply has not been estimated in any way. Newly acquired property should be debited to this account until prospecting begins, when it is transferred to the Development account. The Undeveloped Resources account may be regarded as the first step towards the production of minerals, and shows merely the cost of the mineral right.

The Development account represents property
whose ore supply is either unknown in whole or in
part, but is in the process of development—but
not yet producing minerals. All costs incurred in
prospecting, developing, and the like, should be charged
to this account. Some of the most ordinary charges to
the Development account are the costs of shafts or
driving more than fifty feet through any material
other than the ore mined, planes, slopes or tunnels,
grading, timbering, labor for building track, and so
forth. Sales of mineral during this period, not exceeding
the cost of production, may be credited to Development.

13.

The Undeveloped Resources acrount represents those properties whose ore supply is either unknown in whole or in part, and whose supply has not been estimated in any way. Newly acquired property should be debited to this account until prospecting begins, when it is transferred to the Development account. The Undeveloped Resources account may be regarded as the first step towards the production of minerals, and shows merely the ocet of the mineral right.

The Development secount represents property whose are supply is either unknown is whole or in part, but is in the process of development -- but not yet producing minerals. All costs incurred in prospecting, developing, and the like, should be charged to this account. Tous of the most ordinary charges to the Development account are the costs of shafts or driving more than fifty feet through any material other than the ore mined, planes, slopes or tunnels, grading, timbering, labor for building track, and so forth, Tales of mineral during this period, not exceeding the cost of production, may be credited to Development.

Royalties paid before production begins may be debited to the Development account, but may be paid out of future operations. The law permits development costs to be added to the capital investment, or to be charged directly to maintenance. Each corporation must see determine its own policy concerning the/cests, but in case they are of any size, it would seem best to capitalize them.

As soon as the property under development becomes producing, it is transferred to a subdivision of the or Property account, it may be left in the same account to be amortized over a period of depletion. The subdivision of the Property account or the Development account itself, as the case may be, at the end of the period, divided by the estimated tons of mineral in the ground at the beginning of the year to be recovered by this development, equals the rate per ton for the year. This rate multiplied by the number of tons produced during the year determines the amount of amortization to be charged to the Property or Development account.

A credit of the same amount is made to Accrued Depreciation

Reyalties peid before production begins may be debited to the Development account, but may be peid out of
future operations. The law permits development costs
to be added to the capital investment, or to be charged directly to maintenance. Lack corporation must
determine its own policy concerning the costs, but
in case they are of any size, it would seem best to
espitalize them.

As soon so the property under development becomes producing, it is transferred to a subdivision of the Preperty account, it may be left in the same account to be amortized over a period of depletion. The cubdivision of the Property account or the Development account itself, as the case may be, at the end of the period, divided by the estimated tons of mineral in the ground at the beginning of the year to be recovered by this development, equals the rate per ten for the year. This rate multiplied by the number of tons produced during the year determines the mount of amortization to be charged to the Property or Development account.

of Development or some such account.

A

The equipment of the mine should be under a separate account, and a certain amount of depreciation should be written off periodically.

The Ore Deposits or Property account represents the value of the mineral in the land which can be recovered. To this account should be charged the cost value of the mineral rights, exclusive of any remaining in the land after the mineral has been extracted. This amount is transferred from the Development account. Cost of prospecting and developing, not including any charge for extraction after the discovery of the deposit, is also transferred from the Development account to the Property account.

A third charge to the Ore Deposits account is the amount of appreciation added to take care of the "discovery value", or "fair market value" as at March 1, 1913, or for other reasons. This amount represents the increase in the value of the property since the "basic date", and should be considered only in the sense of uncarned profits. A corresponding credit is made to surplus Due

of Development or some such account.

The equipment of the cine should be under a seminate account, and a certain amount of depreciation chould be written off periodically.

The Orient The mineral in the land which can be rethe value of the mineral in the land which can be renovered. To this unrount challe be charged the cost
of the mineral rights, exclusive of any remaining
in the land after the mineral has neen extracted. This
amount is translatived from the Development absount. Cost
of prospection and acceleging, not including any charge
for extraction after the dissevery of the deposit, is
also transferred from the Jevelopment screens to the
frogert, account.

A third emirge to the Ore Deposits account is the section of appreciation added to tend dure of the "effectively value", or "lete number value" as no large that could represent the increase in the value of the groperty since the "basic date", and should be considered only in the sense of uncorned profits. A corresponding credit is made to surplus luc

to Appreciation, Appreciation Unearned, Anticipated Profits, or some account with an appropriate title. Care must be taken not to use the surplus account for this purpose, as this account should be credited only with the amount of profits earned and with other funds available for dividends.

If appreciation is taken into consideration, the property account will then represent the present value of the deposit, including cost of mineral rights, cost of prospecting and developing, which may have been reduced previously by a depreciation allowance or a decline in the market value before operation began; a decline in the value of the deposit before extraction from the land and diminished by any depletion chargeable to the Reserve for Decline in Value or Ore Deposits account. At any time this fund and the reserve should equal each other; appreciation or additional value on account of income tax regulations or other causes. Consideration should be given to this added value, if reduced by any depletion sustained. This fund at all times should equal the Reserve for Appreciation.

to appreciation, appreciation Uncorned, Austripped Profite, or some secount with an appropriate time. Care must be taken not no use the purple second for this purpose, so take account should be oredited only with the secunt of profite samed and with other lands we willed.

If appreniation is tauen into consideration, the preparty account will then represent the present value of the deposit, including most of eineral rights, cost of prospecting and developing, which way have been reduced provioually by a depreniation allowance or a decline in the market value before operation begun; a decline in the value of the deposit before extraorion from the land and diminished by any depletion chargesole to the Reserve for Lectine in Value or Ore Deposits adoount. At any time this tune and the reserve exocult equal each other; appreciation or madizional value on mecount of income tax regulations or other names. Consideration should be given to this damed value, if reduced by any depletion should be santained. This family which is times on ultimed the Reserve santained. This family times on ultimed the Reserve santained. This family times on ultimed the Reserve santained. This family times on ultimed the Reserve for Appreniation.

Conservatism in business sanctions the practice of valuing inventories at cost or market, whichever is the lower. Since ore deposits for a mining company are often considered analagous to stock-in-trade for a mercantile establishment, it is argued that cost or market, whichever is the lower, should be the principle of valuation. The Commission of Internal Revenue does not approve of this method for computing the income tax. In order to practice conservation and meet the requirements of the law at the same time, a reserve account must be set up for any decline in the value of ore deposits. A true statement of affairs may be seen by reading the asset account and the reserve account in connection with each other. A reserve account of this nature should equal the amount by which the cost of units left in the ground exceeds the market value at a particular date. The reserve account is credited and a corresponding charge is made to Profit and Loss. The amount of the depletion sugtained on that part lost by the decline of market value should be charged to the reserve, and a credit should be made to the subdivision of the Ore

'onservation in business sanction the practice of valuing inventories at cost or market, whichever ic the lower. ciace ore deposite for a mining company are often considered analagous to stock-in-trade for a mercantile establishment, it is argued that cost or market, whichever is the lower, should be the principle of valuation. The Counterion of Internal Revenue does not approve of this method for computing the income tax. In order to practice concervation and meet the requirements of the law at the same time, a regerve secount muet be set up for any decline in the value of ore deposits. A true statement of affairs may be seen by reading the secet account and the recerve account in connection with each other. A reserve account of this nature should equal the amount by which the cost of unite left in the ground exceeds the market value at a particular date. The receive account is credited and a corresponding charge is made to Profit and Logs. The amount of the depletion sustained on that part lost by the dealine of market value should be charged to the reserve, and a credit rhould be made to the subdivision of the Ore

Deposits account. It might be mentioned here that for purposes of taxation additions to reserves are not deductible.

When the Surplus Appreciation account is set up, it is credited with the additional value allowed, and the Ore Deposits account is charged with the same amount. The Appreciation account is debited with the amount of depletion sustained on that part of the Ore Deposits account, which makes up appreciation. A corresponding credit is made to the subdivision of the Ore Deposits or Property account.

Two general methods are now used for handling the depletion charge. By one method the amount of depletion sustained on the deposit for the period is credited to the asset account, and Operations or Profit and Loss is debited. By this procedure no reserve account is set up, but the property account contains in itself the book value of the resource. The second method makes use of two new accounts, namely, Depletion and Reserve for Depletion. The Depletion account is debited with the amount of depletion sus-

Deposits account. It might be mentioned here that for purposes of taxation additions to reserves are not deductible.

hen the curplus appreciation account is set up, it is credited with the additional value, allowed, and the Ore Deposits account is charged with the same the appreciation account is debited with the amount of depletion sustained on that part of the Ore Deposits account, which makes up appreciation.

A corresponding credit is made to the subdivision of the Ore Deposits or Property account.

Inc general methods are now used for handling the depletion charge. By one method the amount of depletion sustained on the deposit for the period is credited to the asset account, and Operations or Profit and Lose is debited. By this procedure no reserve account is set up, but the property account contains in itself the book value of the resource. The second method makes use of two new accounts, namely. Depletion, and Reserve for Depletion. The Depletion scales with the amount of depletion sus-

tained, and Reserve for Depletion is credited. When the books are closed at the end of the fiscal period, the balance of the Depletion account is closed into Profit and Loss. By use of the latter method the Property account is not used as a dumping ground for an item, which for sake of clearness should be segregated; the original value of the property is shown; the amount of depletion allowed up to the particular date; and by reading the property account and the reserve account together, the net value of the resource may be determined.

The functions of the accounts affected by depletion may be summed up in the following manner:

Undeveloped Resources

Debit:

(1) For cost or market
value of property, whose
ore supply is wholly or
partly unknown, and
whose supply has not
been estimated in any
way.

(2) For newly acquired property until prospecting begins.

(3) For mere cost of mineral right.

Credit:

(1) For transfer to Development account when prospecting begins.

tained, and Reserve for Depletion is credited. When the balance of the Depletion account is closed into Profit and Long. By use of the latter method the Property secount is not used as a dumping ground for am item, which for sake of clearness should be segregated; the original value of the property is shown; the smount of depletion allowed up to the particular date; and by reding the property account and the recerve account together, the net value of the recourse may be dutermined.

The functions of the accounts affected by depletion may be cummed up in the following manner;

Undeveloped Regources

Debit:

(1) For cost or market value of preperty, whose ore supply is wholly or bas . awoming vitted whose supply has not been estimated in any

For newly sequired property until prospect. ing begine.

(3) For more cost of mineral right.

ment ancount when

(1) For transfer to Developprospecting begins.

Development.

Debit:

- (1) For cost or market value of property, whose ore supply is wholly or partly unknown, but is in the process of development.
- (2) For all costs incurred in prospecting.
- (3) For royalties paid before production begins.

Credit:

- (1) For sales of mineral during the period of development, not exceeding the cost of production.
- (2) For transfer to
 Property account when
 property becomes
 producing.
- (3) For amortization charges over the period of depletion. #

#This entry is made when the development costs are amortized through the Development account. When this method is employed an additional account is set up which shows:

Depreciation of Development.

Debit:

(1) For amortization charges over the period of depletion.

Credit:

(1) For Profit and Loss.

Development.

Debit: '(1) For sales of mineral (1) For cost or market during the period of value of property, development, not execciwhose ore supply is whelly or partly uning the cost of
nown, but is in the
production.

process of develop(2) For transfer to Property secount when property becomes memt. For all coets producing. For amortization charges incurred in propuecting. For royaltice paid over the period of depletion. # Before production begine.

This entry is made when the development costs are amortized through the Development account. When this method is employed an additional account is set up which shows:

Depreciation of Development.

· dreditt.

(1) For Profit and Loss.

Debit: (1) For smortization charges over the period of depletion. Ore Deposits or Property.

Debit:

- (1) For transfer from
 Development account
 when property becomes
 producing. This amount
 includes cost or
 market value of recover
 able minerals, mineral
 rights, developing and
 prospecting.
- (2) For amount of appreciation to take care of the "discovery value" as at March 1, 1913, or for other causes.

Credit:

- (1) For amount of depletion sustained on that part of ore deposits which make up appreciation.
- (2) For amount of depletion sustained on Ore Deposits#
- (3) For amount of depletion sustained on that part of the cost of the deposits which has been lost through decline in market value.

"Entry (2) is employed when Reserve for Depletion is not used. A corresponding charge is made to Profit and Less.

For reasons previously stated, use of the reserve account is recommended. This account will show:

Reserve for Depletion.

Credit:

⁽¹⁾ For amount of depletion sustained on Ore Deposits

Ore Deposits or Property.

(1) For trunsfer from daugens fass. 020 to when property becomes producing. This amount indudes cost or emplet value of resovers unie minorale, minoral rights, developing and prot peculing.

To Smous tol appreciation to base onre of the 'discovery value as at March 1, nestio rol no . Sall . MONING

:dibern'

(1) For emount of depletion suctained on that part of ore deposits which make, ug appreciation. (S) For smount of depletion

rustuined on Ore Deportus; martined on that part deportos which has been lost through dealine in durat, value,

> Hatry (1) is employed when densive for Depletion not need, A corresponding charge to made to Profit und Loss,

> For reacont previously states, use of the reserve account in recommend. This account will show:

> > Reserve for Depletion.

'dredit:

(1) For amount of depletion enotained on Ore Deposits

Depletion.

Debit:

3

(1) For amount of depletion sustained on Ore Deposits.

Oredit:

(1) For Profit and Logs.

Surplus Appreciation.

Debit:

bredit;

other reasons.

Reserve for Decline in Value of Deposits.

Debit:

(1)

Gredit:

(1) For decline in value of deposits.

Decline in Value of Deposits.

Debit:

(1) For decline in value of deposits.

Gredit:

(1) For Profit and Loss.

Depletion.

Debit:

(1) For smount of depletion (1) For Frofit and Lose. surtained on Ore Deposition.

surplus appreciation.

Debit:

(1) For emount of depletion n(1) For amount of appreciation

(2) For emount of depletion n(1) For amount of appreciation

(3) For emount of depletion to take care of the conference of the maker up appreciation.

(4) For emount of appreciation of the reasons.

Reserve for Decline in Value of Deposits.

:dided

(I)

Oredit: (1) For decline in value of deportion.

Decline in Value of Deportts.

Tredit:

(1) For Profit and Long.

Debit: (1) For dealine in value

COMPUTATION OF DEPLETION

The amount of the depletion charge for the fiscal period is calculated by the relation of the number of units worked during this period to the estimated whole. The computation of depletion for minerals is based upon three known quantities, and one unknown quantity. Two of the known quantities are definitely determined, while one is an estimate. The average method of calculating depletion may be stated in the following way:

Capital Investment Rumber of Units
Recoverable Units
During Period

Depletion equals Sustained

To state this formula another way:

Cost Price or Appraised Value
-----equals
Estimated No. of Units to be Extracted

Estimated Cost
of multiplied by
Each Unit Quantity Extracted
During the Period

Depletion Allowed equals

For the Period.

2

COMPLETATION OF DISTRICT

The amount of the depletion charge for the liscal period is calculated by the relation of the number of units worked during this period to the estimated whole. The computation of negletion for minerals is based upon three known quantities, and one unknown quantity. Two of the known quantities are definitely determined, while one is an eptimate. The average nethod of calculating depletion may be stated in the following way:

Ompited Investment Number of Unite Manber of Unite Renoverable Unite During Period During Period

equale quetained

To state this formula executer may:

Ocet Price or Apprehend Value equals hetimuted No. of Units to be Intracted

Istimated lost Quantity Extracted of multiplied by Luring the Period

bepietion Allowed equals
For the Feriod.

This method serves a fairly good purpose for simple calculation, but it does not conform with conservative business methods. The rate for each unit employed the first year should not be employed the last year. Good business practice, as well as good accounting practice, demands larger allowances during the earlier years of the life of the mine, than during the later years when the untput is uncertain. The average method is indeed accurate, but it is not recommended because it is not conservative.

Montgomery states in his Auditing Theory and
Practice, that when "a flat purchase price, as a result
of bargaining, or an appraisal, is not based on definite
gross figures reduced to present worth, the rough and
ready average basis is about as satisfactory as any
other, provided the total quantity and the life are
understated as much as good practice permits."

The investor expects to receive the same yearly rate of return over the life of his investment. An example will show that the average method does not accomplish this purpose. Let us assume that a mine

This method serves a fairly good purpose for simple calculation, but it.does not conform with concervative business methods. The rate for each unit employed the first year should not be employed the last year. Good business practice, as well as good eccenting practice, demands larger allowances during the earlier years of the life of the mine, than during the later years when the autput is uncertain. The average method is indeed accurate, but it is not recommended because it is not conservative.

Montgemery states in his Auditing Theory and Practice, that when "a flat purchase price, as a result of bargaining, or an appraisal, is not based on definite gross figures reduced to present worth, the rough and ready average basis is about as satisfactory as any other, provided the total quantity and the life are understated as much as good practice permits."

The investor expects to receive the same yearly rate of return ever the life of his investment. An example will show that the average method does not accomplish this purpose. Let us assume that a mine

costing \$50,000 has an estimated supply of 500,000 tons of ore, that 50,000 tons of ore are mined annually, and that 10 cents is set aside for each ton extracted. If 50 cents per ton represents the net profit after the depletion charge has been made, the profit for the first year would be \$25,000. If the depletion reserve, \$5,000, is invested at 5% interest, and profits are paid out to stockholders, the income of the mine is increased the second year by \$250, the third year by \$512.50, and so on. If both depletion reserve and profits are distributed, there will be an increasing return on a decreasing investment. The profits at the end of the tenth year will be \$25,000 on an investment of \$5,000, a return of 500%.

In place of the same depletion reserve for each year, consideration should be given to the decreasing investment, or the income from the funded reserve. Some accountants favor the allowance of interest on deposits, while others argue that no depletion at all should be allowed until the value of the property shrinks or falls below cost.

conting 150,000 has an estimated supply of Deb,000 tons of ore are wined tons of ore at seide for each enqually, and that 10 cents is set aside for each ton extracted. If DC sents per ten represents the net profit siter the depletion charge has been made, the profit for the limit year would be \$25,000. If the depletion reserve, 15,000, is inverted at DC interest, and profits are paid out to stockholaers, the income of the wine is increased the second year by \$250, the throughout year by \$212.50, and so ba. If the re will be an increasing return on a decreasing investment, the profits at the tenth year investment, the profits at the tenth year investment, the profits at the tenth year investment, the profits at the end of the tenth year will be \$25,000 on an investment of \$5,000, a return of 500.

In place of the came dapletion receive for each year, consideration exceed to given to the decreasing investment, or the tocome from the unded reserve. Some accountants involved allowance of interest on deposite, while others argue that no depletion at all should be allowed until the value of the property shrinks or falls telew coet.

Report on

BITUMINOUS COAL PRODUCTION, COST AND INCOME

of

	For19		
Accoun	ot COST		
1 3 4 5 6 7 8	MINING COST LABOR Mining Yardage and Dead Work Day Work Power Plant Labor Mine Office and Superintendence	mount	Per Ton
9	Total Labor		
10 11 12 13 14 15	OTHER CHARGES AT MINE Supplies and Expense Power Plant Fuel-TonsPrice \$ Power Plant Supplies Electric Current Purchased Loss or Gain on Explosives and Smithing (Gain in Red)		
17	Total Other Charges at Mine		
18	COST AT MINE		
19 20 21 22 23 24 25 26 27 28 29	OVERHEAD Royalty Depletion Depreciation Contingent Reserve Taxes (Other than Income and Excess Profit) Insurance (General) Insurance (Liability or Workmen's Comp) Officers' galaries and Expenses (%) Other General Office Salaries and Expenses (General Expense	%)	
21	Total Overkead		

Report on

SITUMINOUS COAL PRODUCTION, COST AND INCOME

10

decount Teon TROS DHIMIM Per Con Mining Yardage and Dead Work Power Plant Labor Mine Office and Superintendence Total Labor OTHER CHARGES AT MINE supplies and Ixpense Power Plant Fuel-Tong Price 81 Power Plant quoplies Mlectric Ourrent Purchased Loss or Gain on Explosives and emithing (Gain in Red) lotal Other Charges at Mine SMIM TA TROD Royalty Depletion IS Depreciation Depreciation

Contingent Reserve

Passes (Other than Income and Excess Profit)

Insurance (General)

Insurance (Liability or Workmen's Comp)

Officers' Salaries and Expenses (....) 78 Other General Office Salaries and Expenses (... !) General Expense Total Overhead 18

8

Account

No.	Amount Per Ton
32	Total Mining Cost(Divisor-Tons of Production-Account No. 107)
33	SELLING COST
34 35 36 37 38 39 40 41 42	Commissions Advertising Bad Accounts Calaries and Expenses of Calesmen and Sales Agencies Officers' Calaries and Expenses(%) Other General Office Calaries and Expenses (%)
43	Less Selling Cost applicable to Items charged against Miscellaneous Income (Account 83 to 86 inclusive)
44	Total Selling Cost (Divisor-Total Production Sales-Acct. No. 67)
45	Total Cost Per Ton
46	DEDUCTIONS FROM INCOME
47 48 49	Taxes-Income and Excess Profit Interest-(Paid and Accrued)
50	Total
51	CAPITAL CHARGES
52 53 54	Improvements Developments
55	Total

Form prepared by Cost Accounting Committee of the National Coal Association for submission to Federal Trade Commission.

. 78

								03 H9 H3
Deaerchwente lubroacute	OVELTVI CHUBGIO	IstoT	Taxes-Income and Accomed)	DEDUCTION SHOW INCOME	Total Coet Per Ton	Total melian Good (No . Divisor-Potal Production 1970)	begrand of bidsoliggs thoo griller resilence (Account 85 85 through the second income (Account 85 85 through	Account No. 107) Account No.
0 + 0 to	L _Q	50	002	0	QI Br	· 15	(A)	

Isor Isnotts Association for submission to Bederal Trade Tommission.

Report on

BITUMINOUS COAL PRODUCTION. COST AND INCOME

19

of

For

Account INCOME No. 56 COAL SALES (Exclusive of Tons of 2000 lbs. Per Ton Purchased Bituminous and Amount Anthracite) 57 To Railroada: -58 At Tipple 59 Shipped Other Shipmente: -Via Rail 60 61 62 Via Water 63 Coal Coked (including coal washed) 64 Local Sales-Retail Sales at Mines-(Net Returns) 65 Power House Fuel 66 67 Total Production Sales Cost of cales Total Mining Cost (Acct. No. 32) 68 69 70 Inventory First of Month 71 Total 72 Inventory Last of Month Total Cost of Sales 73 Gross Profit on Coal Sold 74 Deduct Selling Cost (Acct. No. 44) \$ 75 76 Income from sales

Report on

BITUMINOUS COAL PRODUCTION, COST AND INCOME

20

	72	101	
	AMGONI		з нио ос
			He.
lbs. Per Pon Amount	Tons of 2000	OL WARS (Exclusive of urowseed Bituminous and nthreatte)	
		-:elsting	
		At Esple	Bo
		50gg fal) 5
		ther chipmente: -	0 08
		Via Rail	67
		Via Water	88
		cal Coked (including cost	0 88
		Washed)	
	7	ocal delea-Metail daleu a	1 3
		Mineg-(Net Returns)	
		ower House Fuel	
		**************	. 00
		Potel Production calts	***************************************
		selap lo Jeo	68
	136 .01	Total Mining Jost (Most.	69
		Inventory First of Month	0.4
		18701	TY
		Middle to Jeal group vol	27
		ealer to dect fate	92
	1755 .00	rose froit on toni seed, cont, cont,	76 3
	8:	neeme from cales	7.6

```
Account
  No.
                                                                      Amount
  77
       Miscellaneous Income (Net):
Heat, Light, and Power
Dwellings and Farms
  78
  79
          stores, Miners' Supplies, Commisaries, etc. Standard Gauge Railroad Equipment
  80
  81
          Water Transportation Equipment
  82
  83
          Coke and By-Products..... Tons
  84
          85
          Purchased Anthracite ..... Tons
          Purchased Bituminous..... Tons
  86
  87
          Other Income (Particularize)
  88
 89
       Total Miscellaneous Income
  90
       Total Income ( Sales and Miscellaneous )
 91
       Less Deduction From Income
  92
       Net Income
```

PRODUCTION TONNAGE (2000 Bounds)

	Prepared Run-of-Mine- Slack Total
93	cales:
94	To Railroads:-
95	At Tipple
96	Shipped
97	Other Shipments: -
98	Via Rail
99	Via Water
100	Coal Coked (Inc'g Coal Washed)
101	Local Sales
102	Power House Fuel
103	Total caleg
104	Add-Inventory end of Month
105	Total
106	Deduct-Tnventory Ferst of Month
107	PRODUCTION

Form prepared by Cost Accounting Committe of National Coal Association for submission to Federal Trade Commission (reverse).

```
Account
                                                                                   .OM
                                                                                     45
                                          Missellaneous Income (Net):
                   Hest, Light, and Power

Hest, Light, and Power

Dwellings and Parms

ctores, Miners' applies, Commissries, etc.

ctsndard Gauge Asilroad Equipment

Later Prensportation Equipment
                                  Tone ond By-Products. Tone Washed Toal. Tone Purchased Anthracite. Tone
                                                                                     88
                                                                                     18
                                                                                     8.5
                                  ourchased Bituminous..... fons
                                      Other Income (Particularize)
                                Potal Miscellaneous Income
                        Potal Income ( cales and Miscellancous )
                                                                                     16
                                             Leer Deduction From Income
                                                                   Ret Income
              PRODUCTION CONNAGE (8000 Bounds)
                    Run-of-Mine-
                                            Prepared
         MOBIE
                                                                         :29[82
                                                              -:shaorlies of
                                                                                      88
                                                                    Shipped
                                       Other chipments:-
Via Rail
Via Water
Coal Coked (Inc's Coal Washed)
Local cales
                                                                                      46
                                                           Power House Fuel
                                                            Potel esler
                                             Add-Inventory end of Month
                                                                                      104
                                                                     Istol
                                      Deduct- "nventory Foret of Month
                                                                                      107
Form prepared by Cost accounting Committe of Mational Cost
```

Association for submission to Pederal Trade Commission (reverse).

BALANCE SHEET

Assets

Balance

Changes During Fiscal Year
----Mos. Month
To Date

Current Assets:

Cash
Notes Receivable. Gustomers
Notes Receivable. Affiliated Companies
Accounts Receivable. Customers
Accounts Receivable. Affiliated Companies
Accounts Receivable. Miscellaneous
Pay Roll Overdaaft.
Accounts Receivable. Merchandise Dept.
Interest Receivable
Inventory. Coal
Inventory. Merchandise
Inventory. Material and Supplies

Total

Investments:

United States Government Obligations
Bonds-Other than U. S. Government
Mortgages
Long Term Notes
Stocks of Other Companies
Loans. Affiliated Companies.
Stocks and Bonds. Affiliated Companies

Total

Reserve and sinking Funds

Fixed Assets:

Coal Lands. Fee
Coal Lands. Leaseholds
Coal Lands. Undeveloped
Mine Plant and Equipment
Mine Development
Development

(Continued on following page)

THERE WE WAS A STATE

ingette

DOUBLAS sugl serve

Thanger During Finest Year .nou----90 29 be -----

endered durant

dost.

Totes hesetvable, lucturers Totes hesetvable, Allitated capenter Assounts mosetvable instances

Proposite Receivable, Affiliated Tomponius Modowate Henelvable, Mistellancous

Pay Roll Overdenit.

iccounty were two Les wer mealer lept. Tate cont movethwhite

"aventory, neronandies
Inventory, merchandies
Toventory, Meterial and supplies

invertinenter:

United Publisher Government Chilentlone Ponde-Trace then U. S. Government Long Perm Moter Stocks of Cther Tompanter

"took" and Bonds, Attilitated Companies

Loans, affilitheted longanies.

Pount

ebnot garkinie bna sytega

tadens, beat

Total Lande, For Your Lande, Lesecholde Yest Lande, Underschoped Mine Plant and Lquipment

Mine Development (Continued on Tollowing page)

stripping Expenses. Deferred
Improvements and Developments in Progress
storage Yards
Retail Yards
Miscellaneous Non-Operating Property

Total

Deferred:

Prepaid Insurance
Advanced Royalties
Prepaid Interest
Deferred Expenses
Discount on Bonds Sold
Prepaid Taxes
Interest Receivable

Total

Total

stripping Expenses. Deforred Improvements and Developments in Progress storage Vards Retail Verds Miscellanceus Non-Operating Property

Istor

Deferred:

Prepaid Insurance
Advanced Royalties
Prepaid Interest
Deferred xpenses
Discount on Bonds Sold
Prepaid Taxes
Interest Receivable

Total

Istol

BALANCE SHEET

Liabilities

-----19--

Balance Changes During Fiscal Year -----Mos. Month To Date 09----

Current Liabilities:

Notes Payable Notes Payable. Affiliated Companies Accounts Payable. Current
Accounts Payable. Affiliated Companies
Payrolls. Accrued
Interest. Matured Wages Unclaimed Rents Accrued Dividends Declared Dividends Unclaimed Unclaimed Bond Interest Coupons

Total

Deferred Liabilities:

Taxes. Federal Income and Excess Profits Taxes Accrued. General Interest Accrued. (Unmatured) Royalties Not Due Liability Insurance Accrued Compensation Claims Determined Mining Hazard Claims Determined Premium on Bonds

Total

Reserves:

Depletion of Coal Lands. Fee
Depletion of Coal Lands. Leaseholds
Depreciation of Mine Plant and Equipment
Amortization of Mine Developments
Depreciation and Obsolescence-Storage Yards
Depreciation and Obsolescence-Retail Yards Depreciation and Obsolescence-Miscellaneous General Insurance (Continued on following page)

BALLANCE SHIP

Liabilibles

Balance ----19--

Changes During Fiscal Year Po Date of

Current Liabilities:

Motes Psyable. Affiliated Companies Accounts Psyable. Affiliated Companies Accounts Psyable. Affiliated Companies Psyrolls. Accrued Interest. Accrued Rents Accrued Rents Accrued Dividends Declared Dividends Unclaimed Companies Companies

Total

Deferred Liabilitien:

Taxes. Federal Income and Excess Profits
Taxes Accrued. General
Interest Accrued. (Unmetured)
Royalties Not Due
Liability Insurance Accrued
Tompensation Mains Determined
Mining Hazard Mains Determined
Premium on Bonds

Istol

Regerves:

Depiction of host Lande, Fee
Depiction of host Lande, Lesseholde
Depreciation of Mine Plant and Equipment
Amortization of Mine Developments
Depreciation and Obsolercence-neual Yards
Depreciation and Obsolercence-netail Yards
Depreciation and Obsolescence-Miscellancous
General Insurance
(Continued on following page)

Compensation Insurance Mining Hazards Uncollectible Accounts and Notes

Total

Funded Debt:

Bonds. Authorized and Issued Less: Bonds in Treasury Mortgages

Total

Capital Stock

Common Stock:

Less: Common Stock in Treasury

Preferred Stock:

Less: Preferred Stock in Treasury.

Total

gurplus:

Sinking Fund Reserves
curplus Arising from a Revaluation of Assets
curplus Earned Prior to March 1, 1913
curplus Earned Subsequent to March 1, 1913

Total

Total

Form taken from Bituminons Coal Mine Accounting by W. B. Reed.

Compensation Insurance Mining Hazards Uncollectible Accounts and Notes

Pets

Funded Debt:

Bonde, Authorized and Issued Less: Bonds in fressury Mortgages

Estol

Capital stock

Common Stock: Less: Sommon Stock in Pressury Preferred Stock: Less: Preferred Stock in Pressury.

Istol

surplus:

cinting fund Reserves ourplus Irising from a Revaluation of Assets ourplus Barned Prior to March 1, 1913 ourplus Barned Subsequent to March 1, 1913

Potel

Potel

Form teken from Bituminus Tonl Mine Accounting by W. B. need.

BIBLIOGRAPHY

Accounting Theory and Practice. Vol. I.-Kester.

Accounting Theory and Practice. Vol. II.-Kester.

Bituminous Coal Mine Accounting- W.B.Reed.

Income Tax Procedure. 1922. Montgomery.

Revenue Act of 1921.

Auditing Theory and Practice. Vol. I.-Montgomery.

Accounting Theory and Practice. Vol. III.-Kester.

Investment Analysis-Lagerquist.

Modern Accounting-Hatfield.

Applied Theory of Account-Esquerre.

The Journal of Accountancy.

Timber Accounts-Jones.

Corporation Accounting-Bennett.

BIBLIOGRAPHY

,46

1

Accounting Theory and Practice. Vol. I.-Mester.
Accounting Theory and Practice. Vol. II.-Mester.
Bituminous Tosl Mine Accounting- W.B.Reed.
Income Tax Procedure. 1988. Montgomery.
Revenue Act of 1981.

Auditing Theory and Practice. Vol. I, -Montgomery. Accounting Theory and Practice. Vol. III.-Keeter. Investment Analysis-Lagerquist.

Modern Accounting-Ratfield.

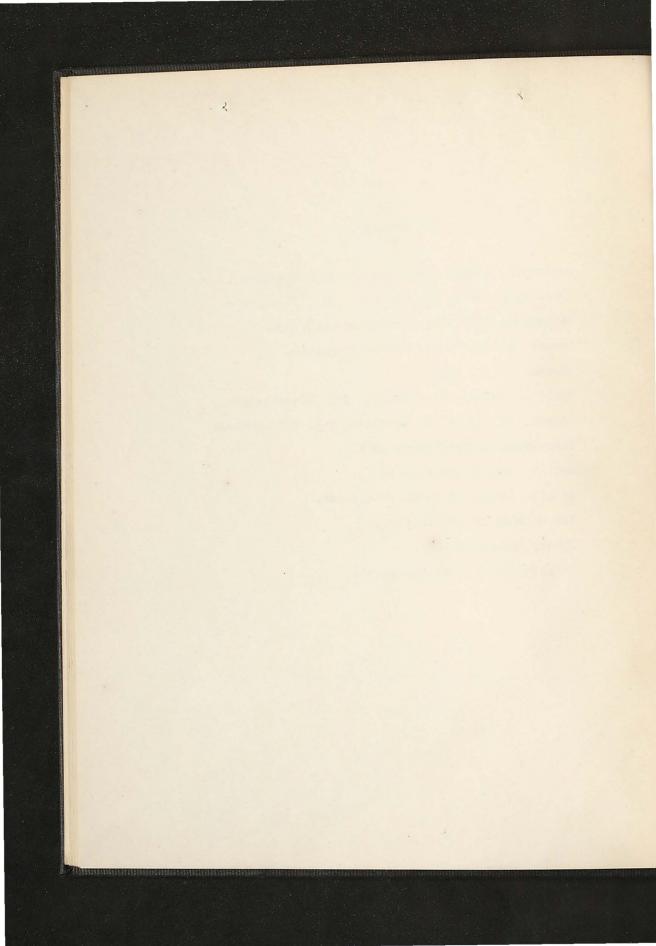
Applied Theory of Account-Requerre.

The Journal of Accountancy.

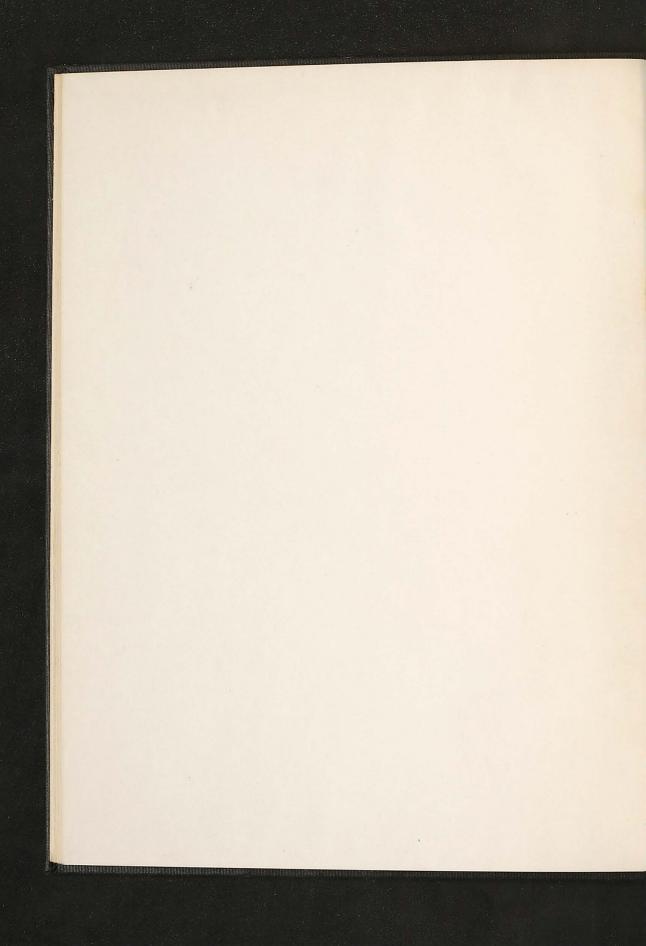
Timber Accounts-Jones.

Corporation Accounting-Bennett.

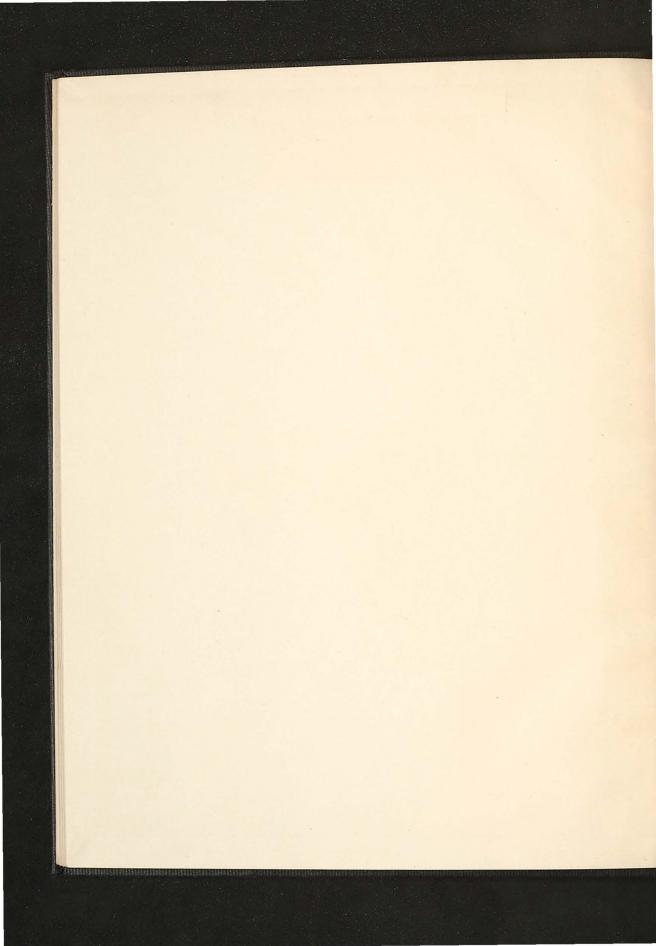












NX 000 098 853

DATE DUE			
		1	
	-		
GAYLORO			PRINTED IN U.S.A