

was pointed out to counsel for the Crown that the whole of the evidence already taken as to the value of the furniture and fittings was upon the basis not of original cost, but of cost if bought new on the 1st January last with due allowance for depreciation howsoever caused. In other words, the basis of value claimed in respect of the furniture and fittings was its then true value having regard to the current market prices for the same goods, due allowance being made for wear-and-tear or other depreciating factors. The basis claimed by Mr. Currie in respect of the plant was thus an entirely different basis from that already claimed by the Crown in respect of furniture. So far as furniture and fittings were concerned, it was not disputed by the company that current prices, as compared with prices ruling some three or four years ago had fallen, but the company further claimed that current prices for plant which had to be imported from America or Great Britain had appreciated by reason of alterations in duties and the rate of exchange.

For the Crown to adopt one basis disregarding original cost where the market had fallen, and another basis adopting original cost where the market had risen, involved inconsistency, and Mr. Currie rightly, to my mind, conceded that only one basis could be adopted—namely, by taking as the starting-point current prices as at the 1st January and deducting proper depreciation. Mr. Currie also properly admitted that if original cost was not to be taken, then his scheme of annual writings-off on a balance-sheet basis could not be adopted.

Upon the question of the factors proper to be considered in the question of depreciation there was difference between the point of view of the Crown and that of the company as to what were to be considered as constituting depreciation. The company did not dispute that wear-and-tear, age, or obsolescence were factors which properly came into consideration. The Crown, so far as the broadcasting plant was concerned, claimed that the factor designated as “obsolescence” must also be considered. The distinction made between the two factors “obsolescence” and “obsolescence” was that a plant or portion of a plant which was obsolete admittedly had little or no value as plant, because if usable at all, it had been superseded by something better, and had, in the eyes of a purchaser, possibly only “scrap” value.

All radio broadcasting-plant is subject to the disability that throughout the world intensive research work is being carried on, and it may be that the plant which to-day is absolutely perfect and the best and most efficient that money can buy will in, say, five or ten years possibly become obsolete owing to new discoveries in the art of broadcasting. It is this liability to displacement by possible new discoveries which is treated as covered by the term “obsolescence.” The company does not dispute that present-day broadcasting-plant may some day in the future, near or remote, be displaced by something better, just as “silent” moving pictures have been displaced by “talking” pictures. But it is claimed, and I think rightly, that this so-called factor in depreciation, called by the Crown “obsolescence,” is not a factor which can in any respect be availed of in depreciating the value of the company’s assets. Every new radio instrument whether it be a receiving or transmitting instrument is, so to speak, born with the taint of this “obsolescence” on it. Every one who purchases such an instrument knows when he purchases it that there is a liability that some day, near or remote, the instrument will be displaced by something newer and better. Yet he pays the market price for such instruments, and cannot, by reason of this taint of “obsolescence” inherent in all such instruments, buy them at less than the ordinary market price. If this “obsolescence” must be taken into account in fixing the price of a second-hand instrument, then it follows that the same rule should apply to a perfectly up-to-date and unused instrument. If at the moment the Crown took possession of the Wellington Station the company had just completed the installation of the newest and most-up-to-date instrument procurable in the world, at a cost of, say, £10,000, the market price of such equipment would be the figure at which it had just been bought. But if the Crown’s contention as to “obsolescence” is to prevail, it could not be disputed that that perfectly new plant was subject to the risk of being displaced by something newer or more efficient, according as the art of broadcasting or something in its place progressed.

This risk of “obsolescence” is inherent in all broadcasting equipment new or second-hand. But one cannot buy any broadcasting equipment without paying the market price. It may be said that nearly every article of commerce is subject to this disability of “obsolescence.”

If the Crown’s contention be sound, then the purchaser of the stock-in-trade of a vendor of perishable goods—say, meat or butter—could say that as the stock would perish in a matter of days or weeks the true market value of the goods at the moment of sale must be depreciated because of this quality of “obsolescence” inherent in the goods themselves. This quality of “obsolescence” cannot to my mind be divorced from and separately assessed from the market price, as the Crown has claimed to be able to do. It is a taint inherent in all evanescent goods, and, as such, affects the market price itself, but cannot be supersubtracted from the market price as a further depreciating factor separate and distinct from the market price. I therefore reject the contention of the Crown that special depreciation must be assessed in respect of the quality of “obsolescence” inherent in all broadcasting equipment. In this view I am supported by the *National Telephone case* (29 T.L.R. 190) and some other cases cited by Mr. Northcroft.

In dealing with the question of depreciation I have not overlooked the fact that owing to certain advances made in the manufacture of broadcasting equipment, the equipment of to-day is in certain respects more efficient than the equipment at the company’s stations. A person proposing to equip a broadcasting-station to-day, and having the means of buying the very latest equipment, would not pay the same price for something made three or four years ago, even if the latter had never been used, if the earlier model were less efficient than the later model. And if, in addition, the old model had been subjected to a certain amount of use, a buyer would offer a less price on this account.