



Excursus

Fixed assets and current assets



The assets of a company can be distinguished into **fixed- and current assets**.

In agriculture, there is the specialty that in addition **livestock assets** are listed.



Fixed assets (FA)

The fixed assets are goods that are used for the object of the company for several years.

They can be divided into

non-depreciable fixed assets (such as land, securities, usage rights)

depreciable fixed assets (such as buildings, machinery, equipment, software ...)



The Current Assets

Current assets are assets that are not used permanently/ in the long-term for the object of the company, but in the short term.

They include inventories such as feed, fertilizer, pesticides, fuel, spare parts, etc. as well as financial assets in the bank or the coffer, as well as outstanding claims.



Costs of current and fixed assets

Assets are funds, not costs!

However, costs arise when the assets are bound within the company and cannot be used elsewhere to generate income (opportunity costs).

If for example, current assets were not used in production but instead invested as capital assets with a bank at a given interest rate, interest income could be generated. By using the current assets in the production, an opportunity for interest income is “missed” → for the production process in question, the loss of income from interest represents costs.



Further costs of fixed assets

For depreciable fixed assets, costs are incurred by the continuously or discontinuously decreasing value of fixed assets over time.

The extent of the loss of value (depreciation) are costs!