

SAE Record Book
Inventory Statement Non-current Assets
Page 9-10

Begin this lesson with a review of what a current asset is. Ask the students to then explain what they think a non-current asset is.

A non-current asset is something of value that you plan to keep longer than one-year.

The top category is investment in working or breeding animals/livestock born and raised on property.

This is where students should record any offspring born on their property that they plan to keep for production or breeding. Examples would include dairy heifers, beef heifers, bull calves, foals, etc.

The second category is investment in depreciable purchased working, pleasure or breeding animals/livestock. This is where students should place any animals they purchased to use for breeding, production or work. Examples would include purchased heifers, cows, bulls, horses, rams, ewes, sows, boars, etc. These animals will depreciate over time, which is why the student needs to record an acquisition cost. Many students will want to show young animals appreciate in value, however the only way this can be positively shown is if the animal is sold at an increased cost over the original acquisition cost including all expenses that were invested in the animal. The record book reflects the new proficiency application, which only asks for depreciation values.

Depreciation can be calculated in various ways. Students may want to talk to their parents and the parent's tax prepare person about what method works best for them and their enterprise. Or you can teach a lesson on calculating depreciation.

The next category is Value of Machinery, equipment, and fixtures. Students can enter items such as tractors, vehicles, combines, wagons, chutes, clippers, saddles, bridles, etc. Again the students should record the acquisition cost and show depreciation for each item. Space is limited here so you may want students to create an itemized list.

Students that are restoring tractors will not be able to show appreciation to their projects until they actually sell the tractor in its refurbished state.

It is also important to have students record their percentage of ownership if they own machinery or livestock in partnership with someone else.

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First category is the Value of depreciable buildings, as well as land and building improvements.

Students would want to include any sheds, barns, garages etc. that they own and record depreciation of those facilities over time.

Second category is Investment in Land:

Students would show any land or property purchased. Land is another one of those assets that is currently not losing value so depreciation could be debated. Again appreciations typically cannot be shown unless the asset is actually sold for the value claimed.

The final category is Efficiencies Attained:

To start explain what efficiency is: A skill or production level that you can show you have improved, gotten better at or more efficient at.

Examples include birth weights, rate of gain, rib eye area or loin eye area, mortality rates, bushels per acre, etc.

Start by requiring students to write in two efficiencies and go from there.

The new proficiency application would like to see the level attained as a ratio so you could explain how that would look for a student. If 90% of the time you did it at the highest efficiency level then that would be a 9 out of 10 ratio.