

IMPACT OF THE USE OF TWO DIFFERENT METHODS TO APPRECIATE THE DEPRECIATION COSTS OF MACHINERY ON TOTAL PRODUCTION COSTS AND ON FARM INCOME IN WALLONIA (BELGIUM)

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Based on the Farm Accounting Data Network of the Wallonian region (Belgium), two methods to estimate the depreciation costs of agricultural machines are used and compared. The first one takes into consideration the purchasing price of the machines and gives the lowest results. However, the prices are changing with time and generally (but not always !) go up. So, it can be justified to use replacing costs. As a consequence, depreciation costs for machinery are higher than in the previous method. However, the statistical analysis done on a sample of Wallonian farms shows that the impact on the total costs and on farm income is lower than 2%, as machinery represents only 37% of the assets which can be depreciated and 20% of the total farm assets (including land). The impact varies according to the farms' typology, but is always small. So, to use the replacing value of machines is theoretically more relevant than to use the purchasing value, but the results are not very significantly different and the calculation is less simple. So, the linear depreciation method taking the purchasing price into account can still be used.