

LIVESTOCK ACCOUNTING : STOCK VALUATION

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TABLE OF CONTENTS

	Page
Preface	I
Acknowledgement	II
1.0 Introduction	1
1.1 Objectives Of Study	2
1.2 Scope And Limitations	2
1.3 International Accounting Standard (IAS) 2	3
1.4 Depreciation	4
2.0 Methodology	5
2.1 Personal Interviews	5
2.2 Site Visits	6
3.0 Literature Review	7
3.1 Importance Of Livestock Valuation	7
3.2 Date Of Livestock Valuation	8
3.3 Methods Of Valuation	9
3.4 Process Of Livestock Valuation	11
3.5 Factors That Affect Livestock Valuation	12
3.6 Others	14
4.0 Farm Records	16
4.1 Types Of Record	16
4.2 Importance Of Farm Records	18
4.3 Keeping And Using Of Farm Records	19
5.0 Stock Valuation	26
5.1 Tiger Prawns	26
5.2 Fresh Water Fish	37
5.3 Poultry	47
5.4 Rabbit	52
5.5 Feedlot Cattle	56
6.0 Comments And Recommendations	60
6.1 Tiger Prawns	60
6.2 Fresh Water Fish	62
6.3 Poultry	63
6.4 Rabbit	64
6.5 Feedlot Cattle	64
7.0 Conclusions	66
Bibliography	
Appendices	

PREFACE

Livestock accounting is not a new subject, even though it is excluded from the lesson plan at School of Accountancy at ITM. In addition, only few books concerning the topic are available at the ITM libraries. However, a lot of useful information was obtained from interviews and related hand-outs externally.

Hopefully, this paper could help the students in understanding the concepts and practicalities of livestock valuation. Apart from that, livestock valuation can not be ignored as it relates to agriculture which constitutes the major portion of our revenues.

Even though this paper is not perfectly done, hopefully, it could be used as guidance and should be amended later on.

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CHAPTER 1

1.0 INTRODUCTION

It is believed that livestock accounting started in the United States around 1910. In Malaysia, the significance of livestock valuation can not be deniable as a lot of revenues are derived from agricultural products which include livestock.

Stock valuation covers a very wide and complex scope especially when it concerns with valuation of livestock. As livestock valuation relates to the nature work, accountants have to face with the unpredictable events. Nevertheless, no specific accounting standard or practice is recommended for such valuation and this adds up to the difficulties in valuation process.

On average, Malaysian farmers are of small size. Problems encountered such as incomplete or unsystematic book keeping and recording make the valuation process even worse. However, there are few farms, supervised under government or statutory bodies such as Federal Agriculture and Marketing Authority (FAMA), Lembaga Pertubuhan Peladang (LPP), Jabatan Perkhidmatan Haiwan (JPH) and others which keep complete and systematic accounting systems.

Many farmers, breeders and entrepreneurs, however, did not tolerate in sharing their experience in livestock business. Only few did showed and discussed the relevant data or records.