**Plant and Equipment**

**The** [**fixed assets**](https://financial-dictionary.thefreedictionary.com/fixed%2Bassets) **used to produce goods for a company. A factory and the machinery therein are common examples of plant and equipment. On a** [**balance sheet**](https://financial-dictionary.thefreedictionary.com/balance%2Bsheet)**, plant and equipment are recorded according to their** [**historical cost**](https://financial-dictionary.thefreedictionary.com/historical%2Bcost)**. It is important to note that the historical cost of net plant and equipment usually bears little or no relationship to the market value after they have been held for several years. They are also called net plant and equipment.**

 **Property, plant, and equipment (PP&E) are long-term assets vital to business operations and not easily converted into cash. Property, plant, and equipment are tangible assets, meaning they are physical in nature or can be touched. The total value of PP&E can range from very low to extremely high compared to total assets.**