



# LOUISIANA FARM INVENTORY BOOK



Name \_\_\_\_\_

Address \_\_\_\_\_

Year \_\_\_\_\_

# THE FARM INVENTORY BOOK

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## THE INVENTORY

The inventory of farm assets is an important part of the farm record system. The inventory lists all of the assets of the business and their current value for management purposes. The depreciation schedule for income tax purposes is sometimes used as a farm asset inventory. However, the asset value on the tax depreciation schedule can be misleading. The various tax rules allow fast depreciation, "expensing" and other tax management strategies which are not related to managing the farm business for long-term sustainability. The value of all inventory items should be reviewed and recalculated, if necessary, before the items are entered into this inventory book.

The Inventory Book primarily tracks assets with a life of more than one year. Examples are land, buildings, other real estate improvements, machinery and equipment, and breeding livestock. Each year part of their value is charged to the farm operation. This depreciation, or the amount used up in the production process, is a non-cash expense to the business. A profitable farm business must cover all cash operating costs *AND* the depreciation of the capital investment. In addition, the Inventory Book is used to record end-of-the-year values of unused supplies, stored crops, crops in the field (growing crops), accounts receivable and prepaid expenses.

The Louisiana Farm Inventory Book was designed and intended to be used an important farm management tool. To be most effective, the book's use will require some time and thought. Another record book available from your county agent is:

1. Louisiana Farm Record Book, Extension Publication No. 1291

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## LAND INVENTORY

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This schedule records information about the land owned by the farm. After the initial purchase of the property has been recorded, the value of the land will change only if something happens to cause a change. Some possible causes of land value change are partial sale, erosion, right-of-way, easements and changes in land prices. A natural loss of land from flooding or erosion should be noted as lost acreage. The actions of other people can cause the value of land owned to increase, decrease or stay the same. For instance, a highway may increase or decrease the value. Likewise, a pipeline or power line may decrease land value. Just how the land's value will change depends upon how the change affects the farmer's ability to use the land for farming. If a highway takes seven acres of land, the land and its future income are lost to farming. A pipeline may cause only a temporary loss of use (income), say one growing season, but the land will still be available for future use. Any changes to the land inventory are noted in the schedule on the date of the change.

Special Note on Productive Resources: Land is one resource necessary for farming. The other three necessary resources are labor, capital and management. Even if a farmer's land is debt-free, the land is still not a free resource. Property tax must be paid, and liability insurance should be obtained for protection from law suits. In addition, the land can be sold, and the money invested at a given rate of return. Therefore, land should return at least as much income as could be obtained by investing the value of the land elsewhere.

### Example - Making Land Inventory Entries:

- Tract Number        The identification number for this tract is recorded here.
- Property Name       Record the common name for the property in this blank.
- Legal Description   Used to record the legal description on the land's deed.
- Other Information   Used to record ASCS numbers, prior owners, soil types, base acreage and any other important notes about the land.
- (1) Description**     A description of any activity which occurred. Examples of activity are land purchases, donations of land, sales of land, and increases or reductions in land value due to market conditions.
- (2) Date**             The date the activity or event took place.
- (3) Number of Acres** The number of acres affected by the activity/event is entered here.
- (4) Value for Acres** Enter the value per acre for the activity/event. If the land was acquired by inheritance or gift, enter the fair market value per acre on the day the transfer took place.
- (5) Total Value**     Place the land's total value in this space. Total Value is obtained by multiplying the Number of Acres by the Value per Acre.

EXAMPLE 1 - The land, 120 acres, is the first piece of property purchased for the farm. The tract number is 1. This land is commonly known as the Jones Farm. The legal description from the Deed is written in the Legal Description blanks. The tract of land is 80% silt loam and 20% clay. The ASCS farm number is 11-2345. The farm was purchased from Uncle J. P. Jones on December 1992 for \$500.00 per acre. In January 1996, one acre was donated to the church to expand the local cemetery.

### INVENTORY OF LAND - EXAMPLE

Tract Number: 1 \_\_\_\_\_ Property Name: Jones Farm \_\_\_\_\_

Legal Description: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Other Information: Soil makeup 80% silty loam, 20% clay. ASCS farm number 11-2345. Uncle J.P. Jones got out of farming and offered this land to me.  
 \_\_\_\_\_  
 \_\_\_\_\_

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>5</b>	
	Description of Transaction	Date	Number of Acres	Value per Acre		Total Value	
1	Purchased Land	1/92	120	500	00	60,000	00
2	Donated land to church for cemetery. Family plot in NE corner.	1/96	1	500	00	500	00
3	Remaining Value (and acres) after donation		119			59,500	00
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# INVENTORY OF LAND

Tract Number: \_\_\_\_\_ Property Name: \_\_\_\_\_

Legal Description: \_\_\_\_\_

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Other Information: \_\_\_\_\_

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	<b>1</b> Description of Transaction	<b>2</b> Date	<b>3</b> Number of Acres	<b>4</b> Value per Acre	<b>5</b> Total Value
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# INVENTORY OF LAND

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Other Information: \_\_\_\_\_

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	<b>1</b> Description of Transaction	<b>2</b> Date	<b>3</b> Number of Acres	<b>4</b> Value per Acre	<b>5</b> Total Value
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# INVENTORY OF LAND

Tract Number: \_\_\_\_\_ Property Name: \_\_\_\_\_

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Other Information: \_\_\_\_\_

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	<b>1</b> Description of Transaction	<b>2</b> Date	<b>3</b> Number of Acres	<b>4</b> Value per Acre	<b>5</b> Total Value
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# INVENTORY OF LAND

Tract Number: \_\_\_\_\_ Property Name: \_\_\_\_\_

Legal Description: \_\_\_\_\_

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Other Information: \_\_\_\_\_

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	<b>1</b> Description of Transaction	<b>2</b> Date	<b>3</b> Number of Acres	<b>4</b> Value per Acre	<b>5</b> Total Value
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## INVENTORY OF REAL ESTATE IMPROVEMENTS

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All improvements to real estate are entered on this schedule. Improvements include buildings, fences, bridges, houses, barns, etc. If a building is heated or air conditioned, the building is listed under improvements and the heating/air conditioning equipment is recorded under machinery. The building has a longer life than the equipment, so the items will depreciate at different rates. Machinery, livestock, supplies and growing crops are not considered to be real estate improvements.

### *Example - Making Inventory of Real Estate Improvements Entries:*

- (1)** Description      Enter a description of the item here.
- (2)** Date Owned      Enter the month and date owned. If constructing a building, enter the date use began.
- (3)** Years Life      Record the estimated number of years full use of the structure can be expected.
- (4)** Total Cost      Enter the total cost of the improvement when the item was put to use.

Since this book is to be used for farm management, all depreciable items in the book should be handled in the same way. Consistency in the treatment of these items will result in more effective management.

- (5)** Depreciation - Annual      Calculated by dividing the Total Cost by the Years of Life. This method will result in equal annual depreciation for the item.
- (6)** Depreciation - Total to Date      Record the depreciation taken in years before the current year. Calculated by determining the amount of time between the Date Owned and the beginning of the current year. This number is multiplied by the amount of Depreciation - Annual.
- (7)** Depreciation - Balance      Enter the unused value of the item. This value is obtained by subtracting Depreciation - Total to Date from the Total Cost.
- (8) (10) (12) (14) (16)** Depreciation This Year      Enter the same amount recorded for Depreciation - Annual. If an item is used only part of the year, divide Depreciation - Annual by the part of the year the item is used to get the correct value.
- (9) (11) (13) (15) (17)** Balance Year End      Calculated by subtracting Depreciation This Year from Depreciation - Balance. To get the rest of the values, subtract Depreciation This Year from the balance at the end of the previous year.

EXAMPLE 1 - A barn valued at \$15,000.00 was on the property when the land was purchased in 1992. The barn had 20 years of remaining life. The current year is 2000. The Date Owned is January 1992. Eight years have passed: 1992, 1993, 1994, 1995, 1996, 1997, 1998 and 1999.

Depreciation - Annual	\$15,000.00 / 20 years = \$750.00 per year	Depreciation - This Year	\$750.00
Depreciation - Total to Date	8 years owned x \$750.00 per year = \$6,000.00	Balance - Year End	\$9,000.00 - \$750.00 = \$8,250.00
Depreciation - Balance	\$15,000.00 - \$6,000.00 = \$9,000.00		

EXAMPLE 2 - The current year is 2000. A 30' by 40' storage building was placed in service in June 2000. The buildings estimated life is 25 years, and the cost of the building is \$12,000.00. Completed Line 2 for Description, Date Owned, Years Life and Total Cost. The storage building was in use 6 months (July, August, September, October, November and December).

Depreciation - Annual	\$12,000.00 / 25 years = \$480.00	Depreciation - This Year	\$480.00 / 2 = \$240.00
Depreciation - Total to Date	\$0.00	Balance - Year End	\$12,000.00 - \$240.00 = \$11,760.00
Depreciation - Balance	\$12,000.00 - \$0.00 = \$12,000.00		

### INVENTORY OF REAL ESTATE IMPROVEMENTS - EXAMPLE

	1	2	3	4	5	6	7
					Depreciation		
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance
1	Barn	1/92	20	15,000 00	750 00	6,000 00	9,000 00
2	Storage Building 30' x 40'	6/00	25	12,000 00	480 00	0 00	12,000 00
...							
<b>TOTAL</b>		xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	21,000 00

	8	9	10	11	12	13	14	15	16	17
	2000		2001				20__		20__	
	Deprec. This Year	Balance Year End	Deprec. This Year	Balance Year End	Deprec. This Year	Balance Year End	Deprec. This Year	Balance Year End	Deprec. This Year	Balance Year End
	750 00	8,250 00	750 00	7,500 00						
	240 00	11,760 00	480 00	11,280 00						
	990 00	20,010 00	1,230 00	18,780 00						

## INVENTORY OF REAL ESTATE IMPROVEMENTS

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	
					Depreciation			
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance	
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## INVENTORY OF REAL ESTATE IMPROVEMENTS

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	
					Depreciation			
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance	
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## INVENTORY OF MACHINERY AND EQUIPMENT

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This inventory follows the same basic form as the table for real estate improvements. The column headings, calculation methods and explanations given for real estate improvements apply to machinery and equipment. Before beginning this section of the inventory book, check the farm's tax depreciation table (or list) for items possibly left out. Farm inventories are seldom complete. Capital items which for tax purposes were "expensed out" probably will not be on the farm's tax depreciation schedule. For farm management purposes, these items should be listed in an inventory table.

### Example - Making Inventory of Machinery and Equipment Entries

- (1)** Description      Enter a description of the item here.
- (2)** Date Owned      Enter the month and date owned. If machinery or equipment, enter the date use began.
- (3)** Years Life      Record the estimated number of years full use that can be expected of the machinery or equipment.
- (4)** Total Cost      Enter the total cost of the purchase when the item was put to use.

Since this book is to be used for farm management, all depreciable items in the book should be handled in the same way. Consistency in the treatment of these items will result in more effective management.

- (5)** Depreciation - Annual      Calculated by dividing the Total Cost by the Years of Life. This method will result in equal annual depreciation for the item.
- (6)** Depreciation - Total to Date      Record the depreciation taken in years before the current year. Calculated by determining the amount of time between the Date Owned and the beginning of the current year. This number is multiplied by the amount of Depreciation - Annual.
- (7)** Depreciation - Balance      Enter the unused value of the item. This value is obtained by subtracting Depreciation - Total to Date from the Total Cost.
- (8) (10) (12) (14) (16)** Depreciation This Year      Enter the same amount recorded for Depreciation - Annual. If an item is used only part of the year, divide Depreciation - Annual by the part of the year the item is used to get the correct value.
- (9) (11) (13) (15) (17)** Balance Year End      Calculated by subtracting Depreciation This Year from Depreciation - Balance. To get the rest of the values, subtract Depreciation This Year from the balance at the end of the previous year.



# INVENTORY OF MACHINERY AND EQUIPMENT

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	
					Depreciation			
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance	
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# INVENTORY OF MACHINERY AND EQUIPMENT

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					Depreciation		
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance
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# INVENTORY OF MACHINERY AND EQUIPMENT

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					Depreciation		
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance
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# INVENTORY OF MACHINERY AND EQUIPMENT

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					Depreciation		
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance
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# INVENTORY OF MACHINERY AND EQUIPMENT

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					Depreciation			
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance	
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# INVENTORY OF MACHINERY AND EQUIPMENT

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
					Depreciation		
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance
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## INVENTORY OF PURCHASED BREEDING LIVESTOCK

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This inventory follows the same basic form as the table for real estate improvements and machinery and equipment. The column headings, calculation methods and explanations given for these inventories also apply to purchased breeding livestock. Before beginning this section of the inventory book, check the farm's tax depreciation table (or list) for items possibly left out. Farm inventories are seldom complete. Capital items which for tax purposes were "expensed out" probably will not be on the farm's tax depreciation schedule. For farm management purposes, these items should be listed in an inventory table.

### Example - Making Inventory of Purchased Breeding Livestock Entries:

- (1)** Description      Enter a description of the item here.
- (2)** Date Owned      Enter the month and date owned. If machinery or equipment, enter the date use began.
- (3)** Years Life        Record the estimated number of years full use that can be expected of livestock.
- (4)** Total Cost        Enter the total cost of the purchase when the item was put to use.

Since this book is to be used for farm management, all depreciable items in the book should be handled in the same way. Consistency in the treatment of these items will result in more effective management.

- (5)** Depreciation - Annual      Calculated by dividing the Total Cost by the Years of Life. This method will result in equal annual depreciation for the item.
- (6)** Depreciation - Total to Date      Record the depreciation taken in years before the current year. Calculated by determining the amount of time between the Date Owned and the beginning of the current year. This number is multiplied by the amount of Depreciation - Annual.
- (7)** Depreciation - Balance      Enter the unused value of the item. This value is obtained by subtracting Depreciation - Total to Date from the Total Cost.
- (8) (10) (12) (14) (16)** Depreciation This Year      Enter the same amount recorded for Depreciation - Annual. If an item is used only part of the year, divide Depreciation - Annual by the part of the year the item is used to get the correct value.
- (9) (11) (13) (15) (17)** Balance Year End      Calculated by subtracting Depreciation This Year from Depreciation - Balance. To get the rest of the values, subtract Depreciation This Year from the balance at the end of the previous year.



## INVENTORY OF PURCHASED BREEDING LIVESTOCK

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					Depreciation			
	Description	Date Owned	Years Life	Total Cost	Annual	Total to Date	Balance	
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## INVENTORY OF PURCHASED BREEDING LIVESTOCK

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	Description	Date Owned	Years Life	Total Cost	Annual		Total to Date		Balance
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## INVENTORY OF RAISED BREEDING LIVESTOCK

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Raised breeding livestock cannot be depreciated because the cost of production has already been counted as a cash expense. However, these animals do have a value which increases with age to a certain point. Raised breeding livestock are an asset, have an effect on net worth and can be used as collateral. The inventory record is designed to be an economic summary of the herd. The record is not intended as replacement for a herd record. The inventory record can be used for all livestock and other animals raised and held for more than one year. Similar animals can be grouped and carried together while single animals can be recorded separately. When a raised animal is sold, the animal's value is taken out of inventory and recorded as cash income. If a raised animal dies, the value is removed from inventory and total herd value is reduced by the dead animal's value.

### Inventory of Raised Breeding Livestock Example

- (1)** Description      Record identifying information about the animal or group of animals.
- (2)** Date Born      Enter the average birth date for a group of animals or the birth date of a single animal.
- (3) (6) (9) (12) (15)** Quantity      Record the total number of animals.
- (4) (7) (10) (13) (16)** Value per Head      Provides space to estimate an average market price per head for the animal or group of animals.
- (5) (8) (11) (14) (17)** Total Value      Calculated by multiplying the Quantity of animals times the Value per Head.

EXAMPLE 1 - Twenty crossbred cows are part of the farming operation. These animals, born in March 1996, were valued at \$750.00 each at the beginning of the current year. The Value per Head is the sale price this type of animal would bring on the market. The current year is 2000. The farm also has seven replacement heifers. The two-year-old heifers are valued at \$500.00 each

Crossbred cows                      Total Value - Beginning Year                      \$750.00 x 20 head = \$15,000.00

2-year-old heifers                      Total Value - Beginning Year                      \$500.00 x 7 head = \$3,500.00

EXAMPLE 2 - At the end of the year, the animals are counted and valued again. The Quantity at the end of the year is the same (20 crossbred cows and 7 heifers), but the value has gone down to \$700.00 per head for crossbred cows and \$450.00 per head for heifers.

Crossbred cows                      Total Value - Ending Year                      \$700.00 x 20 head = \$14,000.00

2-year-old heifers                      Total Value - Ending Year                      \$450.00 x 7 head = \$3,150.00

### INVENTORY OF RAISED BREEDING LIVESTOCK - EXAMPLE

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>		
			Beginning 2000				Ending 2000			
	Description	Date Born	Quantity	Value per Head	Total Value	Quantity	Value per Head	Total Value		
1	Crossbreed Cows	1996	20	750   00	15,000   00	20	700   00	14,000   00		
2	Heifers, 2 years old	1998	7	500   00	3,500   00	7	450   00	3,150   00		
...										
25										
<b>TOTAL</b>		xxxxxxxxx	27	xxxxxxxxxxx   xxx	18,500   00	27	xxxxxxxxxxx   xxx	17,150   00		

<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>
Ending 20__			Ending 20__			Ending 20__		
Quantity	Value per Head	Total Value	Quantity	Value per Head	Total Value	Quantity	Value per Head	Total Value
	xxxxxxxxxxx   xxx			xxxxxxxxxxx   xxx			xxxxxxxxxxx   xxx	

## INVENTORY OF RAISED BREEDING LIVESTOCK

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>5</b>		<b>6</b>		<b>7</b>		<b>8</b>	
			Beginning 20__				Ending 20__						
	Description	Date Born	Quantity	Value per Head		Total Value		Quantity	Value per Head		Total Value		
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													
<b>TOTAL</b>		XXXXXXXXXX		XXXXXXXXXXXX	XXX				XXXXXXXXXXXX	XXX			



## INVENTORY OF RAISED BREEDING LIVESTOCK

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		<b>5</b>		<b>6</b>		<b>7</b>		<b>8</b>	
			Beginning 20__				Ending 20__						
	Description	Date Born	Quantity	Value per Head		Total Value		Quantity	Value per Head		Total Value		
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													
<b>TOTAL</b>		XXXXXXXXXX		XXXXXXXXXXXX	XXX				XXXXXXXXXXXX	XXX			



## INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK

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Items entered in this record include supplies on hand, market livestock, crops in storage and crops growing in the field on the inventory date. If an item doesn't fit anywhere else in the farm books, list the item in this inventory - **DON'T** leave the item out. Significant amounts of these items can distort the income statement, the balance sheet and the enterprise reports. To prevent the distortion, the items must be recorded in this inventory. The inventory adjustments to the income statement account for the changes in inventory and make possible accurate profit/loss figures. For example, on 31 December (the inventory date) a producer has a large amount of fuel on hand. The fuel has been paid for and will show up in fuel expense. However, this fuel was not used to produce any income, and hereby causes profits to be understated. The un-used expense will need to be adjusted out of the income statement.

### Inventory of Supplies, Market Livestock, Stored Crops and Growing Crops Example

- (1)** Description                      Identify the item.
- (2) (5) (8) (11) (14)** Quantity                      Record the amount of the item here.
- (3) (6) (9) (12) (15)** Price per Unit                      Enter the estimated average market price per unit for the item.
- (4) (7) (10) (13) (16)** Total Value                      Calculate by multiplying the Quantity times the Price per Unit.

EXAMPLE 1 - On January 1, 2000, the Inventory of Supplies, Market Livestock, Stored Crops and Growing Crops was completed. The inventory indicated both hay and rice were in storage. The quantity of hay on hand was 30 bales valued at \$20.00 per bale. The quantity of rice in storage was 4,000 cwt valued at \$8.50 per cwt.

Total Value of Supplies - Beginning Year                      30 bales x \$20.00 per bale = \$600.00

Total Value of Stored Crops - Beginning Year                      4,000 cwt x \$8.50 per cwt = \$34,000.00

EXAMPLE 2 - At the end of 2000, another inventory was taken. The ending inventory indicates hay and range cubes on hand, but no crops were in storage. The stored crops were sold during 2000 and will show up in 2000 total crop sales. The inventory adjustments must be made so that profits will not reflect two crops in one year sold in one year. The quantity of hay on hand was 20 bales valued at \$15.00 per bale. The quantity of range cubes on hand was 200 bags valued at \$5.00 per bag

Total Value of Supplies - Ending Year                      20 bales x \$15.00 per bale = \$300.00

Total Value of Stored Crops - Ending Year                      200 bags x \$5.00 per bag = \$1,000.00

**INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK - EXAMPLE**

		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>			
		Beginning 2000				Ending 2000					
		Description	Quantity	Price per Unit	Total Value	Quantity	Price per Unit	Total Value			
Supplies:											
1	Hay	30 bales	20	00	600	00	20 bales	15	00	300	00
2	Range Cubes (50# bags)						200 bags	5	00	1,000	00
...											
<b>TOTAL SUPPLIES</b>		XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	600	00	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	1,300	00
Stored Crops:											
1	Rice	4,000 cwt	8	50	34,000	00	-0-			0	00
...											
<b>TOTAL STORED CROPS</b>		XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	34,000	00	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	0	00
Market Livestock:											
...											
<b>TOTAL MARKET LIVESTOCK</b>		XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
Other:											
...											
<b>TOTAL OTHER</b>		XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		

<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
Ending 20__			Ending 20__			Ending 20__		
Quantity	Price per Unit	Total Value	Quantity	Price per Unit	Total Value	Quantity	Price per Unit	Total Value
S								
1								
2								
...								
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX
Sc								
1								
...								
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX
MI								
...								
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX
O								
...								
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX

# INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK

	1	2	3		4		5			6			7	
		Beginning 20__						Ending 20__						
	Description	Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value				
	<b>Supplies:</b>													
1														
2														
3														
4														
	TOTAL SUPPLIES	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX					
	<b>Stored Crops:</b>													
1														
2														
3														
4														
	TOTAL STORED CROPS	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX					
	<b>Market Livestock:</b>													
1														
2														
3														
4														
	TOTAL MARKET LIVESTOCK	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX					
	<b>Other:</b>													
1														
2														
3														
4														
	TOTAL OTHER	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX					

# INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK

<b>8</b>	<b>9</b>		<b>10</b>		<b>11</b>	<b>12</b>		<b>13</b>		<b>14</b>	<b>15</b>		<b>16</b>	
Ending 20__						Ending 20__						Ending 20__		
Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		

# INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK

	1	2	3		4		5	6		7
		Beginning 20__				Ending 20__				
	Description	Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value
	<b>Supplies:</b>									
1										
2										
3										
4										
	TOTAL SUPPLIES	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	
	<b>Stored Crops:</b>									
1										
2										
3										
4										
	TOTAL STORED CROPS	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	
	<b>Market Livestock:</b>									
1										
2										
3										
4										
	TOTAL MARKET LIVESTOCK	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	
	<b>Other:</b>									
1										
2										
3										
4										
	TOTAL OTHER	XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX	

# INVENTORY OF SUPPLIES, STORED CROPS, GROWING CROPS AND MARKET LIVESTOCK

<b>8</b>	<b>9</b>		<b>10</b>		<b>11</b>	<b>12</b>		<b>13</b>		<b>14</b>	<b>15</b>		<b>16</b>	
Ending 20__					Ending 20__					Ending 20__				
Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value		Quantity	Price per Unit		Total Value	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		
XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX			XXXXXXXXXXXX	XXXXXXXXXXXX	XXX		

## INVENTORY OF ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

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This inventory records money owed to the producer (Accounts Receivable) and money paid out but not yet used (Prepaid Expenses). The two items are assets to the business. Examples of accounts receivable are custom work for which payment has not yet been received, government payments not yet received, or products sold for which payment has not been received. Insurance is an example of prepaid expenses. Insurance policies can be paid 6 or 12 months in advance. If the policy is cancelled before its expiration date, the farmer can get a refund.

### *Inventory of Accounts Receivable and Prepaid Example*

- (1)** Description      Provides space to record the name of the individual or business which owes the farmer money (accounts receivable) or the individual or business which the farmer has paid ahead (prepaid expenses).
- (2) (4) (6) (8) (10)** Category      Record the item's income or expense category.
- (3) (5) (7) (9) (11)** Total Value      Enter the amount involved here.

EXAMPLE 1 - Complete the Inventory of Accounts Receivable and Prepaid Expenses. On January 1, 2000, no accounts receivable were owed to the farm. At the beginning of 2000, the farm had \$575.00 of prepaid insurance on the barn and storage building. The insurance was with the Ace Insurance Company.

### INVENTORY OF ACCOUNTS RECEIVABLE AND PREPAID EXPENSES - EXAMPLE

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		Beginning 2000		Ending 20__	
	Description	Category	Total Value	Category	Total Value
	<b>Accounts Receivable:</b>				
1					
...					
12					
	TOTAL ACCOUNTS RECEIVABLE	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
	<b>Prepaid Expenses:</b>				
1	Ace Insurance Co. - barn & storage building	Insurance	575 00		
...					
12					
	TOTAL PREPAID EXPENSES	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	575 00	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	

<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
Ending 20__		Ending 20__		Ending 20__	
Category	Total Value	Category	Price per Unit	Category	Total Value
		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	

## INVENTORY OF ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	1	2	3	4	5
		Beginning 20__		Ending 20__	
	Description	Category	Total Value		Total Value
	<b>Accounts Receivable:</b>				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	<b>TOTAL ACCOUNTS RECEIVABLE</b>	XXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXX	
	<b>Prepaid Expenses:</b>				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	<b>TOTAL PREPAID EXPENSES</b>	XXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXX	



## INVENTORY OF ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	1	2	3	4	5
		Beginning 20__		Ending 20__	
	Description	Category	Total Value	Category	Total Value
	<b>Accounts Receivable:</b>				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	<b>TOTAL ACCOUNTS RECEIVABLE</b>	XXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXX	
	<b>Prepaid Expenses:</b>				
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	<b>TOTAL PREPAID EXPENSES</b>	XXXXXXXXXXXXXXXXXXXXXXXXXXXX		XXXXXXXXXXXXXXXXXXXXXXXXXXXX	



## THE NET WORTH STATEMENT

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The Net Worth Statement is a systematic listing of all of a farm's business assets and liabilities. The statement is also known as a financial statement, a balance sheet or a statement of financial condition. The net worth statement shows the farm's financial condition at a specific point in time. The major purpose of the net worth statement is to show the overall liquidity and solvency of the farm firm. Liquidity refers to the ability to meet short-term obligations when due without disrupting the normal course of the business. Solvency refers to the ability to pay off all debts if the business stopped operating and all assets were sold. The net worth statement is divided into two parts, with the value of one part always equal to the value of the other part.

$$\text{Assets} = \text{Liabilities} + \text{Net Worth}$$

**ASSETS** are items owned by the business which have value and can be sold. Assets include land, buildings, machinery and equipment, stored crops, growing crops, supplies, livestock, stocks, bonds, savings accounts, accounts receivable and prepaid expenses. Liabilities represent any obligation owed to other businesses or individuals. Liabilities (or debts) are a claim by others against the business's assets. Net worth (or owner equity) is the difference between total assets and total liabilities. For analytical purposes, assets and liabilities are classified according to liquidity. Liquidity refers to the ease of converting assets into cash. The assets and liabilities are classified in order of declining liquidity as current, intermediate and fixed (or long-term).

The **Current Asset** classification is represented by cash and near-cash items. The value of these items will likely be realized in cash or used up during the business's normal operating cycle, usually one year. This category also includes items whose conversion to cash would disrupt the normal business operations only minimally.

Cash	Supplies	Hedging Accounts	Savings Accounts	Marketable Stocks	Interest-bearing Checking Accounts
Feed	Growing Crops	Prepaid Expenses	Inventories of Stored Crops	Marketable Bonds	Notes and Accounts Receivable

The **Intermediate Asset** classification is represented by items which yield services to the firm for more than one year but are used up within an intermediate period of time. The intermediate period has no rigid maximum length though in general practice ten years is considered the upper end of the period.

Breeding Livestock	Some Retirement Accounts	
Machinery and Equipment	Notes Receivable (1-10 year maturity)	The cash value of life insurance can be either a current or intermediate asset.

The **Fixed Asset** classification is reserved primarily for real estate, improvements and other assets yielding services to the business on an ongoing basis. These assets have an expected life or maturity in excess of ten years.

Land	Stock in Federal Land Bank Associations tied to real estate loans	Water-handling Facilities (irrigation and/or drainage)
Buildings	Land Improvements (land clearing, leveling, pasture establishment, fences, roads, ponds)	

## NET WORTH STATEMENT - ASSETS

		20__	20__	20__	20__	20__
<b>Current Assets:</b>						
1	Cash on Hand, Checking / Savings					
2	Marketable Stocks & Bonds					
3	Notes & Accounts Receivable					
4	Stored Crops, Growing Crops, Supplies					
5	Market Livestock					
6a	Other					
6b						
6c						
7	<b>Total Current Assets (add lines 1 - 6c)</b>					
<b>Intermediate Assets:</b>						
8	Notes & Accounts Receivable					
9	Machinery & Equipment					
10	Purchased Breeding Livestock					
11	Raised Breeding Livestock					
12a	Other					
12b						
12c						
13	<b>Total Intermediate Assets (add lines 8 - 12c)</b>					
<b>Long-term Assets:</b>						
14	Land					
15	Real Estate Improvements					
16a	Other					
16b						
17	<b>Total Long-term Assets (add lines 14 - 16b)</b>					
<b>TOTAL ASSETS (add lines 7 + 13 + 17)</b>						

## THE NET WORTH STATEMENT - (CONTINUED)

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**LIABILITIES:** Liabilities represent any obligation owed to other businesses or individuals. Liabilities (or debts) are a claim by others against the business's assets.

The **Current Liability** classification is represented by existing obligations which are payable within the next year.

Accrued Interest	Accrued Rent	Accounts Payable to merchants and other suppliers
Accrued Taxes	Notes Payable to lending institutions	Principal portion of longer-term debts due within 12 months

The **Intermediate Liability** classification is represented by obligations having a maturity range of one to ten years, excluding that portion due within the current year as a current liability. These debts typically finance intermediate assets.

Notes Payable	Some Installment Loans	Some Financial Leases	Life Insurance Policy Loans.
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The **Long-term Liability** classification is represented by obligations having a maturity of more than ten years, excluding that portion due within the current year as a current liability.

Long-term Real Estate Loans	Some Long-term FSA, Emergency and Disaster Loans
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## NET WORTH STATEMENT - LIABILITIES

		20__	20__	20__	20__	20__
<b>Current Liabilities:</b>						
1	Operating & Short-term Notes (less than 1 year)					
2	Accounts Payable					
3	Accrued Taxes & Interest					
4	Principal Due within 12 months					
5a	Other					
5b						
5c						
6	<b>Total Current Liabilities (add lines 1 - 5c)</b>					
<b>Intermediate Liabilities:</b>						
7	Intermediate Loans (portion due beyond 12 months) (includes livestock and machinery & equipment loans)					
8	Life Insurance Policy Loans					
9a	Other					
9b						
9c						
10	<b>Total Intermediate Liabilities (add lines 7 - 9c)</b>					
<b>Long-term Liabilities:</b>						
11	Mortgages (portion due beyond 12 months)					
12	Contingent Liabilities					
13a	Other					
13b						
14	<b>Total Long-term Liabilities (add lines 11 - 13b)</b>					
<b>TOTAL LIABILITIES (add lines 6 + 10 + 14)</b>						
<b>NET WORTH = TOTAL ASSETS - TOTAL LIABILITIES</b>						

# NOTES

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