



LOUISIANA FARM INVENTORY BOOK



Name _____

Address _____

Year _____

THE FARM INVENTORY BOOK

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

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.

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|-----|--|----------|-----------------|----------------|----|-------------|----|
| | 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: _____

Other Information: _____

| | 1 Description of Transaction | 2 Date | 3 Number of Acres | 4 Value per Acre | 5 Total Value |
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INVENTORY OF LAND

Tract Number: _____ Property Name: _____

Legal Description: _____

Other Information: _____

| | 1 Description of Transaction | 2 Date | 3 Number of Acres | 4 Value per Acre | | 5 Total Value | |
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INVENTORY OF LAND

Tract Number: _____ Property Name: _____

Legal Description: _____

Other Information: _____

| | 1 Description of Transaction | 2 Date | 3 Number of Acres | 4 Value per Acre | 5 Total Value |
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INVENTORY OF LAND

Tract Number: _____ Property Name: _____

Legal Description: _____

Other Information: _____

| | 1 Description of Transaction | 2 Date | 3 Number of Acres | 4 Value per Acre | | 5 Total Value | |
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INVENTORY OF REAL ESTATE IMPROVEMENTS

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 |
| ... | | | | | | | | | | | |
| TOTAL | | xxxxxxxx | xxxxxxxx | xxxxxxxxxxxxxx | | xxxxxxxxxxxxxx | | xxxxxxxxxxxxxx | | 21,000 00 | |

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| 2000 | | | | 2001 | | | | 20__ | | | | 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

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| | | | | | Depreciation | | | | |
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INVENTORY OF REAL ESTATE IMPROVEMENTS

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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

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 - EXAMPLE

| 1 | | 2 | 3 | 4 | | 5 | | 6 | | 7 | |
|--------------|-------------------------|------------|------------|----------------|----|----------------|----|----------------|----|---------|----|
| | | | | | | Depreciation | | | | | |
| Description | | Date Owned | Years Life | Total Cost | | Annual | | Total to Date | | Balance | |
| 1 | Disk 20 ft | 1/1/94 | 10 | 12,500 | 00 | 1,250 | 00 | 7,500 | 00 | 5,000 | 00 |
| 2 | Field Cultivator | 7/1/93 | 10 | 7,000 | 00 | 700 | 00 | 4,550 | 00 | 2,450 | 00 |
| 3 | Tractor | 7/1/92 | 15 | 30,000 | 00 | 2,000 | 00 | 15,000 | 00 | 15,000 | 00 |
| 4 | Grain Drill 12' | 1/1/96 | 7 | 7,000 | 00 | 1,000 | 00 | 4,000 | 00 | 3,000 | 00 |
| 5 | Combine 20" | 7/1/93 | 10 | 115,000 | 00 | 11,500 | 00 | 74,750 | 00 | 40,250 | 00 |
| 6 | Grain Cart 350 bu | 1/1/95 | 8 | 7,200 | 00 | 900 | 00 | 4,500 | 00 | 2,700 | 00 |
| ... | | | | | | | | | | | |
| 24 | 2000 Ford Pickup Truck | 12/1/99 | 5 | 17,100 | 00 | 3,420 | 00 | 285 | 00 | 16,815 | 00 |
| 25 | 1992 John Deere Tractor | 12/1/99 | 8 | 30,000 | 00 | 3,750 | 00 | 312 | 00 | 29,687 | 00 |
| TOTAL | | xxxxxxxx | xxxxxxxx | xxxxxxxxxxxxxx | | xxxxxxxxxxxxxx | | xxxxxxxxxxxxxx | | 114,902 | 00 |

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| 20__ | | | | 20__ | | | | 20__ | | | | 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 | |
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INVENTORY OF MACHINERY AND EQUIPMENT

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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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INVENTORY OF MACHINERY AND EQUIPMENT

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| 23 | | | | | | | | |
| 24 | | | | | | | | |
| 25 | | | | | | | | |
| Total | | | | | | | | |

INVENTORY OF MACHINERY AND EQUIPMENT

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------|-------------|------------|------------|------------|--------------|---------------|----------|
| | | | | | Depreciation | | |
| | Description | Date Owned | Years Life | Total Cost | Annual | Total to Date | Balance |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
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| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
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| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| Total | | | | | | | |

INVENTORY OF MACHINERY AND EQUIPMENT

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------|-------------|------------|------------|------------|--------------|---------------|----------|
| | | | | | Depreciation | | |
| | Description | Date Owned | Years Life | Total Cost | Annual | Total to Date | Balance |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
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| 15 | | | | | | | |
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| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| Total | | | | | | | |

INVENTORY OF PURCHASED BREEDING LIVESTOCK

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

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------|-------------|------------|------------|------------|--------------|---------------|---------|
| | | | | | Depreciation | | |
| | Description | Date Owned | Years Life | Total Cost | Annual | Total to Date | Balance |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
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| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| Total | | | | | | | |

INVENTORY OF PURCHASED BREEDING LIVESTOCK

| | 1 | 2 | 3 | 4 | 5 | | 6 | | 7 |
|--------------|-------------|------------|------------|------------|--------------|--|---------------|--|----------|
| | | | | | Depreciation | | | | |
| | Description | Date Owned | Years Life | Total Cost | Annual | | Total to Date | | Balance |
| 1 | | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
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| 24 | | | | | | | | | |
| 25 | | | | | | | | | |
| Total | | | | | | | | | |

INVENTORY OF RAISED BREEDING LIVESTOCK

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

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
|--------------|----------------------|-----------|----------|-------------------|-------------|----------|-------------------|-------------|--|
| | | | | 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 | | | | | | | | | |
| TOTAL | | xxxxxxxxx | 27 | xxxxxxxxxxx xxx | 18,500 00 | 27 | xxxxxxxxxxx xxx | 17,150 00 | |

| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|-------------|-------------------|-------------|-------------|-------------------|-------------|-------------|-------------------|-------------|
| 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

| | 1 | 2 | 3 | 4 | | 5 | | 6 | | 7 | | 8 | |
|--------------|-------------|------------|----------------|----------------|-----|-------------|--|-------------|----------------|----------|-------------|----------|--|
| | | | Beginning 20__ | | | | | Ending 20__ | | | | | |
| | Description | Date Born | Quantity | Value per Head | | Total Value | | Quantity | Value per Head | | Total Value | | |
| 1 | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | |
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| 23 | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | |
| TOTAL | | XXXXXXXXXX | | XXXXXXXXXXXX | XXX | | | | XXXXXXXXXXXX | XXX | | | |

INVENTORY OF RAISED BREEDING LIVESTOCK

| | 1 | 2 | 3 | 4 | | 5 | | 6 | | 7 | | 8 | |
|--------------|-------------|------------|----------------|----------------|-----|-------------|-------------|----------|----------------|----------|-------------|----------|--|
| | | | Beginning 20__ | | | | Ending 20__ | | | | | | |
| | Description | Date Born | Quantity | Value per Head | | Total Value | | Quantity | Value per Head | | Total Value | | |
| 1 | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | |
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| 19 | | | | | | | | | | | | | |
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| 21 | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | |
| TOTAL | | XXXXXXXXXX | | XXXXXXXXXXXX | XXX | | | | XXXXXXXXXXXX | XXX | | | |

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

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

| 1 | | 2 | 3 | | 4 | | 5 | | 6 | | 7 | | |
|-------------------------------|------------------------|----------------|----------------|-----|-------------|----|------------|----------------|----------|-------------|----------|--|--|
| | | 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 | | |
| ... | | | | | | | | | | | | | |
| TOTAL SUPPLIES | | XXXXXXXXXX | XXXXXXXXXX | xxx | 600 | 00 | XXXXXXXXXX | XXXXXXXXXX | xxx | 1,300 | 00 | | |
| Stored Crops: | | | | | | | | | | | | | |
| 1 | Rice | 4,000 cwt | 8 | 50 | 34,000 | 00 | -0- | | | 0 | 00 | | |
| ... | | | | | | | | | | | | | |
| TOTAL STORED CROPS | | XXXXXXXXXX | XXXXXXXXXX | xxx | 34,000 | 00 | XXXXXXXXXX | XXXXXXXXXX | xxx | 0 | 00 | | |
| Market Livestock: | | | | | | | | | | | | | |
| ... | | | | | | | | | | | | | |
| TOTAL MARKET LIVESTOCK | | XXXXXXXXXX | XXXXXXXXXX | xxx | | | XXXXXXXXXX | XXXXXXXXXX | xxx | | | | |
| Other: | | | | | | | | | | | | | |
| ... | | | | | | | | | | | | | |
| TOTAL OTHER | | XXXXXXXXXX | XXXXXXXXXX | xxx | | | XXXXXXXXXX | XXXXXXXXXX | xxx | | | | |

| 8 | 9 | | 10 | 11 | 12 | | 13 | 14 | 15 | | 16 |
|-------------|----------------|-----|-------------|------------|----------------|------------|-------------|-----------|----------------|------------|-------------|
| 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 | | | | | | | | | | | |
| ... | | | | | | | | | | | |
| XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx |
| Sc | | | | | | | | | | | |
| 1 | | | | | | | | | | | |
| ... | | | | | | | | | | | |
| XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx |
| MI | | | | | | | | | | | |
| ... | | | | | | | | | | | |
| XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx |
| O | | | | | | | | | | | |
| ... | | | | | | | | | | | |
| XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | xxx | XXXXXXXXXX | XXXXXXXXXX | 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 | | | | |
| | Supplies: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL SUPPLIES | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Stored Crops: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL STORED CROPS | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Market Livestock: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL MARKET LIVESTOCK | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Other: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL OTHER | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |

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

| 8 | 9 | | 10 | | 11 | 12 | | 13 | | 14 | 15 | | 16 | |
|--------------|----------------|-----|-------------|--|--------------|----------------|-----|-------------|-------------|--------------|----------------|-----|-------------|--|
| 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 | | |
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| | | | | | | | | | | | | | | |
| XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | |
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| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 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 | | | | |
| | Supplies: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL SUPPLIES | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Stored Crops: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL STORED CROPS | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Market Livestock: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL MARKET LIVESTOCK | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |
| | Other: | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| | TOTAL OTHER | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | XXXXXXXXXXXX | XXXXXXXXXXXX | XXX | | | | | |

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

| 8 | 9 | | 10 | | 11 | 12 | | 13 | | 14 | 15 | | 16 | |
|--------------|----------------|-----|-------------|--|--------------|----------------|-----|-------------|--|--------------|----------------|-----|-------------|--|
| 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

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

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

| 6 | 7 | 8 | 9 | 10 | 11 |
|-------------|-------------|--------------------------------------|----------------|--------------------------------------|-------------|
| 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 | Category | Total Value |
| | Accounts Receivable: | | | | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| | TOTAL ACCOUNTS RECEIVABLE | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | |
| | Prepaid Expenses: | | | | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| | TOTAL PREPAID EXPENSES | 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 |
| | Accounts Receivable: | | | | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| | TOTAL ACCOUNTS RECEIVABLE | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | |
| | Prepaid Expenses: | | | | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| | TOTAL PREPAID EXPENSES | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | | XXXXXXXXXXXXXXXXXXXXXXXXXXXX | |

THE NET WORTH STATEMENT

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__ |
|---|--|------|------|------|------|------|
| Current Assets: | | | | | | |
| 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 | Total Current Assets (add lines 1 - 6c) | | | | | |
| Intermediate Assets: | | | | | | |
| 8 | Notes & Accounts Receivable | | | | | |
| 9 | Machinery & Equipment | | | | | |
| 10 | Purchased Breeding Livestock | | | | | |
| 11 | Raised Breeding Livestock | | | | | |
| 12a | Other | | | | | |
| 12b | | | | | | |
| 12c | | | | | | |
| 13 | Total Intermediate Assets (add lines 8 - 12c) | | | | | |
| Long-term Assets: | | | | | | |
| 14 | Land | | | | | |
| 15 | Real Estate Improvements | | | | | |
| 16a | Other | | | | | |
| 16b | | | | | | |
| 17 | Total Long-term Assets (add lines 14 - 16b) | | | | | |
| TOTAL ASSETS (add lines 7 + 13 + 17) | | | | | | |

THE NET WORTH STATEMENT - (CONTINUED)

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. |
|---------------|------------------------|-----------------------|------------------------------|

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 |
|-----------------------------|--|

NET WORTH STATEMENT - LIABILITIES

| | | 20__ | 20__ | 20__ | 20__ | 20__ |
|---|---|------|------|------|------|------|
| Current Liabilities: | | | | | | |
| 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 | Total Current Liabilities (add lines 1 - 5c) | | | | | |
| Intermediate Liabilities: | | | | | | |
| 7 | Intermediate Loans (portion due beyond 12 months) (includes livestock and machinery & equipment loans) | | | | | |
| 8 | Life Insurance Policy Loans | | | | | |
| 9a | Other | | | | | |
| 9b | | | | | | |
| 9c | | | | | | |
| 10 | Total Intermediate Liabilities (add lines 7 - 9c) | | | | | |
| Long-term Liabilities: | | | | | | |
| 11 | Mortgages (portion due beyond 12 months) | | | | | |
| 12 | Contingent Liabilities | | | | | |
| 13a | Other | | | | | |
| 13b | | | | | | |
| 14 | Total Long-term Liabilities (add lines 11 - 13b) | | | | | |
| TOTAL LIABILITIES (add lines 6 + 10 + 14) | | | | | | |
| NET WORTH = TOTAL ASSETS - TOTAL LIABILITIES | | | | | | |

NOTES

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Pub. 1849

9/01 Rev.

Issued in furtherance of Cooperative Extension work, Acts of Congress of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. The Louisiana Cooperative Extension Service provides equal opportunities in programs and employment.