

preserving THE tradition

putting all your eggs IN one basket

get the MAX from your tax

4H GONE hog wild

getting on track
better management through basic ag records

click an image to begin

Trent Teegerstrom, University of Arizona
John P. Hewlett, University of Wyoming
Rodney L. Sharp, Colorado State University
Jeffrey E. Tranel, Colorado State University

help glossary FAQs resources topics



*Getting on Track:
Better Management through
Basic Financial Statements*

Authors:
Rodney L. Sharp
John P. Hewlett
Jeffery E. Tranel

UNIVERSITY OF WYOMING
Western Farm Management Extension Committee
RightRisk
Profitable & Sustainable AGRICULTURAL SYSTEMS
RMA
Colorado State University
Extension



<http://eRightRisk.com>

Balance Sheet	Assets		Liabilities	
	Beginning	Ending	Beginning	Ending
Cash on Hand	35,000	0	Accounts Payable (Exo)	0
Crops Held for Feed (Exo)	0	0	Accrued Interest (Exo)	1,857
Crops Held for Sale (Inc)	0	0	Current Principal	1,902
Market Livestock (Inc)	5,000	5,000	Other Current Liability (Exo)	10,000
Other Current Assets (Inc)	25,000	25,000	Short Term Notes (Exo)	0
Invest Growing Crops (Exo)	0	0	Def. Tax on Current Assets	0
Supp. & Prepaid Exp. (Exo)	10,000	10,000	Operating Loan Carryover	0
Total Current Assets	75,000	40,000	Total Current Liab.	13,760
Non-Current Assets			Non-Current Liabilities	
Mach. & Equipment	54,000	48,500	Prin. on T.D. & C.L.	32,872
Breeding Livestock	63,900	49,532	Def. Tax on Long Term Assets	0
Real Estate-Land, Bldgs, Impr	827,000	805,500	Total Business Liab.	46,632
Total Business Assets	1,019,900	943,532	Business Net Worth	973,268

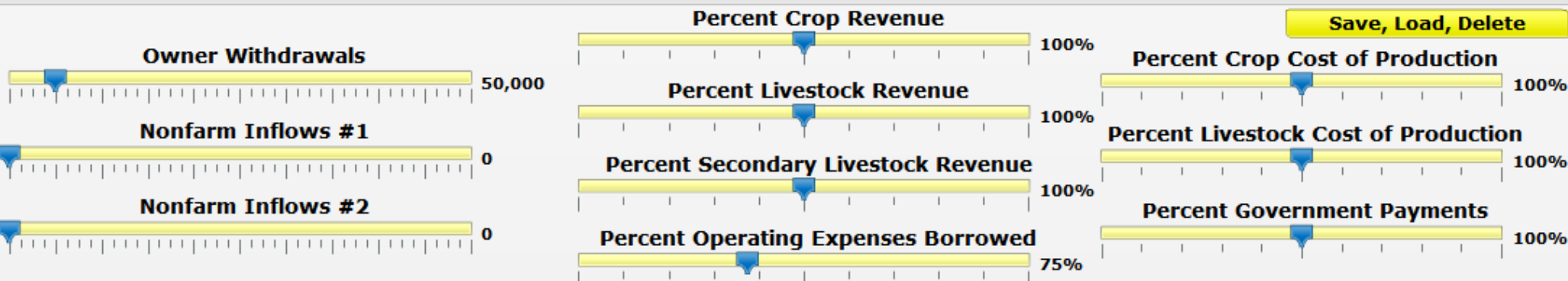
Change in Equity From Beginning to End of Year (85,345)

Cash Flow Statement	Inflows	Outflows
Crop Sales & Net Insurance Payments	0	Cash Expenses <input type="text" value="No Interest >"/> 15,374
Mrkt & Cull Livestock Sales	26,197	Other Cash Business Outflows/Expense 0
Lvstk Secondary Product Sales	0	Cash Int. Exp. - T.D. & C.L.* 1,857
Government Payments	0	Cash Int. Exp. - Operating <input type="text" value="7.50%"/> 432
Other Cash business Inflows/Income	0	Loan Prin. Payments - T.D. & C.L. 1,902
Operating Loan Proceeds <input type="text" value="75%"/>	11,530	Breeding Livestock Asset Purchases 2,632
Loan Proceeds Capital Assets	0	Mach & Equip & Real Estate Purchase 0
Non-Business Inflows/Revenue	0	Owner withdrawals 50,000
Other Nonfarm Inflows	0	Cash Taxes Paid (Income & SS) 0
Other Nonfarm Inflows	0	Other Cash Outflows (Not Expenses) 0
Total Cash Inflows	\$37,727	Subtotal \$72,197
		Operating Loan Prin. Payments \$530
		Total Cash Outflows \$72,727
		Annual Net Cash Flow (never < zero) 0

* T.D. = Term Debt. C.L. = Capital Lease

Income Statement - Accrual Adj.	Income
Cash Income (Net of cull lvstk sales)	\$22,522
Non-Cash Income Adjustments	0
Non-Cash Income (Raised Brdo Lvstk)	0
Capital Gain/Loss on Breeding Lvstk (Net)	(1,049)
Gross Revenue	\$21,473
Expense	
Cash Expense (Excluding Interest)	15,374
Non-Cash Feed Inventory Adjustment	0
Other Non-Cash Non-Interest Expense	0
Depreciation (Land, Bldgs, Equip.)	44,000
Total Operating Expense	59,374
Cash Int. Exp. - T.D. & C.L.	1,857
Cash Int. Exp. - Operating	432
Non-Cash Interest Expense	0
Total Expense	\$61,663
Net Business Income From Operations	(40,191)
Net Business Income	(40,191)
Income+SS+Def. Tax--Cash & Non-Cash	0
Net Income	(\$40,191)

Statement of Owner Equity	Cash
Beginning Net Worth (Cost/Mrkt)	973,268
Net Income	+ (40,191)
Non-Business Cash Inflows	+ 0
Owner Withdrawals (Cash)	- 50,000
Asset Valuation Change/Cont./Distrib.	+/- \$0
Calculated Ending Net Worth	= 883,077
Reported Ending Net Worth (Cost/Mrkt)	887,924
Discrepancy	(\$4,846)



Off/On

Liquidity

	Beginning	Ending	Set Bench Mark Levels	
Current Ratio	5.45	1.62	1	1.5
Working Capital	\$61,240	\$15,240		

Off/On

Solvency

Debt/Asset Ratio	0.046	0.059	0.3	0.7
Equity/Asset Ratio	0.954	0.941	0.4	0.7
Debt/Equity Ratio	0.05	0.063	0.5	1.5

Off/On

Profitability

<<<Accrual Basis Income Statement>>>

Ending

Rate of Return on Business Assets		-8.47%	0.01	0.05
Rate of Return on Business Equity		-9.17%	0.05	0.1
Operating Profit Margin Ratio		-3.18	0.2	0.35
Net Business Income		(\$35,345)		

Off/On

Repayment Capacity

Term Debt and Capital Lease Coverage Ratio		-10.50	1.1	1.35
Capital Replacement and Term Debt Repayment Margin		(\$43,247)	\$0	\$50,000

Off/On

Financial Efficiency

Asset Turnover Ratio		0.03	0.2	0.4
Operating Expense Ratio		0.59	0.6	0.8
Depreciation Expense Ratio		1.68	0.1	0.2
Interest Expense Ratio		0.08	0.1	0.2
Net Farm Income From Operations Ratio		-1.35	0.1	0.2

Check Sum

100.00%

Mouse
Over to
see Ratio
Formulas.

Save, Load, Delete

Reset

Print

Cash Income Toggle Off/On

Deferred Taxes Off/On

Income Tax Off/On