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**New Technologies
and
Innovations
in
Agricultural Economics
Instruction**

edited by

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Producing Accrual Financial Statements with Check Book Records and Year-End Inventories using Quicken

Kenneth W. Stokes*

This paper outlines for farmers and ranchers a method of producing end-of-year accrual basis financial reports using the software program Quicken (Version 3, 4 or 5). Quicken is used to monitor cash flow by recording cash receipts and disbursements during the year. At year-end, the cash basis records are converted to the accrual basis using inventory values and other pertinent financial data to produce a balance sheet and income statements.

Readers are urged to seek the assistance of a qualified bookkeeper or a Certified Public Accountant regarding technical accounting questions. Experienced farm financial managers, farm economists and lenders may provide useful information about how to summarize the financial records to make them useful for management decisions and for evaluation of financial performance and progress.

In addition to this paper and the Quicken User Manual, one should study the structure of balance sheets, income statements and cash flow reports. The Farm Financial Standards Task Force (FFSTF) guidelines recommends valuation and format guidelines which are likely to be widely accepted. Farm management textbooks and Extension Service publications are also highly recommended to the novice financial record keeper.

The Fundamental Accounting Equation

The fundamental accounting equation is:

$$\text{ASSETS} = \text{LIABILITIES} + \text{OWNER'S EQUITY} + (\text{REVENUE} - \text{EXPENSE})$$

where

$$\text{OWNER'S EQUITY} = \text{CONTRIBUTED CAPITAL} + \text{RETAINED EARNINGS}$$

and

$$\text{REVENUE} - \text{EXPENSE} = \text{CURRENT PERIOD'S NET INCOME}$$

Assets, liabilities and equity are real accounts that appear on the balance sheet. Revenue and expense are temporary extensions in the owner's equity account that appear on the income statement. At the end of the accounting period, the net balance (i.e. net income) of the temporary revenue and expense accounts are transferred (closed) to the owner's equity, a real account.

The fundamental accounting equation can be written as:

$$\text{ASSETS} + \text{EXPENSES} = \text{LIABILITIES} + \text{OWNER'S EQUITY} + \text{REVENUES}$$

Assets and expenses on the left are debit accounts. Liabilities, owner's equity and revenues on the right are credit accounts. To keep this algebraic equation in balance, every change in one account must be offset equally by a change in another account. In accounting terms, for every debit there is a credit.

Manual double-entry systems have a set of procedures to follow called the "accounting process" or "accounting cycle". They insure the accounting equation (i.e. the books) balances as new transactions are entered.

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Quicken and the Fundamental Accounting Equation

Quicken's accounting equation is as follows:

$$\text{ASSETS} - \text{LIABILITIES} = \text{EQUITY}$$

Quicken does not have the traditional temporary accounts for revenue and expense. Instead, Quicken's income and expense categories are used to classify transactions. Quicken's category type determines how a transaction changes equity. Equity is not an account within Quicken's structure. Equity is determined by subtracting the total value of liability accounts from the total value of asset accounts. The change in equity for a time period is equal to the income categories less expense categories (assuming no equity contributions or withdrawals). Equity is adjusted the moment an income or expense transaction is recorded. One can use a liability account to record equity in the form of contributed capital and retained earnings.

To illustrate, a cash deposit recorded in a checking account register and assigned an income category will increase equity. On the income statement, total income and net income will increase. On the balance sheet, the bank account balance and equity will increase. The cash flow report will show increased inflow by the amount of the deposit.

When a cash payment is recorded into a bank checking account and assigned an expense category, equity will decrease. The balance sheet will show decreased bank account balance and decreased equity. The income statement will show increased expenses and decreased net income. The cash flow report will show increased outflow by the amount of the check.

All transactions are entered as either an increase or a decrease to an account. Quicken labels increases in bank accounts as "deposit" and decreases as "payment". Cash accounts label increases as "receive" and decreases as "spend".

Quicken does not permit the use of income and expense categories when funds are

transferred between accounts. For example, when cash is used to purchase an asset and the user classifies the transaction as transfer using an account name rather than an income/expense category name, net income and equity are not changed. Net income and equity will change if the user classifies the asset purchase using an expense category rather than an account name. The user must determine if the transaction affects equity (using income and expense categories) or whether the transaction is merely a transfer (a change in form) between asset and liability accounts. Examples of a change in form are: converting a cash asset into a machinery asset, using cash to decrease the principal balance of a loan, and movement of funds from checking to savings.

Quicken automatically equalizes debits and credits and updates account balances as transactions are recorded. However, Quicken forces the transaction to balance by treating uncategorized amounts as increases or decreases to equity (and net income) depending upon which column (increase or decrease) and account type (asset or liability) the uncategorized amount occurs in.

Quicken's cash flow report uses only transactions recorded in the bank, cash and credit card accounts. Non-cash transactions recorded in other assets and other cash liability accounts do not appear on cash flow reports.

Quicken's Accounting Cycle

STEP 1: Documents are Received, Classified and Recorded

When to record, where to record, and how to categorize (classify) transactions are important management decisions. Using a fertilizer purchase as an example, one method is to record the cash purchase as an increase in the fertilizer inventory account. As fertilizer is used in production, one would decrease the inventory account by the amount actually used and increase fertilizer expense.

Another method is to classify the cash purchase as fertilizer expense when the transaction is recorded. An end-of-year adjustment is then made to decrease fertilizer

expense by the amount of any unused fertilizer.

A system advocated in farm record textbooks over the years and in Frey and Klinefelter's "Coordinated Financial Statements for Agriculture" and accepted by the *Farm Financial Standards Task Force* is the maintenance of cash basis accounts during the accounting period and then using end-of-year adjustments to convert to the accrual basis.

Using this system, only cash transactions would be recorded during the year. All cash transactions are assigned a Quicken income or

expense category except those affecting capital assets, financing transactions, movement of cash between bank accounts and equity contributions/withdrawals. The cash transactions changing these accounts are treated as transfers between accounts.

Cash receipts are recorded as "deposit" in Quicken's Bank accounts and as "receive" in Quicken's Cash accounts. Cash receipt transactions should be assigned either an income category name or an account name in Quicken's *Category* blank. Classify cash receipts as follows:

Cash Receipt	Category Assignment
Sales of items which have been raised and produced for sale in the ordinary course of business.	Income category.
Sales of items which had been purchased for resale in the ordinary course of business.	Income category.
Receipt of other ordinary income, such as custom work, government program payments, patronage dividends, crop insurance proceeds.	Income category.
Collection of receivables not previously recorded as sales.	Income category.
Collection of receivables previously assigned an income category name when recorded as an asset account. Record as a transfer.	Asset account.
Proceeds from the sale of capital assets intended to support production and not intended for sale except when they are no longer needed or productive. Record as a transfer to remove the item's net book value. Assign an income category to any gains or losses.	Asset account. Income category.
Amount borrowed. Record as a transfer.	Liability account.
Moneys from other accounts. Record as a transfer.	Bank or cash account.
Equity contributions by owner. Record as a transfer.	Liability account.

Cash disbursements are recorded as "payment" in Quicken's Bank accounts and as "spent" in Quicken's Cash accounts. Cash disbursement transactions should be assigned either an expense category name or an account name in Quicken's *Category* field. Classify cash disbursements as follows:

recording as expenses interest owed but not yet paid. These adjustments would not be necessary if these non-cash transactions are recorded on a daily basis. Adjusting entries convert cash-basis records to the accrual basis. This achieves a proper matching of revenues and expenses in the accounting period and an accurate balance sheet at the end of the period.

Cash Disbursements	Category Assignment
Purchase of production input items, services and interest treated as expenses upon cash disbursement.	Expense category.
Purchase of production input items placed in inventory upon cash disbursement. Treat as a transfer.	Asset account.
Purchase of assets other than production input items i.e. breeding stock, machinery, land, etc. Treat as a transfer.	Asset account.
Payment of credit card charges and creditor accounts not previously recorded as expenses.	Expense category.
Payment of credit card charges and creditor accounts previously assigned an expense category name and recorded in a liability account. Treat as a transfer.	Liability account.
Payment of loans and notes. Treat payment of principal as a transfer using a liability account name. Assign an expense category to interest portion.	Liability account. Expense category.
Moneys going to other accounts. Treat as a transfer.	Bank or cash account.
Equity withdrawals (including family living) by owner. Treat as a transfer.	Liability account.

STEP 2: Prepare and Record Adjusting Entries to the Appropriate Account

To produce an accrual balance sheet and income (profit and loss) statement at the end of the accounting period (normally year-end), some accounts require additional transactions to bring the accounts up to date on an accrual basis.

Examples include recording the depreciation of assets, converting prepaid items from assets to expenses, non-cash patronage dividends, adjusting inventory values, and

The primary source of information for adjusting entries is a detailed inventory of assets and liabilities taken on the last day of the accounting period. It helps to have standardized balance sheet forms with supplemental schedules to follow in preparing this inventory. Blank spaces on these forms serve as a reminder of what information needs to be collected.

The inventory process should include a physical count of all cash, livestock, supplies, stored commodities, machinery and equipment, cash in growing crops, etc. The list should

include adequate details to permit an accurate valuation of the assets.

As one lists the liabilities, all financial documents should be located, reviewed and safely stored. Some of the liabilities easily overlooked are accrued interest and taxes (owed but not yet due) as well as contingent tax liabilities (taxes that would be due if assets were sold).

The hardest part of developing a balance sheet is deciding the value of owned assets. Book value (cost less depreciation) is a popular and conservative method. However, net market value may be more appropriate for some assets, such as livestock held for sale, feed, etc. *The Farm Financial Standards Task Force* guidelines contain recommendations as to which method to use for different assets and liabilities.

A list of typical adjusting entries a Quicken user would make if only cash transactions were recorded during the accounting period is as follows. Non-cash transactions are not accounted for until year-end adjustments are made using information from inventories and other records.

Adjustments to Cash Revenues

Changes in inventory of crop commodities and market livestock held for sale - To be considered in this category, the product must be available for immediate delivery, have a well-established market price and have a relatively insignificant and predictable disposal cost. Value the inventory at net market price i.e. sales price less cost of disposal (FFSTF). Commodity pledged to secure a government loan is valued at the higher of net realizable value or the government loan rate (FFSTF).

The adjustment is made in the appropriate *Crop and Livestock Inventory* asset account and is recorded as a *Change in Crop and Livestock Inventory* income category.

To illustrate this type of adjusting entry, assume that at the beginning of the accounting period the *Inventory-Held For Sale* asset account

had a balance of \$4000. When the end-of-period inventory was taken, the dollar value of *Inventory-Held For Sale* was \$2000. The first end-of-period adjusting transaction in the account decreases (removes) the beginning inventory and is categorized as *Inventory Chg* (an income category). The second end-of-period adjusting transaction increases (adds) the ending inventory and is categorized as *Inventory Chg*. The amount of *Inventory Chg* for the period is a minus \$2000. The *Inventory-Held For Sale* asset account transactions are indicated in the table on the following page. The income portion of the Profit and Loss Statement report shows:

PROFIT & LOSS STATEMENT 1/1/91 Through 12/31/91

Category Description	1/1/91- 12/31/91
<hr/>	
INCOME/EXPENSE	
INCOME	
Cash Sales	9,000.00
Inventory Chg	-2,000.00
TOTAL INCOME	<hr/> 7,000.00

The other asset portion of the beginning and ending Balance Sheet report shows:

BALANCE SHEET

Acct	1/1/91 Balance	12/31/91 Balance
<hr/>		
Other Assets		
Inventory-Held For Sale	4,000.00	2,000.00

Quicken's *Updated Account Balance* feature makes the year-end adjustments easier than the two entry method used in this example.

Changes in Receivables - Receivables are money, goods or services owed to the business firm. Receivables are expected to result in future inflows of cash. Receivables exist as a result of sales, future government program payments, etc. Value receivables at the estimated amount to be collected.

F1-Help F2-Acct/Print F3-Edit F4-Quick Entry F5-Reports F6-Activities

DATE	REF	PAYEE • MEMO • CATEGORY	DECREASE	C	INCREASE	BALANCE
		BEGINNING				
1/ 1 1991		Opening Balance [Inventory]			4,000 00	4,000 00
12/31 1991		Remove Inventory 1/1/91 Inventory Chg	4,000 00			0 00
12/31 1991		Record Inventory 12/31/91 Inventory Chg			2,000 00	2,000 00
12/31 1991	Memo: Cat:					

Inventory
Esc-Main Menu Ctrl ← Record

Current Balance: \$4,000.00
Ending Balance: \$2,000.00

The adjustment is to the *Receivables* asset account and is recorded as a *Change in Receivables* income category.

Changes in Value Due to Change in Quantity of Raised Breeding Stock - FFSTF encouraged "a full cost absorption approach for the treatment of breeding livestock. However, for analysis purposes, alternative methods are allowed that establish an estimated "base value" for balance sheet representation. Earnings impact is limited only to the effect of a change in size of the breeding herd because the "base value" is not amortized against revenue."

The adjustment is to the *Raised Breeding Stock* asset account and is recorded as a *Change in Quantity* income category.

Changes in Accrued Revenue and Unearned Revenue - Accrued revenue is revenue which has been earned, but is not to be collected until the following period. Examples are rent earned for a calendar year, but is not due until January of the following year and interest earned on notes receivable with payment due the following period. Unearned revenue are payments received in advance of earning them and categorizing as income. One example is advanced deficiency payments.

The adjustment is in the appropriate *Receivables* asset account and is recorded as a *Change in Accrued Revenue* or *Unearned Revenue* income categories.

Adjustments to Cash Expenses

Changes in Inventories of Items Intended to be Used in the Production or Growing Process - Examples are feed, supplies, fertilizer, fuel, oil, seed, chemicals. Use purchase cost to value the inventory of these items.

The adjustment is in the appropriate *Inventory* asset account and is recorded as a *Change in Inventory* expense category.

Changes in Prepaid Expenses - Prepaid expenses are primarily for services which have been paid for but have not been used. Examples include multi-year insurance coverage and subscription services, deposits on input purchases, retainers for consultants and leases.

The adjustment is made in *Prepaid Expense* asset account and is recorded as a *Change in Prepaid* expense category.

Changes in Investment in Growing Crops - The FFSTF recommended that only direct costs

be accumulated in Investment in Growing Crops. Direct costs are those expense items readily determinable and identifiable with the enterprise.

The adjustment is in the *Investment in Growing Crops* asset account and is recorded as a *Change in Growing Crops* expense category.

Changes in Accounts Payable - Accounts payable are balances owed to others for goods, supplies and services purchased for use in production. Payables exist from the time the item is received until it is paid.

The adjusting transaction is recorded in the *Accounts Payable* liability account as a *Change in Accounts Payable* expense category.

Changes in Accrued Interest - Accrued interest is interest owed but not paid. Interest charges accrue with the passage of time. To measure true interest expenses for the period, an adjustment is necessary. Accrued interest is calculated from the date of the last interest payment to the end of the accounting period. The best source of this information is a payment schedule prepared by the lender showing the breakdown of each payment between interest and principal.

The adjusting transaction is recorded in the *Accrued Interest* liability account as a *Change in Accrued Interest* expense category.

Changes in Accrued Property and Payroll Taxes - These include property and payroll taxes which have accrued but are not due until the following accounting period. Accrued property taxes can be estimated using last period's tax statements, adjusted by changes in tax rates and valuation changes. Payroll taxes can be calculated using the same methods as when making payments.

The adjustment is recorded in the appropriate *Accrued Property and Payroll Tax* liability account as a *Change in Accrual Tax* expense category.

Depreciation - Depreciation is a cost allocation technique used to assign the cost of

assets over the accounting periods that benefit from the asset's services. Several depreciation methods exist. Quicken's class names can be used to track an individual asset's cost and accumulated depreciation.

The period's depreciation is recorded using a *Depreciation* expense category in the appropriate asset account to decrease the asset value balance.

Adjustments for Income Tax Expenses

Changes in Accrued Income Taxes - The income taxes paid in cash during the accounting period is adjusted for the change in taxes payable at the end of the period. The income taxes payable is calculated using the same procedures as when preparing the income tax returns.

The adjustment is recorded in the appropriate *Accrued Income Tax* liability account as a *Change in Accrued Income Tax* expense category.

Changes in Deferred Taxes - The FFSTF recommends an adjustment to the income tax expense item based on the difference between taxable income and accounting income for the same period. FFSTF suggested a three step approach for estimating the amount of deferred taxes.

The adjustment for the current portion of deferred taxes is made in the *Current Portion of Deferred Taxes* liability account as a *Change in Current Portion of Deferred Taxes* expense category.

The FFSTF suggests that changes in market value of capital asset not be reflected on the income statement. The adjusting transaction for the non-current portion of deferred taxes is recorded in the *Non-Current Portion of Deferred Taxes* liability account as a transfer to change the *Valuation Equity* liability account.

Adjustments for Changes in Market Value

The FFSTF recommendations require the use of both market and cost values of capital assets. The adjustments for changes in market value of capital assets is recorded in the appropriate *Capital* asset account and is treated as a transfer to the *Valuation Equity* liability account. Changes in market value of capital assets will not appear on the income statement using this method.

It is suggested that the transfer transaction to change market value of the capital asset and the valuation equity account be assigned a Quicken class name such as *Market Value*. Using a class name allows the market value portion of asset value to be displayed on the balance sheet if this Quicken reporting option is selected.

Changes in Type of Asset or Liability

During or at the end of an accounting period, the character of an asset or liability may change. For example, building materials shown on beginning balance sheet are used to build a fence. This adjusting transaction is recorded in another asset account as a transfer to increase the *Fence Asset* account and to decrease the *Building Material* asset account.

Another example is reclassifying the portion of a non-current long-term liability that will become due within the next 12 months from the non-current long-term liability account to the current portion long-term liability account. The adjusting transaction is recorded in another liability account as a transfer to decrease the *Long Term* liability account and to increase the *Current Portion of the Long Term* liability account.

STEP 3: Prepare Financial Statements

After all the adjusting entries are recorded, an accrual basis balance sheet, an accrual basis income (profit and loss) statement and cash flow statement can be produced using Quicken's reporting features.

A limitation of Quicken is that the format balance sheet and income (profit and loss) statements do not conform to the formats used by most preparers. The limiting feature is the way Quicken groups accounts. Assets are grouped by cash and bank accounts and other assets. Liability accounts are grouped by credit card accounts and other liabilities. Equity is total assets less total liabilities and is (Quicken's balance sheet format) displayed on a separate line. Supporting schedules can be prepared if the detail data has been recorded using Quicken class names.

If the user must use a particular reporting format, Quicken's reports can be transferred to disk. Once on disk, the user can use almost any word processor or spreadsheet software program to edit and change the format.

The Appendix contains unedited reports which were created to illustrate an application of the Quicken features and accounting techniques discussed in this paper. Numbers were used in Quicken's category and account names to control the appearance order. The example data is from Appendix A of the FFSTF.

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Balance Sheet Combined Market Value
As of 12/31/89

FFSTF-All Accounts
3/11/92

Page 1

Acct	1/ 1/89 Balance	12/31/89 Balance

ASSETS		
Cash and Bank Accounts		
111 Checking-Farm	107,250.05	123,246.00

Total Cash and Bank Accounts	107,250.05	123,246.00
Other Assets		
120 Securities-Marketable	18,300.00	23,000.00
123 Inventories	92,430.00	116,445.00
130 Receivable-on Account	11,835.00	14,300.00
135 Prepaid-Expenses	4,000.00	3,500.00
140 Cash Invest-Growing Crops	26,000.00	21,000.00
145 Personal-Assets Current	2,000.00	4,500.00
150 Other-Assets	890.00	890.00
155 Livestock-Breeding	14,400.00	16,000.00
160 Machinery-Equipment	162,988.00	199,500.00
175 Investment-Cooperatives	27,650.00	27,650.00
180 Retirement-Accounts	16,675.00	18,675.00
185 Personal-Other Assets	20,000.00	20,000.00
190 Buildings-Improvements	18,000.00	5,000.00
195 Real Estate-Land	517,750.00	517,750.00

Total Other Assets	932,918.00	988,210.00

TOTAL ASSETS	1,040,168.05	1,111,456.00
	=====	
LIABILITIES & EQUITY		
LIABILITIES		
Other Liabilities		
200 Accounts-Payable	5,501.00	6,501.00
210 Current-Portion of Term Notes	19,344.23	21,241.41
220 Notes-Due Within One Year	78,593.00	102,488.00
230 Interest-Accrued	18,136.00	15,257.00
242 Income-Taxes Payable	4,134.00	6,894.00
248 Deferred-Taxes Current	45,373.00	50,028.00
260 Current-Other Liabilities	750.00	750.00
270 Mach. Note-Non-Current	46,342.46	36,646.02
271 Real Estate-Non-Current	187,934.88	176,389.91
280 Deferred-Taxes Non-Current	143,386.00	156,374.00
300 Capital-Contribution	27,000.00	27,000.00
310 Retained-Earnings	146,744.48	122,744.48
320 Valuation-Personal Asset Equity	316,929.00	344,529.00

Total Other Liabilities	1,040,168.05	1,066,842.82

TOTAL LIABILITIES	1,040,168.05	1,066,842.82

EQUITY	0.00	44,613.18

TOTAL LIABILITIES & EQUITY	1,040,168.05	1,111,456.00
	=====	

Farm Assets Supporting Detail		As of 12/31/89		Page 1
FFSTF-Selected Accounts		3/11/92		
Acct	1/ 1/89 Balance	12/31/89 Balance		

ASSETS				
Other Assets				
123 Inventories				
Corn-32560 bu	0.00	74,888.00		
Diesel-860 Gal	0.00	946.00		
Fdrs-850 Lbs 145 Hd	0.00	11,310.00		
Feed-4.3 tons	0.00	1,441.00		
Hfrs-1000 Lbs 175 Hd	0.00	11,900.00		
Strs-1150 lbs 228 Hd	0.00	15,960.00		
123 Inventories - Other	92,430.00	0.00		
	-----	-----		
Total 123 Inventories	92,430.00	116,445.00		
155 Livestock-Breeding				
Bull:				
Cost	4,600.00	7,400.00		
Dep-Accum	-1,400.00	-2,600.00		
Mkt-Valuation Change	1,200.00	1,200.00		
	-----	-----		
Total Bull	4,400.00	6,000.00		
Cow:				
Base-Value	7,500.00	7,500.00		
Mkt-Valuation Change	2,500.00	2,500.00		
	-----	-----		
Total Cow	10,000.00	10,000.00		
	-----	-----		
Total 155 Livestock-Breeding	14,400.00	16,000.00		
160 Machinery-Equipment				
Auto-Vehicles:				
Cost	32,500.00	32,500.00		
Dep-Accum	-25,282.00	-27,688.00		
Mkt-Valuation Change	13,188.00	13,188.00		
	-----	-----		
Total Auto-Vehicles	20,406.00	18,000.00		
LS Eq-Equipment:				
Cost	45,653.00	45,653.00		
Dep-Accum	-27,618.00	-31,225.00		
Mkt-Valuation Change	-7,928.00	-7,928.00		
	-----	-----		
Total LS Eq-Equipment	10,107.00	6,500.00		
Mach:				
Cost	229,969.00	248,759.00		
Dep-Accum	-198,924.00	-206,577.00		
Mkt-Valuation Change	101,430.00	132,818.00		
	-----	-----		
Total Mach	132,475.00	175,000.00		
	-----	-----		
Total 160 Machinery-Equipment	162,988.00	199,500.00		
190 Buildings-Improvements				
FL-Feed Lot:				
Cost	78,000.00	78,000.00		
Dep-Accum	-39,000.00	-52,000.00		
Mkt-Valuation Change	-21,000.00	-21,000.00		
	-----	-----		
Total FL-Feed Lot	18,000.00	5,000.00		
	-----	-----		
Total 190 Buildings-Improvements	18,000.00	5,000.00		
195 Real Estate-Land				
Johnson-Farm:				
Cost	152,750.00	152,750.00		
Mkt-Valuation Change	141,000.00	141,000.00		
	-----	-----		
Total Johnson-Farm	293,750.00	293,750.00		
Sect 18-Farm:				
Cost	32,000.00	32,000.00		
Mkt-Valuation Change	192,000.00	192,000.00		
	-----	-----		
Total Sect 18-Farm	224,000.00	224,000.00		
	-----	-----		
Total 195 Real Estate-Land	517,750.00	517,750.00		
	-----	-----		
Total Other Assets	805,568.00	854,695.00		
	-----	-----		
TOTAL ASSETS	805,568.00	854,695.00		
=====				
LIABILITIES & EQUITY				
LIABILITIES				
	0.00	0.00		
EQUITY	805,568.00	854,695.00		
	-----	-----		
TOTAL LIABILITIES & EQUITY	805,568.00	854,695.00		

Income Statement
1/ 1/89 Through 12/31/89

FFSTF-All Accounts
3/11/92

Page 1

Category Description	1/ 1/89- 12/31/89
INCOME/EXPENSE	
INCOME	
400 Crops-Sales:	
Cash Sales	187,726.00
Inventory-Change in Crops	6,597.00
Total 400 Crops-Sales	194,323.00
420 Livestock:	
Cash Sales	46,932.00
Inventory-Change in Mkt Livestock	17,496.00
Total 420 Livestock	64,428.00
430 Government-Program Payments	18,978.00
470 Receivables-Change in Other	2,465.00
480 Custom Work-Income	765.00
800 Income-Non-Farm	16,500.00
TOTAL INCOME	297,459.00
EXPENSES	
500 Purchases-Resale Livestock	6,505.00
501 Expenses-Cash Operating	164,776.00
524 Feed-Purchased	1,995.00
600 Expenses-Accrual Adjustments:	
GrowingCrop	5,000.00
Other	1,578.00
Total 600 Expenses-Accrual Adjustments	6,578.00
699 Depre.-Expense	27,866.00
700 Interest-Expense:	
Accrual	-2,879.00
Mortgage	5,918.30
Other	28,176.52
Total 700 Interest-Expense	31,215.82
900 Income Tax:	
Accrual	2,760.00
Cash	6,495.00
Deferred	4,655.00
Total 900 Income Tax	13,910.00
TOTAL EXPENSES	252,845.82
TOTAL INCOME/EXPENSE	44,613.18

Cash Flow
1/ 1/89 Through 12/31/89

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Category Description	1989
INFLOWS	
400 Crops-Sales	187,726.00
420 Livestock	46,932.00
430 Government-Program Payments	18,978.00
480 Custom Work-Income	765.00
800 Income-Non-Farm	16,500.00
FROM 220 Notes-Due Within One Yea	75,895.00
TOTAL INFLOWS	346,796.00
OUTFLOWS	
500 Purchases-Resale Livestock	6,505.00
501 Expenses-Cash Operating	164,776.00
524 Feed-Purchased	1,995.00
700 Interest-Expense	34,094.82
900 Income Tax	6,495.00
TO 155 Livestock-Breeding	2,800.00
TO 160 Machinery-Equipment	18,790.00
TO 210 Current-Portion of Term No	19,344.23
TO 220 Notes-Due Within One Year	52,000.00
TO 310 Retained-Earnings	24,000.00
TOTAL OUTFLOWS	330,800.05
OVERALL TOTAL	15,995.95