Standardized Performance Analysis 1 Homework

Business

Inventories – Cattle and Feed

# Cattle Inventories

Cattle inventories must be recorded for both the beginning and ending of the fiscal year to complete the business balance sheets. Inventories must be divided into raised and purchased cattle for valuation purposes. The purchased breeding stocks are on the business depreciation schedule. In fact, many ranches can benefit by updating the depreciations schedule. Cattle should be divided into the following categories: cows, herd bulls, and replacement heifers (before entering the exposed cow herd).

Cattle held for sale should be separated from breeding stock, as they represent a current asset. This could include cull cows, bulls, or replacement heifers and breeding animals being held for sale.

Two worksheets at the end of this document provide timelines for fall and spring calving with other critical points for livestock inventories, including breeding, calving and weaning. These numbers will provide important reference points for the number of females exposed at breeding, calves born, calves weaned, etc.

## Stored Feed Inventory

To properly adjust costs, the change in feed inventory from the beginning to the end of the year needs to be known. Feed inventory is also a business asset. Ideally, knowing both the cost and market value of feed is very useful. Most often the only available information is the market value. The SPA software will facilitate calculation of the raised feed cost if it is not known.

**Inventory Definitions**

**Raised breeding livestock** - Livestock produced by the business entity and not purchased.

* **Base value** - A stipulated value that approximates the cost of raising the breeding animal. The base value is used to determine the cost basis value of the raised animal, and it is used to determine the amount of revenue to recognize from raising the breeding animal.
* **Market value** - The net value, of all marketing costs, that would be expected if the livestock were sold on the date of the balance sheet.

**Purchased breeding stock**

* **Cost basis or book value** - Purchase cost of the animal minus the accumulated depreciation.
* **Annual depreciation** - The accounting procedure that allocates the purchase cost of breeding stock over its life.
* **Accumulated depreciation** - The amount of depreciation taken on the breeding stock up to the date of the balance sheet.

**Stored feed inventory** - The amount and value of purchased and raised feed in inventory on the date of the balance sheet.

Farm or Ranch Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date of Schedule: Operating Year

Beginning

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Raised Breeding Livestock Inventory** | | | | | |
| Description | Number of  Head | Base Value | | Market Value | |
| ($/head) | Total | ($/head) | Total |
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Farm or Ranch Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date of Schedule: Operating Year

Beginning

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Purchased Breeding Livestock Inventory** | | | | | | | | |
| Description | Number  of  Head | Cost Basis | | Annual  Depreciation | Accumulated  Depreciation | Book  Value | Market Value | |
| ($/head) | Total | ($/head) | Total |
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Farm or Ranch Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date of Schedule: Operating Year

Beginning

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| --- | --- | --- | --- | --- | --- | --- |
| Stored Feed Inventory | | | | | | |
| Description | Unit Type | # of units | $ / unit | | Value | |
| Cost | Market | Cost | Market |
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