

FINANCIAL ANALYSIS FOR THE FARM

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BALANCE SHEET

A balance sheet, sometimes called a net worth statement, consists of the following items:

Balance Sheet Equation

$$\text{assets} = \text{liabilities} + \text{net worth}$$

Assets include everything owned.

Liabilities refer to financial obligations owed.

Net worth or "owner equity" is the difference between total assets and total liabilities.

What can the balance sheet do for you?

Be used to see whether your operation is solvent.

Provide a measure of your liquidity.

Indicate how critical a financial loss would be to you.

Indicate the collateral available to support loans.

Provide information for estate planning.

Provide values of year-end inventories.

Be used for comparisons and trend analysis.

Help you understand your business.

Put you on a common language basis with your lender.

Asset Valuation

The valuation of assets is one of the hardest parts of preparing a balance sheet. The two most common ways of valuation is the "current-market-value" and the "cost-basis-value". Farmers and ranchers have historically used the current market value, while accountants have been tied to the cost-basis valuation. Lenders typically want to see a current market value balance sheet to determine collateral. It can be beneficial to use both methods in a balance sheet. In doing so, a distinction can be made between profit changing net worth versus inflation changing net worth.

TABLE 1.1 Balance Sheet for John Q. Farmman as of December 31, 1980.

Item	Modified Cost	Current Market Value
<b>Assets</b>		
<i>Current assets</i>		
Cash (including checking accounts) ----->	\$ 225	\$ 225
Savings accounts and time certificates ----->	5,300	5,300
Hedging account equity ----->	0	0
Marketable bonds and securities ----->	1,800	4,000
Notes and accounts receivable ----->	0	0
Livestock and poultry to be sold ----->	19,000	19,000
Crops and feed ----->	14,000	14,000
Cash investment in growing crops ----->	0	0
Supplies ----->	2,700	2,700
Prepaid expenses ----->	400	400
Other ----->	0	0
<i>Total current assets</i>	\$ 43,425	\$ 45,625
<i>Intermediate-term assets</i>		
Notes and accounts receivable ----->	\$ 0	\$ 0
Machinery and equipment		
Cost ----->	\$ 69,000	
Less accumulated depreciation ----->	22,000	59,000
Raised breeding stock ----->	8,000	8,000
Purchased breeding stock		
Cost ----->	\$ 0	
Less accumulated depreciation ----->	0	0
Cash value of life insurance ----->	0	0
Securities not readily marketable ----->	0	0
Personal and recreational vehicles ----->	2,000	2,000
Household goods and personal effects ----->	3,000	3,000
Other ----->	0	0
<i>Total intermediate-term assets</i>	\$ 60,000	\$ 72,000
<i>Long-term assets</i>		
Contracts and notes receivable ----->	\$ 0	\$ 0
Farm real estate		
Cost ----->	\$ 200,000	
Less accumulated depreciation ----->	21,000	179,000
Nonfarm real estate		
Cost ----->	\$ 0	
Less accumulated depreciation ----->	0	0
Other ----->	0	0
<i>Total long-term assets</i>	\$ 179,000	\$ 305,000
<i>Total assets</i>	\$ 282,425	\$ 422,625



TABLE 1.1 Balance Sheet for John A. Framman as of December 31, 1980. (Cont.)

Item	Modified Cost	Current Market Value
<b>Liabilities and Net Worth</b>		
<i>Current liabilities</i>		
Cash payable		
Business .....	\$ <u>1,800</u>	\$ <u>1,800</u>
Personal .....	<u>0</u>	<u>0</u>
Notes payable within 12 months .....	<u>28,000</u>	<u>28,000</u>
Principal portion of longer-term loans due within 12 months:		
Intermediate-term loans .....	<u>3,000</u>	<u>3,000</u>
Long-term loans .....	<u>5,000</u>	<u>5,000</u>
Accrued interest .....	<u>2,600</u>	<u>2,600</u>
Accrued taxes		
Property and real estate .....	<u>0</u>	<u>0</u>
Income and social security .....	<u>4,000</u>	<u>4,000</u>
Accrued rents and lease payments .....	<u>0</u>	<u>0</u>
Other .....	<u>0</u>	<u>0</u>
<i>Total current liabilities</i>	\$ <u>44,400</u>	\$ <u>44,400</u>
<i>Intermediate-term liabilities</i>		
(Principal due beyond 12 months)		
Notes payable .....	\$ <u>6,000</u>	\$ <u>6,000</u>
Sales contracts .....	<u>0</u>	<u>0</u>
Life insurance policy loans .....	<u>0</u>	<u>0</u>
Other .....	<u>0</u>	<u>0</u>
<i>Total intermediate-term liabilities</i>	\$ <u>6,000</u>	\$ <u>6,000</u>
<i>Long-term liabilities</i>		
(Principal due beyond 12 months)		
Mortgages on farm real estate .....	\$ <u>105,000</u>	\$ <u>105,000</u>
Land contracts .....	<u>0</u>	<u>0</u>
Mortgages on nonfarm real estate .....	<u>0</u>	<u>0</u>
Other .....	<u>0</u>	<u>0</u>
<i>Total long-term liabilities</i>	\$ <u>105,000</u>	\$ <u>105,000</u>
<i>Contingent liabilities</i>		
Contingent income tax on sale of current assets .....	\$ <u>0</u>	\$ <u>6,340</u>
Contingent investment credit recapture .....	<u>0</u>	<u>660</u>
Contingent capital gains tax on securities .....	<u>0</u>	<u>176</u>
Contingent capital gains tax on machinery .....	<u>0</u>	<u>2,400</u>
Contingent capital gains tax on breeding stock .....	<u>0</u>	<u>640</u>
Contingent income tax liability and interest penalty on retirement accounts .....	<u>0</u>	<u>0</u>
Contingent capital gains tax on real estate .....	<u>0</u>	<u>10,080</u>
<i>Total contingent liabilities</i>	\$ <u>0</u>	\$ <u>20,296</u>
<i>Total liabilities</i>	\$ <u>155,400</u>	\$ <u>175,696</u>
<i>New worth</i>	\$ <u>127,025</u>	\$ <u>246,929</u>
<i>Total liabilities and net worth</i>	\$ <u>282,425</u>	\$ <u>422,625</u>

## ANALYSIS OF THE BALANCE SHEET

### Liquidity Measures

Liquidity refers to your ability to generate sufficient cash to meet financial commitments. Your cash flow statement is one of the best ways to measure your liquidity position. If this isn't available, an estimate can be derived from the balance sheet.

#### CURRENT RATIO

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

The higher the current ratio, the more liquid your business is. Since this ratio is a measure of liquidity, a current-market-value basis for asset valuation is more appropriate to use when computing the ratio.

### Solvency Measures

Solvency is defined as what is left after all assets are converted to cash and debts paid.

#### DEBT/EQUITY RATIO

$$\text{debt/equity ratio} = \frac{\text{total liabilities}}{\text{net worth}}$$

This is also called "leverage ratio". The higher the value, the larger your liabilities are compared to your equity. The debt/equity ratio should be computed using the current-market-value basis because we are interested in your ability to cover your liabilities if you are forced to liquidate your business.

#### NET CAPITAL RATIO

$$\text{net capital ratio} = \frac{\text{total assets}}{\text{total liabilities}}$$

This is often used as an indicator of your risk-bearing capacity. A value greater than one indicates that liquidation of your business would generate sufficient cash to repay all your liabilities. As with the debt/equity ratio, the use of current-market-value basis provides a more relevant measure of solvency when computing the net capital ratio.



EXAMPLE PROBLEM

RATIOS	MODIFIED-COST BASIS	CURRENT-MARKET-VALUE BASIS
CURRENT RATIO	$\frac{43425}{44400} = 0.98$	$\frac{45625}{44400} = 1.03$
DEBT/EQUITY RATIO	$\frac{155400}{127025} = 1.22$	$\frac{175696}{246929} = 0.71$
NET CAPITAL RATIO	$\frac{282425}{155400} = 1.82$	$\frac{422625}{175696} = 2.41$

INCOME STATEMENT

The income statement is sometimes referred to as the "profit and loss statement". The structure can have considerable diversity. For this example the following approach is used.

INCOME STATEMENT EQUATION

total cash farm revenue - total cash farm expenses = net cash farm income

Plus noncash adjustment to income = net farm profit

Plus farm capital gains = net farm income

Plus total nonfarm income = total net income

What can the income statement do for you?

Help you analyze the performance of your firm.

Provide information to complete income tax returns.

Provide information for investment analysis.

Be used as supporting evidence when you apply for a loan.

TABLE 2.1 Income statement, John A. Fausman, for the year ending December 31, 1980.

Line	Item	Total
<i>Cash farm revenue</i>		
1.	Market livestock sales ----->	\$ <u>91,000</u>
2.	Livestock and poultry product sales ----->	<u>21,000</u>
3.	Crop sales ----->	<u>800</u>
4.	Custom work ----->	
5.	Other: ----->	
6.	Total cash farm revenue (1 + 2 + 3 + 4 + 5) ----->	\$ <u>112,800</u>
<i>Cash farm expenses</i>		
<i>Variable cash expenses</i>		
7.	Repairs and maintenance ----->	\$ <u>900</u>
8.	Feeder livestock purchased ----->	<u>46,000</u>
9.	Rent and lease payments ----->	<u>3,000</u>
10.	Feed and seed purchased ----->	<u>12,000</u>
11.	Fertilizer, lime, and chemical purchased ----->	<u>10,000</u>
12.	Supplies purchased ----->	<u>1,500</u>
13.	Storage costs ----->	
14.	Interest on production loans ----->	<u>4,970</u>
15.	Veterinary fees ----->	<u>105</u>
16.	Breeding fees ----->	
17.	Gasoline, oil, and fuel expenses ----->	<u>2,000</u>
18.	Utility payments ----->	<u>1,006</u>
19.	Freight and trucking expenses ----->	<u>259</u>
20.	Hired-labor expenses ----->	
21.	Machine-hire expenses ----->	
22.	Other: ----->	
<i>Fixed cash expenses</i>		
23.	Real and personal property taxes ----->	\$ <u>3,400</u>
24.	Interest on intermediate- and long-term loans ----->	<u>7,400</u>
25.	Insurance premiums ----->	<u>2,300</u>
26.	Other: ----->	
27.	Total cash farm expenses (7 + . . . + 22 + 23 + . . . + 26) ----->	- \$ <u>95,370</u>
28.	Net cash farm income (6 - 27) ----->	\$ <u>17,430</u>



TABLE 2.1 Income statement, John Q. Farnham, for the year ending December 31, 1980. (Continued)

Line	Item	Total	
<i>Noncash adjustments to income</i>			
29.	Depreciation of purchased breeding livestock -----	\$ <u>7,000</u>	
30.	Depreciation of machinery and equipment -----	<u>900</u>	
31.	Depreciation of buildings and other real estate improvements -----	<u>7,900</u>	
32.	Total depreciation allowances (29 + 30 + 31) -----		
<i>Changes in current assets</i>			
	Start of year	End of year	
33.	Market livestock to be sold --> \$ <u>17,000</u>	\$ <u>19,000</u>	\$ <u>+2,000</u>
34.	Crop inventories -----> <u>13,000</u>	<u>14,000</u>	<u>+1,000</u>
35.	Fertilizer inventories -----> <u>0</u>	<u>2,000</u>	<u>+2,000</u>
36.	Prepaid expenses -----> <u>500</u>	<u>400</u>	<u>-100</u>
37.	Supplies -----> <u>1,100</u>	<u>700</u>	<u>-400</u>
38.	Accounts receivable -----> _____	_____	_____
39.	Cash invested in growing crops --> _____	_____	_____
40.	Total additions (33 + 34 + 35 + 36 + 37 + 38 + 39) -->		\$ <u>+4,500</u>
<i>Changes in current liabilities</i>			
	Start of year	End of year	Net change
41.	Accrued interest -----> \$ <u>2,800</u>	\$ <u>2,600</u>	\$ <u>-200</u>
42.	Accrued taxes -----> <u>3,800</u>	<u>4,000</u>	<u>+200</u>
43.	Accounts payable -----> <u>700</u>	<u>1,800</u>	<u>+1,100</u>
44.	Accrued rents and lease payments -----> _____	_____	_____
45.	Total subtractions (41 + 42 + 43 + 44) ----->		\$ <u>+1,100</u>
<i>Other noncash adjustments to income</i>			
46.	Net change in breeding livestock raised on the farm ----->	\$ <u>-1,000</u>	
47.	Federal gasoline tax credit ----->	<u>67</u>	
48.	Value of home consumption of farm production ----->	<u>600</u>	
49.	Total other noncash adjustments to income (46 + 47 + 48) ----->	<u>-333</u>	
50.	Total noncash adjustments to income (40 + 49 - 32 - 45) ----->		+ \$ <u>-4,833</u>
51.	Net farm profit (28 - 50) ----->		\$ <u>12,597</u>
<i>Farm capital gains income</i>			
52.	Capital gains income on breeding livestock sales ----->	\$ _____	
53.	Capital gains income on other farm assets ----->	<u>1,200</u>	
54.	Total farm capital gains income (52 + 53) ----->		+ \$ <u>1,200</u>
55.	Total net farm income (51 + 54) ----->		\$ <u>13,797</u>
<i>Nonfarm income</i>			
56.	Off-farm wages and salaries ----->	\$ <u>7,800</u>	
57.	Interest and dividend income ----->	<u>425</u>	
58.	Capital gains income on sale of securities ----->	<u>700</u>	
59.	Capital gains income on sale of other nonfarm assets ----->	_____	
60.	Total nonfarm income (56 + 57 + 58 + 59) ----->		+ \$ <u>8,925</u>
61.	Total net income (55 + 60) ----->		\$ <u>22,722</u>



## ANALYSIS OF THE INCOME STATEMENT.

### Profitability Measures

Ratios that relate income to investment offer an approach to measuring profitability. Use of these methods allow you to compare the profitability of two or more farms or the same farm over a number of years.

#### RATE OF RETURN ON TOTAL CAPITAL

$$\text{rate of return on total farm capital} = \frac{\text{returns to debt and equity capital invested in the farm business}}{\text{total farm business assets}}$$

This ratio can be computed using either method of asset valuation. The cost-basis method should be used to compare the profitability of your business over time. When comparing your business to another one, the current-market-value should be used. This method accounts for differences in the timing of investments which can effect the value of cost-basis net worth.

#### RATE OF RETURN ON EQUITY CAPITAL

$$\text{rate of return on equity capital} = \frac{\text{total returns to equity capital invested in your farm business}}{\text{farm business net worth}}$$

When using the current-market-basis valuation we have ignored unrealized capital gains in the numerator of this formula. The numerator is equal to net farm profit (line 51 in table 2.1) less returns to labor and management (\$10000).

### Efficiency Measures

Efficiency is usually based on the premise that the desired result is to maximize output from a given set of resources. Ratios have been designed to measure the degree to which your farm uses the resources at its disposal.

#### TURNOVER RATIO

$$\text{turnover ratio} = \frac{\text{gross farm income + noncash rent}}{\text{total farm assets owned and rented}}$$

The turnover ratio measures the cash farm revenue generated per dollar of farm business assets you control. This ratio is computed using only a current-market-value basis. Rented assets are hard to value on a cost-basis.

### EXPENSE STRUCTURE RATIO

$$\text{expense structure ratio} = \frac{\text{fixed cash expenses}}{\text{total cash expenses}}$$

The higher the expense ratio, the more inflexible you are in terms of adjusting quickly to changing conditions. The method of valuation has no effect on this ratio.

### GROSS RATIO

$$\text{gross ratio} = \frac{\text{total expenses}}{\text{gross farm income}}$$

A comparison of this year's ratio with previous years or to other operations with a similar nature should enable you to measure the relative efficiency in your farm business. This ratio is also unaffected by the valuation method.

### EXAMPLE PROBLEM

RATIOS	MODIFIED-COST BASIS	CURRENT-MARKET-VALUE BASIS
RATE OF RETURN ON TOTAL CAPITAL	$\frac{14967}{270325} = 0.055$	$\frac{14967}{408325} = 0.037$
RATE OF RETURN ON EQUITY CAPITAL	$\frac{2597}{107925} = 0.024$	$\frac{2597}{210875} = 0.012$

We have assumed a return to operator and family labor and management of \$10000 in the previous calculations.

TURNOVER RATIO	N.A.	$\frac{116667}{458325} = 0.255$
EXPENSE STRUCTURE RATIO	$\frac{13600}{95370} = 0.143$	$\frac{13600}{95370} = 0.143$
GROSS RATIO	$\frac{104370}{116667} = 0.895$	$\frac{104370}{116667} = 0.895$



## CASH FLOW STATEMENT

The cash flow statement provides a summary of all cash inflows and outflows for a given period of time. The basic purpose of the cash flow is to show the timing and magnitude of cash flows during a particular period. The underlying equation for the cash flow is:

$$\text{cash inflows} = \text{cash outflows}$$

What can the cash flow statement do for you?

- Helps you formalize the entire planning process: production, marketing, financial.

Provides necessary revenue and expense information for completing a balance sheet.

Helps you evaluate borrowing and repayment plans.

Can be useful as a financial monitoring tool. Projected cash flows can be compared to actual cash flows.

Encourages management coordination. It formalizes the process of matching your objectives and plans for the various enterprises in your firm.

Directs your attention to the management of cash reserves.

TABLE 3.1 Cash flow statement for John Q. Farmman for the year ending December 31, 1981.

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
1. Beginning cash balance	<u>225</u>	<u>670</u>	<u>955</u>	<u>95</u>	<u>935</u>	<u>350</u>	<u>320</u>	<u>690</u>	<u>225</u>	<u>980</u>	<u>730</u>	<u>695</u>	<u>225</u>
<i>Farm operating receipts</i>													
2. Crops	—	—	—	—	—	—	—	—	<u>9,500</u>	<u>6,800</u>	<u>6,800</u>	—	<u>23,100</u>
3. Livestock and poultry	—	—	—	—	<u>62,000</u>	<u>30,600</u>	—	—	—	—	—	<u>7,400</u>	<u>100,000</u>
4. Livestock and poultry products	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Custom work	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Government payments received	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Hedging account withdrawals	—	—	—	—	—	—	—	—	—	—	—	—	—
8. Other	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Capital receipts</i>													
9. Breeding livestock	—	<u>3,000</u>	—	—	—	—	—	—	—	—	—	—	<u>3,000</u>
10. Machinery and equipment	—	—	<u>90</u>	—	—	—	—	—	—	—	—	—	<u>90</u>
11. Real estate sales	—	—	—	—	—	—	—	—	—	—	—	—	—
12. Other	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Nonfarm income</i>													
13. Wages and salaries	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>725</u>	<u>8,700</u>
14. Interest and dividends	—	—	—	—	<u>425</u>	—	—	—	—	—	—	—	<u>425</u>
15. Sales of securities	—	—	<u>1,000</u>	—	—	—	—	—	—	—	—	—	<u>1,000</u>
16. Other	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Total cash available (add lines 1 through 16)	<u>950</u>	<u>4,395</u>	<u>2,770</u>	<u>820</u>	<u>2,085</u>	<u>63,075</u>	<u>31,645</u>	<u>1,415</u>	<u>10,450</u>	<u>8,505</u>	<u>8,255</u>	<u>8,820</u>	<u>136,540</u>
<i>Variable cash expenses</i>													
18. Feeder livestock purchased	—	<u>26,000</u>	<u>17,800</u>	—	—	—	—	—	—	—	—	—	<u>43,800</u>
19. Labor hired	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Repairs and maintenance	—	—	—	—	—	<u>1,000</u>	—	—	—	—	—	—	<u>1,000</u>
21. Interest on operating loans	—	—	—	—	—	<u>3,240</u>	<u>680</u>	—	<u>480</u>	<u>190</u>	<u>180</u>	—	<u>4,770</u>
22. Rent and lease payments	—	—	<u>3,000</u>	—	—	—	—	—	—	—	—	—	<u>3,000</u>
23. Feed purchased	—	<u>1,000</u>	<u>3,000</u>	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>	—	—	—	—	—	—	<u>10,000</u>
24. Seed purchased	—	<u>1,100</u>	<u>1,200</u>	—	—	—	—	—	—	—	—	—	<u>2,300</u>
25. Fertilizer, lime, and chemicals	—	—	<u>7,600</u>	—	—	—	—	—	—	—	—	<u>2,000</u>	<u>9,600</u>
26. Custom machine hire	—	—	—	—	—	—	—	—	—	—	—	—	—
27. Supplies	<u>120</u>	<u>120</u>	<u>300</u>	<u>225</u>	<u>115</u>	<u>115</u>	<u>65</u>	<u>65</u>	<u>205</u>	<u>110</u>	<u>110</u>	<u>120</u>	<u>1,670</u>



28. Livestock expense (breeding fees, vet., medicine)		<u>100</u>	<u>120</u>	<u>50</u>	<u>50</u>							<u>320</u>	
29. Gas, fuel, and oil	<u>100</u>	<u>80</u>	<u>125</u>	<u>280</u>	<u>280</u>	<u>85</u>	<u>65</u>	<u>75</u>	<u>325</u>	<u>400</u>	<u>225</u>	<u>105</u>	<u>2,145</u>
30. Storage and custom drying													
31. Utilities	<u>110</u>	<u>90</u>	<u>80</u>	<u>80</u>	<u>80</u>	<u>75</u>	<u>85</u>	<u>100</u>	<u>135</u>	<u>125</u>	<u>95</u>	<u>75</u>	<u>1,130</u>
32. Freight and trucking						<u>290</u>	<u>110</u>						<u>400</u>
33. Other													
<i>Fixed cash expenses</i>													
34. Real and personal property taxes					<u>4,200</u>								<u>4,200</u>
35. Insurance premiums			<u>2,500</u>										<u>2,500</u>
36. Interest on intermediate- and long-term loans					<u>5,060</u>				<u>1,875</u>				<u>6,935</u>
37. Other													
<i>Capital expenditures</i>													
38. Breeding livestock purchase													
39. Machinery and equipment purchases									<u>1,500</u>			<u>5,000</u>	<u>6,500</u>
40. Real estate purchases													
41. Other													
<i>Other expenditures</i>													
42. Hedging account deposits													
43. Purchases of securities							<u>2,000</u>						<u>2,000</u>
44. Other nonfarm investments													
45. Income and social security taxes				<u>4,300</u>									<u>4,300</u>
46. Family living withdrawals	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>11,400</u>
47. Other													
48. Principal payments on intermediate- and long-term loans				<u>5,000</u>						<u>3,000</u>			<u>8,000</u>
49. Total cash required (add lines 18 through 48)	<u>1,280</u>	<u>2,944</u>	<u>3,675</u>	<u>13,885</u>	<u>12,735</u>	<u>6,755</u>	<u>3,955</u>	<u>1,190</u>	<u>5,470</u>	<u>4,775</u>	<u>1,560</u>	<u>8,250</u>	<u>125,970</u>
50. Cash available less cash required (17 - 49)	<u>-330</u>	<u>-25,045</u>	<u>-33,905</u>	<u>-13,065</u>	<u>-10,650</u>	<u>56,320</u>	<u>27,690</u>	<u>225</u>	<u>4,980</u>	<u>3,730</u>	<u>6,695</u>	<u>570</u>	<u>10,570</u>
51. Inflows from savings													
52. Cash position before borrowing	<u>-330</u>	<u>-25,045</u>	<u>-33,905</u>	<u>-13,065</u>	<u>-10,650</u>	<u>56,320</u>	<u>27,690</u>	<u>225</u>	<u>4,980</u>	<u>3,730</u>	<u>6,695</u>	<u>570</u>	<u>10,570</u>

TABLE 3.1 Cash flow statement for John Q. Farmman for the year ending December 31, 1981. (Cont.)

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
53. Money to be borrowed													
Intermediate- and long-term loans													
Operating loans	<u>1,000</u>	<u>26,000</u>	<u>34,000</u>	<u>14,000</u>	<u>11,000</u>								<u>86,000</u>
54. Principal payments on operating loans						<u>56,000</u>	<u>27,000</u>		<u>4,000</u>	<u>3,000</u>	<u>6,000</u>		<u>96,000</u>
55. Outflows to savings													
56. Ending cash balance	<u>670</u>	<u>955</u>	<u>95</u>	<u>905</u>	<u>350</u>	<u>320</u>	<u>690</u>	<u>225</u>	<u>980</u>	<u>730</u>	<u>694</u>	<u>570</u>	<u>570<sup>c</sup></u>
<i>Consistency check</i>													
57. Total inflows (17 + 51 + 53)	<u>1,950</u>	<u>30,395</u>	<u>36,770</u>	<u>14,820</u>	<u>13,085</u>	<u>63,075</u>	<u>31,645</u>	<u>1,415</u>	<u>10,450</u>	<u>8,505</u>	<u>8,255</u>	<u>8,820</u>	<u>222,540<sup>b</sup></u>
58. Total outflows (49 + 54 + 55 + 56)	<u>1,950</u>	<u>30,395</u>	<u>36,770</u>	<u>14,820</u>	<u>13,085</u>	<u>63,075</u>	<u>31,645</u>	<u>1,415</u>	<u>10,450</u>	<u>8,505</u>	<u>8,255</u>	<u>8,820</u>	<u>222,540<sup>b</sup></u>
59. Budgeting error (57 - 58; should equal zero)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Debt outstanding</i>													
60. Operating loans (beg. bal. <u>28,000</u> )	<u>29,000</u>	<u>55,000</u>	<u>89,000</u>	<u>103,000</u>	<u>114,000</u>	<u>58,000</u>	<u>31,000</u>	<u>31,000</u>	<u>27,000</u>	<u>24,000</u>	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>
61. Intermediate- and long-term loans (beg. bal. <u>119,000</u> )	<u>119,000</u>	<u>119,000</u>	<u>119,000</u>	<u>114,000</u>	<u>114,000</u>	<u>114,000</u>	<u>114,000</u>	<u>114,000</u>	<u>114,000</u>	<u>111,000</u>	<u>111,000</u>	<u>111,000</u>	<u>111,000</u>

<sup>a</sup>Balance at the beginning of the year, not row total.

<sup>b</sup>Column total, not row total.

<sup>c</sup>Balance at the end of the year, not row total.