

Ranch Beginning and Ending Annual Feed Inventory

The purpose of this spreadsheet is to record raised and purchased feed for the beginning and ending annual feed inventory by type of feed. This spreadsheet complements the business accounting system that **uses this data for accrual expense adjustments.**

Other spreadsheets are available to record feed **use by category of cattle.** Feed records can be accomplished with multiple feeds and cattle categories. See reference list for source.

The reason that raised and purchased feed inventory is so important is that feed is a major cost of production and subject to management. Timing of purchases is often used for tax management to use feed purchasing as a prepaid expense. Of course, prepaying expense must be careful in timing to manage tax deductible cash expenses. There is a need to involve the business CPA preferably by November in the calendar tax year.

Without this ranch feed inventory most ranches cannot correctly complete the accrual adjusted financial statements.

Input Data and Report

Raised and purchased feed are recorded as inventoried by feed name for the beginning and ending fiscal year. Having accounting data should assist in reporting inventory value. Recall this data is used to prepare the **Accrual Adjusted Income Statement to measure true profit** and the **market valued Balance Sheet.** The Schedule F IRS cash reporting does require this data.

References:

Farm Financial Standards Council. "*Financial Guidelines for Agricultural Producers*", Revised 2021. [WWW.ffsc.org](http://www.ffsc.org)

Texas A&M University – Department of Agricultural Economics Beef Cattle Decision Aids <http://agecoext.tamu.edu/resources/decisionaids/beef> See section F. Feed Fed & Purchases.

Prepared by Jim McGrann, Professor Emeritus, Texas A&M University, 12-1-2021.